GST AND IMPACT ON MICRO, MEDIUM AND SMALL ENTERPRISE AN EMPIRICAL STUDY

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Abstract : This empirical study leads towards impact of GST in MSME sector, gaze into pits and falls of modern indirect tax regime. Today MSME faces lots of challenges faced by industry, which is back bone of country

IndexTerms - gst

I.INTRODUCTION

Introduction of GST has served as a paradigm shift in the finance sector since 1st July 2017.Goods and Services Tax (GST) is one of the biggest most radical taxation reforms in India , all to set to integrates state economies and boost overall growth. GST is a comprehensive indirect tax which merge 17 indirect taxes and 23 cess on manufacture, sale and consumption of goods and services throughout India (Except state of Jammu and Kashmir), to replace taxes levied by the central and state governments . It was introduced as The Constitution (One Hundred and First Amendment) Act 2016, following the passage of Constitution 122nd Amendment Bill. The GST is governed by GST Council and its Chairman is Union Finance Minister of India Arun Jaitley.GST is a comprehensive indirect tax on. Goods and Service tax is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at national level.

It is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits.

II. DISCUSSION

Since July 1,2017 GST has become an apple of eye for the whole finance sector . It is historic and probably the world biggest tax reform. The road to 'one nation one tax' was not an easy task in a developing country like India with huge economic disparities. It was really a rollercoaster ride for India. Its corporate frederalistic structure of GST council has brought the whole nation in formulation of one tax regime. It is commendable on part of GST council to arrive at the decision on a consensus basis despite of difference in political philosophy between the political parties in different states. Major decisions taken by the GST council can be summarised as –reduction in the rate of taxes, extension of due dates in filing returns postponement of reverse charge applicable on procurement from unregistered person ,postponed of requirement of E-way bill when system was not ready, increase in the threshold limits for composition scheme, quarterly return filing for tax payers, restoration of export incentives, relaxation in respect of compliances relating to refunds etc. The government has prudently implemented GST along with GST council fixing many glitches faced by taxpayers. Considering the scale of changes, it has undergone it is too early to pass the final verdict of success. Another inevitable factor which goes hand in hand with GST council in implementation of GST is GSTN. Goods and service tax network (GSTN) provides technical support to the GST project. It is digital platform for uploading the tax return in real time basis. The data thus created is reliable and becomes an indicator to analyse the financial health of the economy and in policy making. Hence it can be said as GSTN is the back bone of the goods and service tax regime

Impact analysis of one year

GST declared as 'one nation one tax' and assures an ease of doing business. GST furnishes uniform procedures, uniform payment of fees, and a smooth and uniform tax structure in all states, thus easing out the process to start a business in multiple states. First year of GST has been example of world readiness of taxpayers to be a part in unrivalled reform in Indian taxation. Following are the results of monthly collection and compliance related information.

GST collection

Month (2017-18)	Collection(in crore)
August	93590
October	95132
December	83716
Feb.	88047
April	103458
June	95610

Source: GST council

The above data shows a steady progress with exception of April 2018 ,which saw a big jump in collection because of arrears have been paid, GST collection have been fairly steady.

Falling in line

Return period	Assesses require to file (in lakh)	Compliance by due date		Cumulative compliance	
		Return in lakh	%	Return in lakh	%
July 2017	66.47	38.34	57.69	63.88	96.10
August 2017	73.70	27.25	36.98	68.51	92.97
September 2017	78.23	39.34	50.29	71.09	90.87
October 2017	77.21	43.68	56.58	67.77	87.78
November 2017	79.57	49.13	61.74	67.75	85.02
December 2017	81.22	54.26	66.81	67.47	83.08
January 2017	83.22	53.94	64.81	66.94	80.44
February 2018	85.27	54.41	63.93	65.62	76.96
March 2018	87.15	54.58	62.63	56.30	64.61

Source: GST council

Compliance has improved, with more assesses filing their return within deadline.

Though government celebrate the anniversary success of GST, we know that an year is too short period to manifest its advantage fully. Sure the glitches remain, these are largely relating to issues such as return filing ,invoice matching reverse charge mechanism and technology .All these hitches are mostly effected to industrial sector especially SME.SME,s are in evitable part of Indian economy. SMEs have a crucial role to play in the development of the Indian economy along with ensuring a fair, equitable and employment friendly growth. Being the second largest employment-generator in India after agriculture, they are a key source for various skilled and unskilled citizens of the country. Even our then PM Dr. Manmohan Singh stated that “the key to our success in employment lies in the success of manufacturing in the small scale sector.” Hence issues relating to SME after implementation of GST have to be addressed carefully for further development of economy and success of the new system. To communicate the importance of SME sector, some key SME data

Number of SME in India: the number is estimated to be 4250 million, registered and un registered together staggering 95% of total industrial unit in the country.

SME and Employment opportunity: Employs about 106 million, 40% of India’s work force. Next only to agriculture sector.

Product: more than 6000 product.

GDP contribution.6.11% of manufacturer. 24.63% of services sector GDP.

SME output: 45% 0f total Indian manufacturing output.

SME Export: 40% of total export.

SME growth rate Average growth rate over 10%

(**Source: MSME.GOVT.IN)**

GST in SME

Category	Unregistered	Composition	Regular	unregistered
Aggregate turn over	<=20lakh <=10lakh(special category state)	<=1crore <=75lakh (special economic states)	>1 crore >75 lakh (special economic state)	Exempted dealers.
Local purchase	Allowed	Allowed	Allowed	Allowed
Local sales	Allowed	Allowed	Allowed	Allowed
Interstate purchase	Allowed	Allowed	Allowed	Allowed
Inter state sales	Not Allowed	Not Allowed	Allowed	Allowed
Inter state stock transfer	Not Allowed	Not Allowed	Allowed	Allowed
Inter state service	Allowed	Not Allowed	Allowed	Allowed
RCM specific category (sec9(3)	Compulsory registration	Applicable	applicable	compulsory registration
RCMs(sec9(4)URD	Not Applicable	Not applicable till 30th sept.	Not applicable till 30th sept.	Not applicable
For regular	No return	1 quarterly	<1.5cr quarterly	

GSTR1/2/3 and 9 For composition GSTR4 and 9		1 annual	>1.5 cr monthly 3 return and 1 annual return	No return
Invoice type: Exempted supply Taxable supply	Any type Any type	Bill of supply Bill of supply	Bill of supply Tax invoice	Any type Any type
Out put tax liability	No liability	1%,2%,3%+RCM @regular rate	Regular rate	No liability
ITC	No ITC	No ITC	allowed	No ITC

COMPLIANCE:

There is a perception in industry and business media that the compliance burden on MSME has gone up significantly under GST regime. The degree of compliance and transaction level data required to be submitted under GST is extensive. A 'lighter' but multiple compliance burdens existed across multi various taxes There is a perception in industry and business media that the compliance burden on MSME has gone up significantly under GST regime. The degree of compliance and transaction level data required to be submitted under GST is extensive. A 'lighter' but multiple compliance burdens existed across multi various taxes.

GST REGISTRATION PROCEDURE

CREATION OF USER NAME AND PASSWORD
(log in to www.gst.gov.in)

↓

Log in using created user name password

↓

Add business detail

↓

Details of promoters/partners

↓

Details of authorised signatories

↓

Details of principal place and business

↓

Add additional details about places of business

↓

Details of goods and services

↓

Details of bank account

↓

Verify the detail and submit

The compliance schedule for filing of return under GST can be summarised in the form of a table

Sl.no.	form	Description	Due date
1	GSTR1	Out ward supply made by tax payers other than composition tax payers	10th of next month
2	GSTR2	In ward supplies received by a tax payer	15th of next month
3	GSTR3	Monthly rate	20th of next month
4	GSTR 4	Quarterly return for composition tax payer	18th of month next to quarter
5	GSTR 5	Periodic return by non resident foreign payers	Last day of registration
6	GSTR 6	Return of ISD	13th of next month
7	GSTR 7	Return of TDS	10th of next month
8	GSTR 8	Return of TCS	10th of next month
9	GSTR 9	Annual return	13th December
10	GSTR 10	First return in GSTR include 1-2 for normal tax payers and GSTR for composition tax payers	Similar to GSTR1,2,3,4
11	GSTR 10	Find return	Within 3months from date of cancellation and order

Multiple returns to be filed /registration

Under GST law every supplier of goods and services is required to be registered under GST act if the turnover is 20 lakh or more and 10 lakh or more in north east India (sec (12).the biggest challenge of SME was filling of multiple returns.GSTR1/2/3 on monthly basis.SME found it impractical to handle the quantum of return, the GST council took measure to the complaint and introduces GSTR-3B return which was filed on monthly basis along with quarterly GST return. But problem arises when new rule made it mandatory for all registered tax payers to file the return even if they have zero transaction and 22% of taxpayers fill nil return.

Business with turnover of less than 1.5cr can opt for composition scheme as simpler return format.composition scheme provides the provition for small tax payers to file their tax return at a fixed rate of their revenew every quarter.the subscriber of this scheme must be manufacturer and have to let go of the benefit of input tax credit. Again if the registered person is transacting with un registered person the registered person has to pay the tax. this invoice has to be uploaded to the gst system .increase in compliance will leads to increase in cost.

Multiple and unreasonable rates

Currently there is a multi –tier rate structure with five broad categories of 0%, 5%, 12%, 18% and 28%. Rough diamonds and precious stones are subject to 0.255gst while 3%tax is levied on gold and silver. Demerits and luxury goods, which fall in the 28% slab, are subject to an additional cess of 1-15%. GST tax payers look forward to simplified filling forms. The simplified system of GST return will find favour among both big and small business .the success follows in wide spread compliance and favourable revenue growth.

Small business which were earlier exempted paying excise ,have gone from VAT in range 5%-12% to gst of 18 % ,a rate which is highly disproportionate with revenew they have.the Economic survey for fy 16-17 showed that out of total return filed under gst during the period,99.4%were filed by sme, amounting to 45.6% of the total tax paid.

Small traders have shown steep fall in sales from 40-60%. The goods which were sold on 5% vat .under GST most of the product fall under 18% slab and 28%slab.this discourages the customer from buying goods from small buyers and rather go to branded store and sell out more money, as they already pay more to branded goods.

Paved way to large corporate:

The organised business with turnover more than1.5 crore was already paying about 24% taxes with a combined levy of sales tax, excise and vat. For them the GST has intact brought down the effective tax they have to pay, on in some cases only marginal increase. They are also equipped to constantly upgrade the infrastructure needs to fine numerous GST return every quarter, than a SME. For SME higher tax outflows means lesser profitability.

Another challenge to small enterprises are large supplies find much economical by switching to importing goods instead of manufacturing themselves .now even the smallest manufacturer has to pay 118%gst.import and trading on the other hand is much easier. There is no countervailing duty or special addition duty on import now. So goods imported and domestically manufactured goods have no difference, making it hard for SSI to be able to compete with large business. Under old excise law, CVD and special addition duty were levied on import to create priority or edge to domestic manufacturer to provide goods cheaper than import goods. The CVD was levied at rate equal to the excise charge on a good it was to be producing locally.

Increase compliance cost:

According to local circle survey conducted on 13000 SME compliance cost increase. . Before returns have to be filed every quarterly or even half yearly but with the implementation of GST you have to file 3 returns per month plus 1 return yearly i.e. a total of 37 returns per year for a organization which is doing its business in 10 states this 37 will become 370, this is a huge number of returns to be filed and will need a proper system or will become troublesome for the organization. These invoices have to be uploaded by the entity by the 10th of every month and will need to be reconciled by the 15th of every month. SMEs are not used to carrying out such detailed and timely tax transactions and will need to hire personnel to help with tax management and compliance. again for SME volume of business are very large where the value is small this increases charges of \professional for filing returns substantially more than 50%.this increases the burden of SME.

Technical issues

Introduction of GST has brought to increase number of tax payers. These include the tax payers who are new to tax regime and new to online tax regime. The new system of return filing includes number of monthly, quarterly return to be uploaded through GSTN. More than half of India's businesses are still having trouble logging in and submitting information on GST network. Form 1, 2, 2a, 3b, 10 and lot of them in between the GST regime brought with itself a new frame work for filing return with an online one stop filing window-goods and service tax network. For SME who are moving from manual book keeping and physical invoices to digital one have to manage tide through the initial learning phase, there are several requirement that are proving to be painful especially those that put the compliance burden of errant business on honest one. The platform need to be further simplified especially because small entrepreneur are not educated on the taxation front.

Input credit.

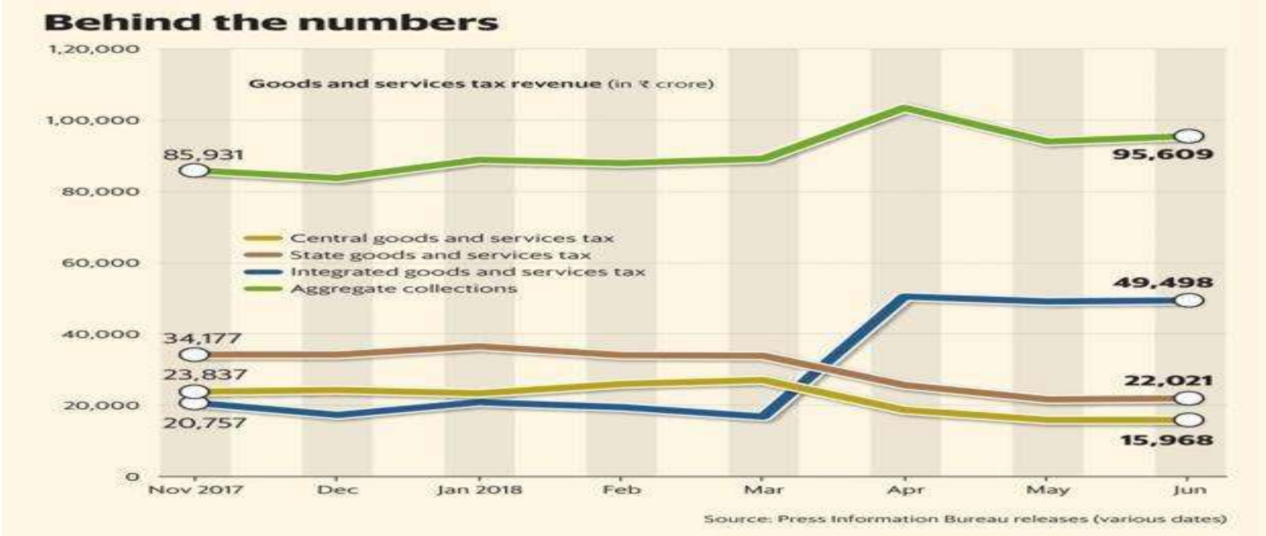
ITC can be availed by a registered taxable person in a specific manner and within a specified time frame. For example, If a person has applied for registration or is liable to register or is granted registration he can claim ITC from the day when he is liable to pay taxes; When a person takes voluntary registration he can claim ITC from the registration day; When a taxable registered person stops paying taxes in composition levy scheme he will be allowed to claim ITC only from the day when he is liable to pay tax normally.

For any other cases, ITC must be claimed before you file a valid return for the September month i.e. 27 days after the end of financial year to which the invoice is related, OR Before you file the annual return, the due date to file the annual return is December 31 after the end of the financial year. .

Input credit will only be available after a supplier declares the particulars of the supply and after these details are validated by the buyer electronically. Thus, a supplier is heavily dependent on the buyer's response, leading to a probable time lag in availing input credit. The ability of an SME to claim refunds is a direct result of its GST compliance rating. Going ahead, SMEs will be accountable for their suppliers' non-compliance and they may take a hit on their Compliance Rating due to non-compliance at any leg of the operating cycle, right from procurement to service. Maintaining compliance records, periodic audits will need to be instated to ensure compliance of all stakeholders. This responsibility of supplier-side compliance is an added cost to the company.

Refund getting stuck ,a complex filing process and corruption in refund process is big challeng for msme.most of the traders have to pay major amont of income tax and apply for trade later because of monor errors in filing return.small business who are shifting to on line transaction are facing working capital constrain as they have to pay GST well before they actually get paid for goods.large corporate including psua some time take a year or two to pay their suppliers but those small business have to pay gst when they make invoices. Exporter especially the SME players have been worst hit after GST regime due to blocked refund of the IGST input credit. Soft ware hitches are slowing things down especially for ITC refund filing error and entry mismatches in GST return and refund claim is also problem.The CBIC claimed to have refunded 6,087 cr totals of 1.68 lakh shipping bills were processed during the period and IGST refund claims of about 9,293 exporters were sanctioned including those of about 3500 whose dues had been held up the CBIC said.

While all these issues are being addressed it should be noted that revenue collection under GST have picked up, on account of the growing tax base. GST is a long term structural reform measure. After one year for sure initial glitches have been overcome and now the nation is ready to ride on to the new system. It is the result of seamless effort of GST council and quick response to the query of the cllints.It should be noted that apart from political disparities all the decision was taken through consensus. Not a single decision was taken through voting .This itself shows readiness of whole nation to new tax regime. The union minister said that as the tax revenue from GST goes up ther will be rationalistion further



The chart details collections of CGST, SGST, IGST and the aggregate GST collections (which includes compensation cess, which is not shown in the graph) over the past eight months

The government proposes to amend the goods and services tax (GST) laws after the GST Council gave its approval in its 28th meeting held on 21 July. The GST laws are a package of five enactments. Four of these have been enacted by the Central government. These are: the Central Government Goods and Services Tax (CGST) Act, the Union Territory Goods and Services Tax (UTGST)Act, the Integrated Goods and Services Tax (IGST) Act, and the Goods and Services Tax (Compensation to States) Act. The fifth enactment—the State Governments Goods and Services Tax (SGST) Act—has been separately enacted by each of the 29 states. The department of revenue has published the proposed 46 amendments to these Acts on its website. These proposals comprise 38 amendments to the CGST Act, six to the IGST Act and two to the Compensation Act.

These amendments appear to be driven by three forces without scratching the basic structure of the GST .

First, for operational convenience.

Second, for plugging loopholes in the GST base.

Third, for accelerating devolution of receipts to states, though on a provisional basis.

28th GST Council meeting focused on simplification of doing business and tax compliance targeting/ providing relief small taxpayers through Quarterly Return filing and rate cuts on raw materials /manufacturing inputs. Around 93% taxpayers to benefit by quarterly filing Middle-class citizens to be benefited by the rate cuts on the consumer-related goods.

1. Highlights of this GST Council meeting

28th GST council meeting was held on 21st of July 2018 (i.e Saturday) in New Delhi.

Shri Piyush Goyal chaired the Meeting and addressed the Press meet around 7.30 p.m.

a. GST Return Filing process further simplified

Regular taxpayers with a turnover of up to Rs 5 crores can opt to file GST return on a quarterly basis against earlier limit of Rs. 1.5 crores. These taxpayers have to, however, pay taxes monthly through a challan. Return can be either 'Sahaj' or 'Sugam', wherein the first one, report only B2C supplies and the other report both B2B & B2C supplies, respectively.

Regular taxpayers with turnover over Rs. 5 crores, have to file monthly returns- the new return filing system proposed by Shri Nandan Nilekani is approved. The process would be based on Invoice "UPLOAD – LOCK – PAY TAX".

Amendments shall be carried out by the filing of a return called amendment return and payment if any, will be through this return itself, to help save interest liability for the taxpayers.

It is proposed, NIL return filers (no purchase and no sale) shall be given facility to file the return by sending SMS.

Implications: The new return filing for Quarterly filing taxpayers is a welcome move. Compliances made easy – The filing burden has been reduced for more than 93% taxpayers in the country, as the turnover limit for the quarterly returns filing has been hiked from 1.5 crores to 5 crores. This will also ensure lesser possibilities of crashes as the IT systems will work efficiently with a balanced load. It's to be seen how the proposal for a monthly tax payment plugs the reconciliation gaps and affect ITC claims. Challenge can be where the supply takes place between the Quarterly return filer and Monthly return Filer.

b. Scopes for Composite Dealers get a nod

Composition dealers can now get covered for the supply of services: Limit equal to or below 10% of the turnover of services rendered **or** Rs 5 lakhs, whichever is higher is fixed for opting into the scheme*. Restaurant services are not be included to reckon this criterion.

All council members have unanimously voted for bringing into effect the increased threshold limit of Rs. 1.5 crore from existing Rs 1.0 crore as soon as possible*.

*Subject to an amendment in law

Implications: Indeed, the move to include those dealers providing subsidiary services is welcomed and must boost the service industry to a great extent. But certain ambiguities need to be clarified like:

a) What is the idea behind fixing Rs 5 lakhs as a lower base when the minimum threshold for GST registration is Rs. 20 lakhs (Rs 10 lakhs in the N.E States)
b) Whether this applies to service providers only or a person supplying goods as well as services like the earlier provision.

c. On GST Registration

Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory. Earlier it was restricted to multiple businesses in the separate States.
E-commerce operators needed to have compulsory GST registration only on those non-exempt goods.
The threshold for GST exemption increased to 20 lakhs from 10 lakhs for 6 States -Taxpayers operating in Sikkim, Arunachal Pradesh, Himachal Pradesh, Uttarakhand, Assam & Meghalaya.
*Subject to an amendment in law

d. Reverse charge mechanism deferred for a year till 30th Sept 2019

A committee will study the pros and cons of the system and also find the likely impact on revenue.
Meanwhile, an amendment is proposed to Levy GST on **reverse charge mechanism** only on specified goods in case of certain notified classes of registered persons who receive supplies from unregistered suppliers.

e. Creation of GST Appellate Tribunal

National Bench to be set up at New Delhi.
3 State/Regional Bench to come up in Mumbai, Chennai and Kolkata with several Area benches.
Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively*.
*Subject to an amendment in law

f. Transporters to take note of heightened e-way bills compliance

As the RFID readers or tags to be implemented in the next 6 months, this is supposed to relieve the transporters from wait at checkposts.
Standard operating procedure to be adopted to help the transporters from unnecessary hardship at checkpoints and to give effect to a uniform penalty for default by transporters.

g. Relief to taxpayers up to 31st August 2018 to complete the registration

Those with Prov ID, who couldn't complete the process of Registration, to complete the process and to encourage the same, the late fees are waived for Return filing.
Taxpayers who filed Part A of FORM GST REG-26, but not Part B of the said FORM are requested to approach the jurisdictional Central Tax/State Tax nodal officers with the necessary details on or before 31st August 2018. The Nodal officer would then forward the details to GSTN.
The late fee payable for delayed filing of return in such cases is decided to be waived. First, taxpayers pay late fees, the same will then be reversed in the cash ledger under the tax head.

h. Rates Rationalised: Consumer segment to enjoy the most

Sanitary Napkins exempt from GST: In one clean swoop the government has made the lives of countless Indian women easy. Sanitary napkins now will be exempt from GST. This also means that the GST paid on the input raw material used cannot be available for credit due to exemption of the end product, that indirectly impacts the pricing of this product.
Ethanol: The implications of reducing the Ethanol rates are far-reaching. It is clear that the government has a bigger plan in place, not only will it impact the sugarcane farmers directly but also lower the cost of producing a range of items to which ethanol is essential, like blending of petrol.
Lithium-Ion Batteries: This reduction hopes to serve as a push to the Indian electronic manufacturers, especially directed towards to the mobile phones and electric vehicle sector. It will create a favourable space these manufactures to thrive. Likewise, these products will now be more accessible to the consumer in this growing sector. Reduction of rate for Phosphoric acid has further reduced the stress on the production of ethanol.

i. For Exporters

Extension of the exemption by another year up to 30th September, 2019 granted on outward transportation of all goods by air and sea, as relief to the exporter of goods.
Services provided in sectors like banking, IT have been provided relief by exempting services supplied by an establishment of a person in India to any establishment of that person outside India [related party].
E-books will attract 5% GST instead of earlier 18%.

j. Textile Industry at vantage with allowability of refund of accumulated ITC on Inputs to make Fabric Material

Currently, the raw material is charged at a higher GST rate as when compared to the final apparel. Due to this, especially ITC on Fibre material was not being able to be utilised that attracted 12% since the Fabric that was made out of it attracted GST of only 5%. On account of the inverted duty structure that currently prevails in this industry, Council has proposed for the provision of allowing refund of the accumulated ITC by giving prospective effect to its applicability from 27th July 2018*. *Subject to CBIC Notification

k. Important announcement regards Invoicing

Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year.

l. The scope of ITC widened

To include further in its scope:
Most of the activities or transactions specified in Schedule III;
Motor vehicles for transportation of persons, with seating capacity of more than thirteen (including driver), vessels and aircraft;
Motor vehicles for transportation of money for or by a banking company or financial institution;

Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.
In case the recipient fails to pay the due amount to the supplier within 180 days from the date of issue of invoice, the input tax credit availed by the recipient will be reversed. Liability to pay interest is being done away with in that case.
Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.
The order of cross-utilisation of input tax credit is being rationalised.One must await for further announcements giving clarity to this.

m. Following have been kept out of scope of 'Supply'

Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
Supply of warehoused goods to any person before clearance for home consumption; and
Supply of goods in case of high sea sales.

2. Recent Rate Changes on Goods

GOODS			
S.NO	Items	New Rate	Old rate
1	Rakhi (other than that of precious or semi-precious material)	Nil	18%
2	Sanitary Napkins		12%
3	Circulation and commemorative coins		5%
4	Raw material for broom		12%
5	Stone/Marble/Wood Deities		5%
6	Sal leaves and its products		18%
7	Khali dona		18%
8	Coir pith Compost		5%
9	Chenille fabrics and other fabrcis under 5801	5%	12%
10	Handloom dari		
11	Phosphoric Acid (fertilizer grade only)		
12	Handmade Carpets, Textile Floor, Coverings		
13	Knitted cap/topi having retails sale value exceeding Rs. 1000		
14	Kota Stones and Simliar Stones (other than polished)		18%
15	Ethanol for sale to oil marketing companies for blending with fuel		
16	Solid Bio fuel pellets		
17	Marine Engine		28%
18	Bamboo Flooring	12%	18%
19	Hand Operated Rubber Roller		
20	Brass Kerosene Pressure Stove		
21	Zip and Slide Fastener		
22	Handicrafts (Excluding handmade)		

23	Handbags including pouches and purses; jewellery box		
24	Fuel Cell vehicle		28%
25	Televisions upto 68 cm	18%	28%
26	Glaziers' putty, grafting putty, resin cements		
27	Refrigerators, freezers, water cooler, milk coolers, ice cream freezer		
28	Washing Machines		
29	Food Grinders & mixer		
30	Vacuum Cleaners		
31	Paints and Varnishes (including enamels and lacquers)		
32	Shavers, Hair Clippers		
33	Hair Cleaners		
34	Storage water heaters		
35	Immersion heaters		
36	Hair Dryers, Hand Dryers		
37	Electric Smoothing irons		
38	Scent Sprays		
39	Toilet Sprays		
40	Pads for application of cosmetics or toilet preparations		
41	Lithium-ion batteries		
42	Powder Puffs		
43	Special purpose motor vehicles		
44	Work Trucks (Self propelled , not fitted with lifting or handling equipment)		
45	Trailers & Semi trailers		

List of Goods Exempt		
Fortified Milk	exempt	5%

3. Recent Rate Changes on Services

SERVICES		
Rate Change		
Services	New Rates	Old Rates
Supply of e-books	5%	18%
Supply of Multimodal Transportation	12%	Nil
List of Services Exempt		

Senior Citizens
1. Sevices provided by Coal Mines provident fund organisation to the PF subscribers
2. Services provided by Old age home run by state government / central government to the citizens aged more than 60 years upto Rs. 25000
3. GST exempted on the administrative fee collected by National Pension System Trust
4. Services provided by an unincorporated body or non profiit entiy registered under any law to own members upto Rs. 1000 per year of membership fees.
Agriculture/ Farmers
1. Services by way of artificial insemination of livestock (other than horses)
2. Services provided by FSSAI to food businesses.
3. Services provided by way of warehousing minor forest produce
4. Services provided by the installation and commissioning by DISCOMS for extending electricity distribution network for agricultural use.
Banking/Finance/ Insurance
1. Reinsurance services provided to insurance scheme such as Pradhan Mantri Rashtriya Swasthya Suraksha Mission
Government
1. Guarantees are given by central/state government to their undertakings/PSUs.
2. Services provided by government to ERCC by assigning the right to collect royalty to mining lease holders.
Miscellaneous
1. Import of services by Foreign diplomatic missions/UN other international organizations
2. GST rate slabs will apply on the actual rate for hotel services instead of declared tariff.

Small taxpayers – with a turnover of up to Rs 5 crore – can now opt for filing quarterly returns. However, they will have to pay GST on a monthly basis. Simplified returns for small taxpayers have been called *Sahaj* and *Sugam* and will need less information compared to regular GST returns. 93 percent of the taxpayers have a turnover of less than Rs 5 crore and these taxpayers would benefit substantially from the simplification measures, a media note by the Finance Ministry said.

Those with a turnover above Rs 5 crore will benefit as well, it added.

The return form will have two main tables – one for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller. The process would be 'Upload-Lock-Pay' for most tax payers.

The new return design will also provide the option to amend the invoice, the release pointed out. An amendment can be made by filing an amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.This will reduce compliance, but a difference in timing of filing of returns for assesses with a turnover above and below Rs 5 crore may impact timing of the availment of credit.

REFERENCE

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