

AMENDMENTS IN GST RULES AND OTHER UPDATES

As the CBIC has brought Eighth Amendment in CGST Rules, 2017 vide Notification 39/2018 - Central Tax dated 04th September, 2018, following are few important changes, which need to be considered:

- As regards refund of Zero rated supply of services (i.e. export & SEZ supplies of service), there have been a change in the definition of adjusted total turnover. The updated formulae for the same is as under:

$$\text{Eligible refund} = \text{NET ITC} \times \frac{\text{Zero rated supply of Goods \& services}}{\text{Adjusted Total Turnover}}$$

- Wherein, the Zero rated supply of service =

	payments received during the relevant period
Add:	zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period
Less:	advances received for which the supply of services has not been completed during the relevant period

- In order to bring parity, the meaning of Adjusted Total Turnover (for the purpose of refund only) is also amended to the effect as under:

	Taxable supplies of goods & Services
Add:	Export of Goods
Add:	Export of Service as calculated above [before amendment, export of service as per GST returns was taken]

- Logic behind such amendment:

As regards Zero rated supply of service, there may be a difference between the figures reported in GST returns and GST RFD 01A due to different definition provided for turnover therein. Earlier, in case of refund of Zero rated supply of service, in the nominator, the figure of service was determined on basis of definition in the refund rules [**refer (a) above**], while for denominator, the adjusted total turnover was determined on basis of the definition of turnover for the purpose of GST returns only. This lacuna was creating disparity in the refund claims. Hence, this is the welcome amendment by the CBIC.

2. As regards GST ITC 04, a field for “Losses & Wastes” has been added in the form. Multiple entries for single challan can be filled now. Updated utility to be released soon. In order to facilitate the trade, the date of filing of GST ITC 04 has been extended till 30.09.2018 for the quarters July 2017 to June 2018.
3. Annual return form GSTR 9 & 9A has been released, the due date of which is 31st December.

Clarifications brought in by way of Circular 59/33/2018-GST dated 04th September, 2018:

1. As regards manual processing of refund application, the circular 37/11/2018-GST dated 15th March, 2018 has prescribed that the copies of all the invoice of input and input services need to be provided by the applicant. In view of the difficulties being faced by the claimants, it has now been clarified that the copy of form GSTR 2A for the tax period shall be attached with the application. Invoices of other input / input services which are not reflecting in the GSTR 2A, but ITC thereon has been claimed by the assessee, MAY BE asked by the field formation.
2. W.e.f. 16th April, 2018, there have been a change in GST refund checkpoint at GST portal, wherein the flexibility of claiming inter-pool refund was enabled. However, the field formations were denying such inter-pool refund in absence of any circular or notification. Therefore, the dust has now been settled as under:
 - Aggregate Eligible refund is to be calculated based on the formulae in Rule 89;
 - FIRSTLY, Claim refund from IGST pool, to the extent of balance available;
 - Remaining amount of refund is to be claimed from CGST and SGST pool EQUALLY, to the extent of balance available in each pool;
 - Remaining amount of refund is to be claimed from CGST and SGST pool, to the extent of balance available.