



BHUJ BRANCH OF

WESTERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF INDIA



**The richest man is not he who has the
most, but he who needs the least.**

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Chairperson's Message



CA Bhavee Thacker

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Dear Professional Colleagues,

This Month brought us relaxation and relief from the regimes of taxation. It was not a celebration moment but wave of rejoice definitely passed through. If we look back the months that passed by in Mid of 2017 they were full of hassle and bustle. It feels that now we can think of something that goes on in peace.

In this newsletter, we have tried to covered the GST on major portion as till today it is the most discussed topic all around India. Much Known and Major Unknown Still making us always confused when practically followed. Our Young writers have tried to make it as simple as possible by cracking down the notification to the basics. We have tried to highlight the important and tough issues and cherry on the cake is the article GST on Public Trust which is completely an isolated one.

This season of Winter bring us cold waves to make our brains too, cold in handling the burning problems of the biggest reform of India, GST (Goods and Service Tax). The Writers have deeply studied the topics making it more interesting to read the same in the newsletter format.

Hope to bring many new things in the forthcoming months to come and we shall strive to make it more interesting for the readers.

This Month remembers me the famous lines of Clyton Warson :

November Comes and November Goes,

With the last Red Berries and the first White Snows.

With Night Coming Early and Dawn Coming Late.

And Ice in the Bucket and Frost by the Gate.

The Fire Burns and the Kettle sing,

And Earth sinks to rest until the next Spring !!!!!!!

Wish you Happy Reading and Chilling Time !!!!!!!

CA Bhavee Thacker
Chairperson

Rate of Construction and Works Contract Services Under GST

Compiled By: - CA Deep Ramesh Koradiya

(B.Com, ACA, DISA (ICAI))

Under GST, since its implementation, the Services for rate notification 11/2017 has been amended four times. All the said notifications are amended with prospective effect. So, while taking the decision regarding Rate of the service, all the five notifications need to be referred as follows

1. 11-2017 Central Tax Rate Dated 28th June 2017
2. 20-2017 Central Tax Rate Dated 22nd August 2017
3. 24-2017 Central Tax Rate Dated 21st September 2017
4. 31-2017 Central Tax Rate Dated 13th October 2017
5. 46-2017 Central Tax Rate Dated 14th November 2017

Now, it has been tried to summarize all the above notification at one place so as to make it easy for reader to understand the rate provisions.

Notification No & Effective Date	Clause No in the notification	Description Of Services	Service Supplied TO	Effective Rate	Comments
11/2017 CT Rate Dated (w.e.f.) 28th June 2017	(i)	Construction of a complex, building, civil structure or a part thereof			- if Entire Consideration has been received
	(i)	WITHOUT INVOLVING TRANSFER OF PROPERTY IN LAND [when value doesn't include value of	Any one	18	After Completion Certificate issued, then on that portion of amount, GST

		land]			is not leviable
	As per Para 2	WITH INVOLVING TRANSFER OF PROPERTY IN LAND [when value includes value of land]	Any one	12	
	(ii)	Composite supply of works contracts defined in clause 119 of section 2 of Central Goods and Services Tax Act, 2017.	Any one	18	
20/2017 CT Rate Dated (w.e.f.) 22nd Aug 2017	(iii)	Composite Supply of Works Contract Provided to Govt Etc by way of Construction, erection, Commission etc of.. #			- Only if this services has been provided to govt, then 12 percent. Incase of Sub-contracting or anything, Residual Entry will Trigger @ 18%
	(iii)	(a) historical monument, archaeological site or remains of national importance etc	To Govt, etc	12	
	(iii)	(b) canal, dam or other irrigation works	To Govt, etc	12	
	(iii)	(c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or	To Govt, etc	12	

		disposal			
20/2017 CT Rate Dated (w.e.f.) 22nd Aug 2017	(iv)	Composite Supply of Works Contract Provided to Any One by way of Construction, erection, Commission etc of..			- Evenif this services provided other than Govt, 12% is applicable such as incase of Sub-Contracting. The only thing is the condition mentioned in the each entry need to be fulfilled. For detailed study, pls refer said notification.
	(iv)	(a) a road, bridge, tunnel, or terminal for road transportation for use by general public	To Anyone	12	
	(iv)	(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv AwaasYojana.	To Anyone	12	
	(iv)	(c) a civil structure or any other original works pertaining to the "In-situ rehabilitation of existing slum dwellers using land as a resource through private participation"...etc only for existing	To Anyone	12	

		slum dwellers			
	(iv)	(d) a civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana	To Anyone	12	
	(iv)	(e) a pollution control or effluent treatment plant, except located as a part of a factory	To Anyone	12	
	(iv)	(f) a structure meant for funeral, burial or cremation of deceased	To Anyone	12	
20/2017 CT Rate Dated (w.e.f.) 22nd Aug 2017	(v)	Composite Supply of Works Contract Provided to Any one by way of Construction, erection, Commission etc of ORIGINAL WORK pertaining to..			- Evenif this services provided other than Govt, 12% is applicable such as incase of Sub-

(v)	(a) railways, excluding monorail and metro	To Anyone	12	Contracting. The only thing is the condition mentioned in the each entry need to be fulfilled. For detailed study, pls refer said notification.
(v)	(b) a single residential unit otherwise than as a part of a residential complex	To Anyone	12	
(v)	(c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India	To Anyone	12	
(v)	(d) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under Pradhan mantriAvasyojna or any scheme of State Govt	To Anyone	12	
(v)	(e) post-harvest storage	To	12	

		infrastructure for agricultural produce including a cold storage for such purposes	Anyone		
	(v)	(f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages	To Anyone	12	
24/2017 CT Rate Dated (w.e.f.) 21st Sept 2017	(vi)	Composite Supply of Works Contract Provided to GovtEtc by way of Construction, erection, Commission etc. of..#			- Only if this services has been provided to govt, then 12 percent. Incase of Sub-contracting or anything, Residual Entry will Trigger @ 18%
	(vi)	(a) a civil structure or any other original works meant predominantly for use other than for commerce, Industry, or any other business or profession	To Govtetc	12	
	(vi)	(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an	To Govtetc	12	

		art or cultural establishment			
	(vi)	(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule III of the Central Goods and Services Tax Act, 2017	To Govt, etc	12	
31/2017 CT Rate Dated (w.e.f.) 13th Oct 2017	(vii)	Composite Supply of Service involving predominantly 75% earth work..#	To Govt, etc	5	Earth work should be more than 75%
	(viii)	Composite supply of works contract in respect of off shore works contract relating to oil and gas exploration etc	To Anyone	12	
	(ix)	Any other Construction Service	To Anyone	18	Residual entry

- **"To GovtEtc"** Covers Central Government, State Government, Union Territory, Local Authority, Government Authority or Government Entity.
- **#**- When the Services are provided to Government Entity, that Entity should have procured such work from Central or State Govt or Union Territory or Local Authority.
- **"Works Contract"** means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair/maintenance, renovation, alteration or commissioning of

any **immovable property** wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

- Where the Entire Consideration has been received after the issuance of completion certificate, the said service is outside the purview of GST.

GST on Charitable and Religious Trusts

Compiled By: - CA Nikit A Desai

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Implementation of GST has seen as a great tax reform that will unify the entire nation, as far as taxation is concerned. This has been beneficial for various sectors, at the same time, implementation of GST will have social consequences on charities and the non-profit organizations. The provisions relating to taxation of activities of charitable institutions and religious trusts have been borrowed and carried over from the erstwhile service tax provisions. However there has been several changes made in GST to include Trusts under its extensive ambit.

- **Charitable Activities - Exemption:** (Notification No.12/2017-Central Tax (Rate) dated 28th June 2017)

The trust should be a public trust registered **u/s 12AA of Income Tax Act, 1961** AND should undertake **Charitable Activities**. Now the scope of Charitable Activities has been restricted to include only the below mentioned activities, that means if the activity carried on by the Trust does not relate to the activities as mentioned it could be liable to GST. The specified activities are:

- Services relating to public health like:
 - Care or counselling of terminally ill persons or persons with severe physical or mental disability;
 - Persons afflicted with HIV or AIDS;
 - Persons addicted to a dependence-forming substance such as narcotics drugs or alcohol;
- Public awareness of preventive health, family planning or prevention of HIV infection;
- Advancement of religion, spirituality or yoga;
- Advancement of educational programmes or skill development relating to:
 - Abandoned, orphaned or homeless children;
 - Physically or mentally abused and traumatized persons;
 - Prisoners; or
 - Persons over the age of 65 years residing in a rural area;
- Preservation of environment including watershed, forests and wildlife.

➤ **Religious Ceremonies & Renting of Premises – Exemption** (Entry No.13 of notification no.12/2017- Central Tax (Rate) dated 28th June, 2017)

(a) conduct of any religious ceremony;

(b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income Tax Act:

Provided that nothing contained in entry (b) of this exemption shall apply to:

(i) renting of rooms where charges are one thousand rupees or more per day;

(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;

(iii) renting of shops or other spaces for business or commerce

where charges are ten thousand rupees or more per month.

Renting out space to agencies for advertisement hoardings, income from such advertisement is chargeable to GST. Further, if donation for religious ceremony is received with specific instructions to advertise the name of a donor, such donation income will be subject to GST. But if donation for religious ceremony is received without such instructions, it may not be subject to GST.

➤ **Training or Coaching in recreational activities – Exemption:** Entry No.80 of notification no.12/2017-Central Tax (Rate):

Services by way of training or coaching in recreational activities relating to:

(a) arts or culture, or

(b) sports by charitable entities registered under section 12AA of the Income-tax Act.

➤ **Educational Activities – Exemption:** entry 66 of notification no.12/2017-Central Tax (Rate)

Services provided-

a) **By** an educational institution to its students, faculty and staff;

b) **To** an educational institution, by way of,-

- Transportation of students, faculty and staff;
- Catering including any mid-day meals scheme sponsored by the Central/State Govt or Union;
- Security or cleaning or housekeeping services performed in such educational institution;
- Services relating to admission to, or conduct of examination by, such institution; upto higher secondary.

Under GST, "educational institution" is defined as an institution providing services by way of:

- Pre-school education and education up to higher secondary school or equivalent;
- Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- Education as a part of an approved vocational education course;

Public Libraries: Exemptions

No GST will be applicable if charitable trusts are running public libraries and lend books, other publications or knowledge enhancing content/material from their libraries. This activity is specifically excluded by way of entry No. 50 of Notification No. 12/2017-Central Tax Rate (and is applicable for everyone, including charitable trusts)

- **GST on hospital managed by charitable trusts-Exemption** vide Entry no. 74 of Notification No. 12/2017-Central Tax Rate

(applicable to all persons including charitable trusts)

It exempts healthcare services at clinical establishment, an authorised medical professional or paramedics. All treatment or diagnosis or care for illness, injury, deformity, abnormality or pregnancy by a clinical establishment are covered. Such services provided by doctors and paramedics either provided as an employee (clinical establishment) or in their individual capacity is exempt.

Transportation of patients to and from a clinical establishment is also exempt. The clinical establishment, as per clause (s), means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases.

So, if charitable trusts run a hospital and appoint specialist doctors, nurses and provide medical services to patients at a concessional rate, such services are not liable to GST.

- Goods that are sold by a charitable trust in commercial nature are taxable. The charitable trust must pay the GST rate applicable while purchasing the supply.
- Project grants and restricted funds shall not be treated as supply. However, if the grant agreement has any clause where any benefit or business value is going back to the donor, then it shall be treated as a taxable supply. Similarly in case of CSR grants, it could be treated as taxable supply, if the donor company is getting any business advantage out of such donation or keeps a condition regarding display of its logo,

name during the implementation process.

GST is applicable for all types of goods and services in India, unless specifically exempt or NIL rated by the GST Council. Thus, contrary to popular beliefs, GST could be applicable for services and goods supplied by a Charitable Trust or NGO.

Useful Link -
<http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification12-CGST.pdf>

Taxability on Import of Goods and Services in GST

Compiled By: - CA Kapil Thacker

(B.Com, A.C.A.)

India is now one of the rapid growing economies in the world. Business plays major role in the development of the same. Therefore, it is imperative to keep a tab on the business performance in both the Indian as well as international markets.

With the introduction and implementation of GST from July 2017, there requires a major change in the way business in India will be done. GST has had a significant impact on the international trade (import and export) of the goods and services through the changes in the taxation structure and removal of certain indirect taxes and exemptions.

Let us discuss the impact of the GST on international trade as well as for the further trade of the same imported goods.

In the pre-GST tax system, import of services was subject to service tax whereas import of the goods were subject to different import duties like custom duty, Countervailing duties u/s 3(1) equivalent to excise and special additional duty u/s 3(5) which is equivalent to VAT.

Now, however, after the GST has been introduced, the IGST has replaced the indirect taxes that were earlier

imposed on import of goods and services. But, there are certain exceptions on imports of petroleum products and pan masala that attract levy of countervailing duties even after the GST regime. Moreover, apart from the IGST, education cess, customs duty and protective taxes such as safe guard duty and anti-dumping duty are also levied on import of certain goods whereas for the import of services only the IGST is levied.

Amendment to Constitution of India clearly says that in case goods and services are supplied to India from a place outside India then both shall be subject to IGST. It will be treated as deemed inter-state supplies.

Interestingly IGST on import of services would be leviable under the IGST Act; the levy of the IGST on import of goods would be levied under the Customs Act, 1962.

Integrated Goods and Services Tax (IGST)

As per section 11 of the IGST Act, 2017 the place of supply of goods, imported into India shall be the location of the importer. Thus, if the location of the importer is in Gujarat, the state tax component of the

integrated tax will go to the state of Gujarat.

The import of services under GST is taxable if it meets the following conditions:

When the supplier of service is located outside India.

When the recipient of service is located in India.

Place of supply is in India.

The recipient and supplier of service are not establishments of a distinct persons.

The importer of services will have to pay tax on reverse charge basis.

Taxability on Import of Goods and Services in GST

In case of import the importer needs to pay IGST when the importer receives the delivery of the imported goods whereas in case of other local

supply of goods where IGST has to be paid on a monthly basis.

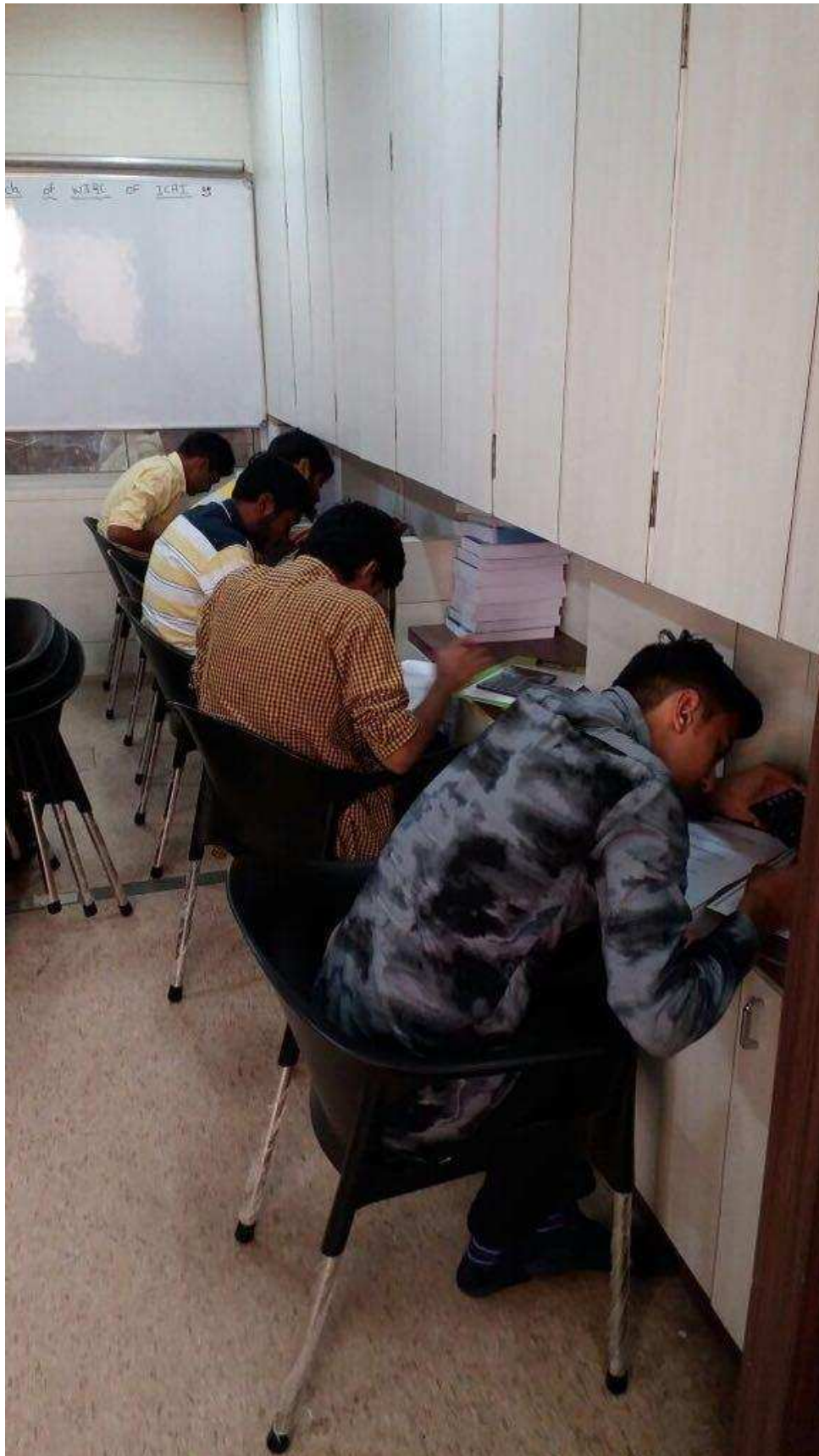
CVD was earlier charged on the valuation of MRP principle. However, now IGST will include all CVD and it will be charged on the transaction value, under the GST regime.

Taxes that are paid during the import is now available as a credit under the new law, under the 'Import and Sale' model which wasn't available in the pre-GST regime.

Changes in the Foreign Trade Policy is expected and also in Custom Role along with different types of notifications for exemptions such as EPCG, Duty Drawback, Advance Authorization, MEIS, and Duty credit scripts SEIS, etc., in order to match it with the current GST Law.

PHOTO GALLERY___CPT
MOCK TEST AT BRANCH











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