

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

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EPC/SEZ/AM-18/F-14
July 31, 2017

EPCES CIRCULAR NO. 260

Dear Member,

- 1) **Amendment in CGST Rules vide Notification No. 17/2017 – Central Tax dt. 27 July, 2017**
- 2) **Clarification vide Circular No.1 /1/2017-Compensation Cess dt. 26 July, 2017**

1. **Amendment in CGST Rules vide Notification No. 17/2017 – Central Tax dt. 27 July, 2017**

This is an update in relation to amendment made by the government in CGST rules vide **Notification No. 17/2017 – Central Tax dt. 27 July, 2017**. We have summarized the changes for your perusal.

Provisions	Earlier	Amended	Implication
Rule 24 Migration of persons registered under the existing law.	(4) Every person registered under any of the existing laws, who is not liable to be registered under the Act may, within a period of thirty days from the appointed day, at his option, submit an application electronically in FORM GST REG-29 at the common portal for the cancellation of registration granted to him and the proper officer shall, after conducting such enquiry as deemed fit, cancel the said registration.	(4) Every person registered under any of the existing laws, who is not liable to be registered under the Act may, on or before 30th September, 2017, at his option, submit an application electronically in FORM GST REG-29 at the common portal for the cancellation of registration granted to him and the proper officer shall, after conducting such enquiry as deemed fit, cancel the said registration.	Time Limit for cancellation of registration has been extended up to 30 September 2017
Rule 34 Rate of exchange of currency, other than Indian rupees, for determination of value.-	Rate of exchange of currency, other than Indian rupees, for determination of value- The rate of exchange for the determination of the value of taxable goods or services or both shall be the applicable reference rate for that currency as determined by the Reserve Bank of India on	(1) The rate of exchange for determination of value of taxable goods shall be the applicable rate of exchange as notified by the Board under section 14 of the Customs Act, 1962 for the date of time of supply of such goods in terms of section 12 of the Act. (2) The rate of exchange for determination of value of	Earlier RBI rate was prescribed for both taxable goods or services. Now; - For taxable goods- Exchange rate as notified by the Board under section 14 of the Custom Act, 1962 will be used

	the date of time of supply in respect of such supply in terms of section 12 or, as the case may be, section 13 of the Act.	taxable services shall be the applicable rate of exchange determined as per the generally accepted accounting principles for the date of time of supply of such services in terms of section 13 of the Act.";	- For taxable service -Exchange rate determined as per the generally accepted accounting principles will be used
Rule 44 (2) Manner of reversal of credit under special circumstances	The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of integrated tax and central tax.	The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.	Input tax credit of State tax and Union tax also need to be included for the purpose of reversal of ITC
Rule 46 Invoice Rules	Third proviso to rule 46 Provided also that in the case of the export of goods or services, the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX", as the case may be, and shall, in lieu of the details specified in clause (e), contain the following details, namely,- (i) name and address of the recipient; (ii) address of delivery; and (iii) name of the country of destination:	Third proviso to rule 46 Provided also that in the case of the export of goods or services, the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT / SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT/ SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX", as the case may be, and shall, in lieu of the details specified in clause (e), contain the following details, namely,- (i) name and address of the recipient; (ii) address of delivery; and (iii) name of the country of destination.;	Endorsement to be made in case of supply made to SEZ unit or SEZ developer

<p>Rule 61</p> <p>Returns</p>	<p>(5) Where the time limit for furnishing of details in FORM GSTR-1 under section 37 and in FORM GSTR-2 under section 38 has been extended and the circumstances so warrant, return in FORM GSTR-3B, in lieu of FORM GSTR-3, may be furnished in such manner and subject to such conditions as may be notified by the Commissioner.</p>	<p>(5) Where the time limit for furnishing of details in FORM GSTR-1 under section 37 and in FORM GSTR-2 under section 38 has been extended and the circumstances so warrant, the commissioner may, by notification, specify that return shall be furnished in FORM GSTR-3B electronically through the common portal, either directly or through a Facilitation Centre notified by the commissioner.</p> <p>(6) Where a return in FORM GSTR-3B has been furnished, after the due date for furnishing of details in FORM GSTR-2-</p> <p>(a) Part A of the return in FORM GSTR-3 shall be electronically generated on the basis of information furnished through FORM GSTR-1, FORM GSTR-2 and based on other liabilities of preceding tax periods and PART B of the said return shall be electronically generated on the basis of the return in FORM GSTR-3B furnished in respect of the tax period;</p> <p>(b) the registered person shall modify Part B of the return in FORM GSTR-3 based on the discrepancies, if any, between the return in FORM GSTR-3B and the return in FORM GSTR-3 and discharge his tax and other liabilities, if any;</p> <p>(c) where the amount of input tax credit in FORM GSTR-3 exceeds the amount of input tax credit in terms of FORM GSTR-3B, the additional amount shall be credited to the electronic credit ledger of the registered person."</p>	<p>Provisions have been prescribed where GSTR 3B has been furnished after filing of GSTR-2.</p>
<p>FORM GST TRAN- 1 & 2</p>	<p>Column heading for HSN: "HSN (at 6 digit level)' needs to be reported</p>	<p>Column heading for HSN : "HSN as applicable" needs to be reported</p>	<p>HSN has to be reported on the basis of turnover i.e. Turnover less than INR 1.5 cr - Nil Turnover > 1.5 cr to 5 cr - Two digit Turnover > 5cr - Four digit</p>

2. Clarification vide Circular No.1 /1/2017-Compensation Cess dt. 26 July, 2017

We would further like to update the members regarding the clarification given by the government regarding applicability of the provisions of zero rated supply (Section 16 of IGST Act) for the purpose of Compensation Cess on exports.

Vide Circular No.1 /1/2017-Compensation Cess dt. 26 July, 2017, it has been clarified that provisions relating to zero rated supply will apply mutatis mutandis for the purpose of Compensation Cess (wherever applicable).

Hence, in similar lines with IGST, for Compensation Cess also,

- Exporter will be eligible for refund of Compensation Cess paid on goods exported by him [on similar lines as refund of IGST under section 16(3) (b) of the IGST, 2017]; OR
- No Compensation Cess will be charged on goods exported by an exporter under bond/LUT and he will be eligible for refund of input tax credit of Compensation Cess relating to goods exported [on similar lines as refund of input taxes under section 16(3) (a) of the IGST, 2017].

Relevant notifications are attached for ready reference of the members.
