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**Dy. Director General**

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**EPCES CIRCULAR NO. 287**

This is with reference to amendments notified for Central Goods and Services Tax Rules, 2017.

In this regard, please note that the Government has issued Notification No. 21/2018 – Central Tax dated 18 April 2018 thereby amending CGST Rules with respect to Refund and prescribed forms. Key amendments notified under the said notification are highlighted below for ease of reference:

- **Rule 89** – Provisions mentioned under Rule 89 relates to refund of tax, interest, penalty, fees or any other amount and lays down procedure to claim refund of the said amounts. The present notification has amended sub-rule (5) of Rule 89 which provided for refund on account of '**Inverted Duty Structure**' by including the word 'services' in addition to 'goods' primarily to align the rule with the provisions of applicable section under the CGST Act.

Further, the Explanation appended to this Rule 89(5) has also been amended to define "Net ITC" for the purposes of calculating refund on account of inverted duty structure.

***Implications:***

The provision relating to refunds under the CGST Act provided for refund on account of inverted duty structure in case of goods as well as for services, however the corresponding provision under the Rules mentioned only goods in the formula prescribed for arriving at the amount refundable, resulting in contradiction between the Act and the Rules therein. In order to remove this ambiguity, the present amendment has specifically included services in addition to goods in the formula.

- **Rule 97** – Procedure pertaining to '**Consumer Welfare Fund**' as provided under Rule 97 has been amended with respect to:
  - Amounts pertaining to duty, central tax, integrated tax, union territory tax, cess and income from investment that shall be credited into the fund;
  - Accounts of the fund shall be subject to CAG audit;
  - Standing Committee of the fund shall meet generally four times in a year as against once in three months before amendment;
  - Facility for grant of funds to agencies or organizations engaged in consumer welfare activities withdrawn;
  - Procedure laid down for Standing Committee with respect to meetings and proceedings;
  - Provides for recommendations that can be issued by the Standing Committee; and
  - Explanation introduced so as to provide meaning to Act, Applicant, Central Consumer Protection Council, etc.

**Implications:**

The present amendment has brought in detailed procedure to be followed by the Standing Committee of the fund and has also subject the accounts of the fund to CAG audit in order to ensure transparency while sanctioning grants, refunds, etc. from the fund.

- **Form GST ITC – 03** – Instruction appended to entry 5(e) amended so as to provide for value of capital goods to be reduced by 1/60<sup>th</sup> per month of the invoice value as against 5% points per quarter of a year criteria.

**Implications:**

Pursuant to this amendment, while filing Form GST ITC – 03 in cases where the taxpayer has opted for composition scheme or where the goods or services are subsequently exempt, the value of capital goods for the purposes of reversal of credit availed on such capital goods has to be determined by reducing the invoice value on monthly basis rather than quarterly basis. It is important to note herein that the proposed reduction of 1/60<sup>th</sup> per month is same as the earlier slab i.e. 5% per quarter, therefore the only implication is with respect to period of calculation i.e. monthly instead of quarterly.

- **Form GSTR – 10** – Format for GSTR-10 which is the final return to be filed within three months from the date of cancellation or date of order of cancellation, has been introduced.

**Implications:**

Taxpayers who have opted out from GST i.e. who have applied for cancellation shall furnish their 'Final return' in Form GSTR-10 within three months from the date of cancellation or date of order of cancellation as provided *vide* this amendment which was not available earlier.

- **Form GST DRC – 07** – Which is a prescribed form for issuing summary of order in case of any adjudication initiated under Section 73, 74 and 76 (i.e. Demands and Recovery) has been amended so as to delete entry 5 of the earlier form that provided for mentioning of details with respect to 'amount deposited'.

**Implications:**

This amendment does not have any implication on taxpayers and the same appears to be in line with the provision mentioned under the corresponding rule which only provides for specifying the details of demand or recovery to be made categorically mentioning amount of tax, interest and penalty payable by the person chargeable with tax.

Please note that the aforementioned amendments shall come into force on the date of their publication in the Official Gazette.

Copy of the said notification is available at [http://www.cbec.gov.in/resources/htdocs-cbec/gst/Notification-21-2018-central\\_tax-English.pdf](http://www.cbec.gov.in/resources/htdocs-cbec/gst/Notification-21-2018-central_tax-English.pdf)

This issues with the approval of Offtg Chairman EPCES.

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