



*ya esha supteshujagartikamamkamampurushonirmimanah |
tadevashukramtadbrahmatedevamritamucyate |
tasmimlloka shritahsarvetadunatyetikashcana | etadvai tat |
- II chapter, Katha Upanishad*



1. Message from Chairman
2. Events Erstwhile
3. Shout Out
4. Reverse Charge under GST
5. Announcement
6. Food for Thought
7. Editorial Team



Write to us at
enews.camysore@gmail.com

*Feedback & suggestions
eagerly awaited.*

**E Newsletter,
Mysore Branch of SIRC of ICAI
November- 2017, Edition 17**



**Message from
Chairman**

Dear Members & Students,

Wish you all a very Happy and prosperous Rajyotsava Day!!

The report of the World Bank on Ease of Doing Business, ranking India amongst the top 100 countries couldn't have come at a better time! On the face of all the opposition parties criticizing the Government, and much worse accusing the Government of mishandling the Economy through Demonetization and introduction of GST, this report serves to restore the confidence of the Public, both in India and outside, in the present Government's commitment to make "Aachhe Din" a reality soon!

While the impact of both Demonetization and GST implementation haven't been factored in this report, it is expected that India's ranking would improve significantly from 100 in the next year's report, even if the targeted 50 isn't achieved.

These are clearly encouraging but it remains to be seen how these pan out going forward when the impact of both Demonetization and the GST implementation fructify in full measure!

Thus, the two Watershed initiatives of the NDA Government have continued to attract sharp focus both for Economic and Political reasons!! With the elections to the State Assemblies in Himachal Pradesh and Gujarat having been announced, the opposition parties would only go with their guns blasting at the BJP to prevent them from usurping power at HP and unseating them from Gujarat!

Hopefully, the second quarter's growth data (that are eagerly awaited) and the following quarter's too will throw more light on which way our Economy is headed!

There has been yet another extension for first filing of the GST Returns R1 & 2 on a full scale due to further extension of dates from October, and it remains to be seen how the GST portal is able to handle this!! The opening up of GSTR2 especially would give the impetus needed for GST tax system to catch on successfully and in bringing down prices and thereby controlling inflation. The following steps are seen taken to make GST implementation less strenuous to the tax payers:

1. The GST Council has, at its last meeting further reduced the rates of GST on select commodities to ease the burden on the consumers.
2. The Government has also allowed late filing of the returns without late fee and has agreed to refund the late fees if any already paid.
3. About a third of the glitches in the IT infrastructure provided by Infosys have been resolved and the remaining is being resolved.

The last date for filing the Tax Audit Reports have been extended to 7th November 2017 at the request of the ICAI!

Your Branch launched the next batch an ITTP programme during the month of October, having launched a batch orientation Course and concluded it too.

November rings in the Exam season and this time your branch has had to relocate the centre to Sri. K Puttaswamy First Grade College (inside the VVCE Campus), as Mahajana Educational Institutions were not agreeable to permit us hold these exams in their campus any more. Let us all wish the students giving both the IPCC and the Final exams all the very best. It was challenging to find adequate number of observers as only three members volunteered out of which one backed out, and another observer had to be found at the last minute. They are CA. Prasad L, CA. Lavanya Polishetty & CA M Mayuresh. We do thank them for volunteering to be observers!

We invite many more interesting articles from the members and students. Your feedback to enews.camysore@gmail.com would help us in improving further the contents and utility of this E Newsletter to our members & students. Any suggestions for naming our newsletter would also be welcome!

Regards,



CA C.K. Sabareeshan

Chairman

Mysore Branch of SIRC of ICAI

Events Erstwhile

Activities held in the month of October 2017

05.10.2017	5th Orientation Programme started with 75 CA Students at Branch Premises
25.10.2017	5th Orientation Programme valedictory Session held at Branch Premises.
27.10.2017	55th ITTP Batch started with 37 CA students at Branch Premises.



A Big Shout out to India at the election of The Hague based International Court of Justice. In the 70 years of the UN's existence, never has a candidate belonging to the elite P-5 group been absent from the world court. The battle between the last two candidates left in the field, Dalveer Bhandari of India and Christopher Greenwood of the UK is symptomatic of this global tension. After the last round of balloting, Bhandari logged 121 votes in the UNGA, moving up from 116 in the last round, a tribute to India's sustained multilateral diplomacy. Greenwood reduced his numbers from 76 to 68. However, in the UN Security Council, India lags six votes to Greenwood's nine

Source: Times of India



Reverse Charge under GST

By CA Annapurna Srikanth

Index

Sl.No	Sub Head
1.	Levy & Reverse Charge
2.	Reverse Charge & Registration
3.	Reverse Charge & Notifications under CGST & IGST Acts
4.	Reverse Charge & Composition
5.	Reverse Charge & Time of Supply
6.	Responsibilities under Reverse Charge
7.	Reverse Charge & Tax payment
8.	Distinction in Reverse Charge Categories
9.	Reverse Charge & Documents Issue
10.	Reverse Charge & Compliance Time Line

1. Levy & Reverse Charge

Every Tax Law will have a charging section enabling the payment & Collection of taxes which is generally called "the Levy". Similarly in GST we have the levy provisions as envisaged under the following Sections in the various Acts which are tabulated below.

Sl. No.	Act	Section
1.	CGST & SGST Acts	9
2.	IGST Act	5
3.	UTGST Act	7

Sub sections 3 & 4 of the above sections provides for reverse charge levy.

Section 9 of the CGST Act is reproduced here below (excluding provisos) –

9. (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(4) The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

If we analyze the levy provisions

Subsection 1 talk about levy on all intra state supplies except alcoholic liquor for human consumption. **Subsection 2** talks about levy on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel in future. **Subsection 3** talks about supply of certain notified goods & services in case of which tax is to be paid by the recipient.

Subsection 4 talks about supply by an unregistered person to a registered person, in which case along with the liability to pay tax, all the other applicable provisions are also required to be complied by such registered recipient in respect of such supplies. **Subsection 5** talks about certain notified services which are supplied through e commerce operator, in which case the e commerce operator himself is treated as if he is the supplier & hence the corresponding provisions of the law to apply accordingly.

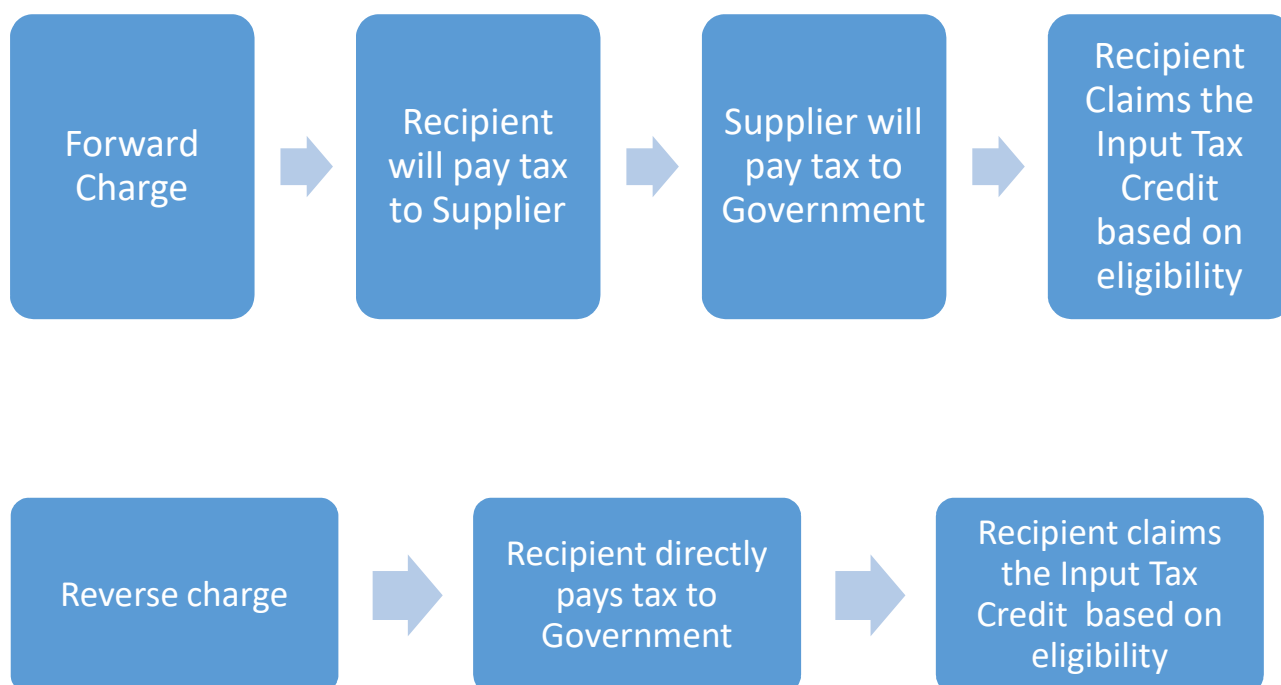
Thus Sub Section 1 & 2 are Forward Charge provisions which uses the term levy, Sub section 3 & 4 are Reverse Charge provisions which determines who must pay tax. Now, Can we say Sub Section 5 is a reverse charge?

In fact there is a deeming fiction which is created therein treating the ecommerce operator himself as the supplier & hence it cannot be construed as a reverse charge.

To substantiate this further the term reverse charge is defined in CGST Act which is reproduced below -

Section 2(98) defines - “reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or subsection (4) of section 5 of the Integrated Goods and Services Tax Act.

In a forward charge, the liability to pay tax to the Government is vested with the Supplier (Registered). However the Supplier does not pay it from his pockets, he collects from the recipient & pays. He, in a sense acts as an agent between the government and the recipient. Thus if we examine in a true sense it is the recipient who actually pays the tax to the government although through the supplier. Contrarily in reverse charge, the recipient of supply himself directly pays it to the government.



2. Reverse Charge & Registration

Reverse Charge is one of the talked about provisions in GST. As discussed earlier there are two categories of reverse charge, let us try to know the various implications & compliances.

Section 24 of the CGST Act mandates registration under subsection (iii) to persons who are required to pay tax under reverse charge. This is an over-riding section to Section 22(1) as it starts with a Non Obstante Clause. Thus owing to this provision if one falls within the ambit of Section 9(3), then he needs to register even though he is otherwise not required. Thus the turnover criterion does not apply at all in this scenario. Let's try to exemplify this. A partnership firm having an aggregate turnover of Rs.5 Lakhs avails services from Goods Transport Agency (GTA) & pays Rs.1600/- as Freight Charges to GTA. Now owing to Section 9(3) read with Notification No. 13/2017 Central Tax (Rate) dated 28th June 2017 - Sl.No.1 Column 2(f) & 4(f), & Notification No 12/2017 Central Tax (Rate) dated 28th June 2017 - Sl.No.21 Column 3 (b)/(c), such partnership firm is mandatorily required to register & once registered all the relevant provisions of the Act would apply accordingly.

Relevant excerpts of notifications are reproduced here below -

Notification No.	Sl. No.	Category of Supply of Services	Supplier of service	Supplier of service
13/2017 - Central Tax Rate	1	Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road to- (f) any partnership firm whether registered or not under any law including association of persons;	Goods Transport Agency (GTA)	(f) any partnership firm whether registered or not under any law including association of persons;

Notification No.	Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
12/2017 - Central Tax Rate	21	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport in a goods carriage of - (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees; (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;	Nil	Nil

3. Reverse Charge & Notifications under CGST & IGST Acts

The following Notifications have been issued till date pertaining to provisions of Section 9(3) & 9(4) –

Sl.No.	Category	Notification No.	Subject of the Notification
1.	Central Tax (Rate)	4/2017 dated 28-06-2017	Reverse charge on certain specified supplies of goods under section 9 (3)
2.	Central Tax (Rate)	8/2017 dated 28-06-2017	CGST exemption from reverse charge up to Rs.5000 per day under section 11 (1)
3.	Central Tax (Rate)	9/2017 dated 28-06-2017	Exempting supplies to a TDS deductor by a supplier, who is not registered, under section 11 (1)
4.	Central Tax (Rate)	10/2017 dated 28-06-2017	CGST exemption for dealers operating under Margin Scheme notified under section 11 (1)
5.	Central Tax (Rate)	13/2017 dated 28-06-2017	To notify the categories of services on which tax will be payable under reverse charge mechanism under CGST Act
6.	Central Tax (Rate)	22/2017 dated 22-08-2017	Seeks to amend notification No. 13/2017-CT(R) to amend RCM provisions for GTA and to insert explanation for LLP.
7.	Central Tax (Rate)	33/2017 dated 13-10-2017	Seeks to amend notification No. 13/2017-CT(R) regarding services provided by Overseeing Committee members to RBI under RCM.

8.	Central Tax (Rate)	36/2017 dated 13-10-2017	Seeks to amend notification No. 4/2017-Central Tax (Rate).
9.	Central Tax (Rate)	38/2017 dated 13-10-2017	Seeks to exempt payment of tax under section 9(4) of the CGST Act, 2017 till 31.03.2018
10.	Central Tax (Rate)	43/2017 dated 14-11-2017	seeks to amend notification no. 4/2017- Central tax (rate) dated 28.06.2017 to give effect to gst council decision regarding reverse charge on raw cotton.
11.	Central Tax	5/2017 dated 19-06-2017	Seeks to exempt persons only engaged in making taxable supplies, total tax on which is liable to be paid on reverse charge basis
12.	Integrated Tax (Rate)	4/2017 dated 28-06-2017	Reverse charge on certain specified supplies of goods under section 5 (3)
13.	Integrated Tax (Rate)	10/2017 dated 28-06-2017	To notify the categories of services on which integrated tax will be payable under reverse charge mechanism under IGST Act
14.	Integrated Tax (Rate)	22/2017 dated 22-08-2017	Seeks to amend notification No. 10/2017-IT(R) to amend RCM provisions for GTA and to insert explanation for LLP.
15.	Integrated Tax (Rate)	32/2017 dated 13-10-2017	Seeks to exempt payment of tax under section 5(4) of the IGST Act, 2017 till 31.03.2018.
16.	Integrated Tax (Rate)	34/2017 dated 13-10-2017	Seeks to amend notification No. 10/2017-IT(R) regarding services provided by Overseeing Committee members to RBI under RCM.
17.	Integrated Tax (Rate)	37/2017 dated 13-10-2017	Seeks to amend notification No. 4/2017-Integrated Tax (Rate).
18.	Integrated Tax (Rate)	45/2017 dated 14-11-2017	Seeks to amend notification no. 4/2017- Integrated tax (rate) dated 28.06.2017 to give effect to gst council decision regarding reverse charge on raw cotton.

4. Reverse Charge & Composition

A question may arise as to whether a composition registered person is required to comply with Reverse charge provisions?

Although Section 10 which envisages provisions pertaining to Composition starts with a Non obstante clause there is specific exclusion to this Non-Obstante clause as the words subject to Sections 9(3) & 9(4) have been used. Thus even a composition registered person is required to comply with the reverse charge provisions. Hence one needs to carefully evaluate whether composition options are viable in the light of the category of supplies dealt by him.

5. Reverse Charge & Time of Supply

In case of Goods - Section 12(3) determines the time of supply which is reproduced here below

Section 12 (3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:—

- (a) the date of the receipt of goods; or
- (b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- (c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

In case of Services - Section 13(3) determines the time of supply which is reproduced here below -

Section 13 (3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—

- (a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- (b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

6. Responsibilities under Reverse Charge

In case of a 9(3) transaction if the supplier is a registered person, then responsibility of recipient is limited to the extent of payment of tax to the government & issue of GST payment voucher as provided in Section 31(3) (g) along with the corresponding reporting in the returns.

On the other hand in case the supplier is an unregistered person & the recipient is a registered person, whether it is 9(3) or 9(4) the following additional responsibilities vest on the recipient along with the payment of tax,

- Classification of the supply & corresponding determination of HSN (if applicable)
- Application of time of supply provisions
- Determination of the rate of tax,
- Issue of an Invoice (Section 31(3) (f)) - A Self Tax Invoice
- Issue of payment voucher (Section 31(3) (g)) - A GST Payment Voucher
- Reporting the details under the relevant heads in the returns.

If any errors or mistakes occur in discharge of the above responsibilities the penal consequences (if any) would be applicable to the registered recipient & that is the biggest risk & burden of compliance under reverse charge.

7. Reverse Charge & Tax payment

The reverse charge liability must always be discharged in Cash & cannot be discharged through balances lying in the electronic credit ledger. Rule 85(4) as envisaged in Notification 10/2017 (Central Tax - dated 28-06-2017) clearly provides for the same. It is reproduced here below-

Rule 85(4) The amount deducted under section 51, or the amount collected under section 52, or the amount payable on reverse charge basis, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act shall be paid by debiting the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.

8. Distinction in Reverse Charge Categories

If we further analyze and distinguish Section 9(3) & 9(4) in the light of provisions & relevant notifications the following points of distinction can be brought about -

Sl. No.	Points of Difference	Sec. 9(3)	Sec. 9(4)	Reference
1	Section Provisions	The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.	The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.	CGST Act 2017

2	Limit of Rs. 5000 per day	Not Applicable	Applicable	8/2017 - Central Tax Rate Notification
3	Procurement from	Registered / Unregistered	Unregistered	4/2017 (Notified goods) 13/2017 - Central Tax Rate Notification- Notified Services)
4	GST Purpose Self Tax Invoice	Option of Monthly one Consolidated Self Tax Invoice is Not available. Such Invoice must be issued transaction wise with respect to only unregistered vendors	Option of Monthly one Consolidated Self Tax Invoice is available	Section 31(3)(f) of the CGST Act read with Second Proviso to Rule 46 as notified in 10/2017 Central Tax Notification
5	GST Purpose Payment Voucher	Transaction wise	Transaction wise	Section 31(3)(g) of the CGST Act

Note: The limit of Rs.5,000/- per day is not applicable in case of 5(4) under IGST Act as there is no corresponding Notification for the same.

The following table may come handy to analyze the number of documents to be issued in case of reverse charge transactions

9. Reverse Charge & Documents Issue

Particulars	Self Tax Invoice	Payment Vouchers	Section /Rule Reference
9(3) or 5(3) or 7(3) Registered	Not Applicable	1 per transaction	Section 31(3)(g) of the corresponding GST Acts
9(3) or 5(3) or 7(3) Unregistered	1 per transaction	1 per transaction	Section 31(3)(f) of the CGST Act read with Second Proviso to Rule 46 as notified in 10/2017 Central Tax Notification & also Section 21 (vii) of UTGST Act
9(4) /7(4)	Monthly Two Consolidated Invoices - One pooling the eligible credits & the other pooling the ineligible credits	1 per transaction	Section 31(3)(f) of the CGST Act read with Second Proviso to Rule 46 as notified in 10/2017 Central Tax Notification & also Section 21 (vii) of UTGST Act
5(4)	Monthly Two Consolidated Invoices - One pooling the eligible credits & the other pooling the ineligible credits	1 per transaction	Adoption of CGST Act Provisions vide Section 20 (vi) of the IGST Act

10. Reverse Charge & Compliance Time Line

Based on the analysis of the various provisions & Notifications with respect to Reverse Charge Mechanism under GST we may create a time line for compliance as under -

01-07-2017 to 12-10-2017 - The reverse charge provisions under Section 9(3) & 9(4)/5(3) & 5(4) would be applicable.

13-10-2017 to 31-03-2018 - The reverse charge provisions under only Section 9(3) /5(3) would be applicable.

Owing to Notification 38/2017(Central Tax - Rate) dated 13-10-2017 and Notification 32/2017 (Integrated Tax - Rate) dated 13-10-2017, exemption from the applicability of provisions of Section 9(4) & 5(4) respectively has been made applicable to all registered persons.

This indeed is a welcome move to ease the burden of compliance by the registered persons.

Disclaimer: The above are the views of the author of the article based on the Author's comprehension and interpretation of the Acts, Rules & Notifications available in the public domain.

Author CA. Annapurna Srikanth, B.Com, FCA, DISA, CS is a practising Chartered Accountant since 9 years. The author can be reached at caannapurna@annapurnasrikanth.com





Order No. 09/2017-GST dated 15th November, 2017

Subject: Extension of time limit for submitting the declaration in FORM GST TRAN-1 under rule 117 of the Central Goods and Service Tax Rules, 2017

In exercise of the powers conferred by rule 117 of the Central Goods and Services Tax Rules, 2017 read with section 168 of the Central Goods and Services Tax Act, 2017, on the recommendations of the Council, and in supersession of Order No. 07/2017-GST dated 28th October, 2017, except as respects things done or omitted to be done before such supersession, the period for submitting the declaration in FORM GST TRAN-1 is extended till 27th December, 2017.

Order No. 10/2017-GST dated 15th November, 2017

Subject: Extension of time limit for submitting the declaration in FORM GST TRAN-1 under rule 120A of the Central Goods and Service Tax Rules, 2017

In exercise of the powers conferred by rule 120A of the Central Goods and Services Tax Rules, 2017 read with section 168 of the Central Goods and Services Tax Act, 2017, on the recommendations of the Council, and in supersession of Order No. 08/2017-GST dated 28th October, 2017, except as respects things done or omitted to be done before such supersession, the period for submitting the declaration in FORM GST TRAN-1 is extended till 27th December, 2017.



"No act of kindness, however small, is ever wasted.."

-Aesop

World Kindness Day is an international observance on 13 November.

Editorial Team



Chairman – CA A K Ranganathan

Editor- CA. D. B. Kavitha Rao

Members- CA K S Satish, CA Sabareeshan C K

Disclaimer: The views, interpretations and opinions in the articles, are of the paper writer and do not have the concurrence of the Editorial Team nor the Managing Committee of the Mysore Branch of SIRC of India.