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**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF GST & CENTRAL EXCISE
TAMILNADU & PUDUCHERRY
No.26/1, MAHATHMA GANDHI ROAD, CHENNAI – 600 034**

C. No. IV/16/266/2016-CCO Tech I Vol II

4-08-2018

MINUTES OF MEETING OF ZONAL REGIONAL ADVISORY COMMITTEE

Sub: Central Excise – Zonal Regional Advisory Committee (RAC) – Minutes of the Zonal RAC meeting held with the members on 19.06.2018 – Reg.

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The Zonal Meeting of the reconstituted Regional Advisory Committee in the GST regime was held on 19.06.2018 at 15.30 Hours in the Conference Hall, GST Bhavan, 26/1, Mahatma Gandhi Road, Chennai – 600 034 under the Chairmanship of Shri. C.P. Rao, Principal Chief Commissioner of GST & Central Excise, Tamilnadu & Puducherry.

2. The aforesaid meeting for the first quarter of 2018 was attended by the members of the Zonal RAC and the Officers from the Department as detailed hereunder. Further, the officers from the Directorate of Systems, Directorate of GST, Directorate of Taxpayer Services attended on invitation so as to facilitate first-hand information on the Systems related issues and the ongoing efforts to resolve and to discuss the technical and GST related issues, if any brought up for discussion:

RAC Members

1	Shri. K.R.Giridharan	Representative of Laghu Udyog Bharati M/s Kali BMH Systems (P) Ltd
2	Shri. Chozha Naachiar Rajasekar	President The Tamil Chamber of Commerce
3	Shri. C.K. Mohan	General Secretary Tamil Nadu Small & Tiny Industries Association (TANSTIA)
4	Shri. C.Raju E.C.	Member Federation of Associations of Small Industries of India
5	Shri. S.Rajasekaran	President SIPCOT Irrungattukottai Manufacturer's Association
6	Shri. Shenbakarajan	Chairman Chamber of Commerce, Puducherry Hotel Annamalai International (P) Ltd
7	Shri. G.Vijaya Ranga Rajan	Hon. Asst. Joint Secretary The Coimbatore District Small Industries Association
8	Shri. V.Gnanasekaran	President Hosur Small and Tiny Industries Association
9	Shri. S.Rethinavelu	Senior President Tamil Nadu Chamber of Commerce 8s Industry
10	Shri. J.Devadoss	Secretary South India Match Manufacturer's Association
11	Shri. S.Punniyamoorthy	Secretary The Tiruchirappalli District Tiny 8s Small Scale Industries Association (TIDITTSIA)
12	Shri. Rajeev Ailwadi	Director [Finance] Chennai Petroleum Corporation Ltd
13	(Special Invitee) Sri. D.Ravi Represented by C.Raju E.C (S.No.4)	President, Ambattur Industrial Estate Manufacturer's Association(AIEMA) ATC Road, Ambattur Industrial Estate, Chennai 600 058
14	(Special Invitee) Shri. V Regurajan	The Southern India Mills' Association

Departmental Officers

Sl. No.	Name of the Officer (S/Shri/Smt)	Designation
1	C.P. Rao	Principal Chief Commissioner of GST & Central Excise, Chennai
2	S. Kannan	Commissioner of GST & Central Excise, Salem
3	K.M. Ravichandran	Commissioner of GST & Central Excise, Chennai south
4	G. Ravindranath	Commissioner of GST & Central Excise, Chennai Outer
5	U. Niranjan	Commissioner of GST & Central Excise, Puducherry
6	R. Saravanakumar	Commissioner of GST & Central Excise, Madurai
7	J.M. Kennedy	Commissioner of GST & Central Excise, Trichy
8	C.H. Venkat Reddy	Additional Director General of GST & Central Excise, Chennai
9	S. Thirunavukarasu	Additional Director General, Directorate General of Systems, Chennai Assistant Director of GST & Central Excise, Directorate of Tax Payers Service, Chennai
10	B. Senthivelavan	Additional Director, Directorate General of Systems, Chennai
11	Manasa Gangotri Kata	Joint Commissioner, Pr. CCO, GST & Central Excise, Chennai.
13	Miranda	Superintendent of GST & Central Excise, Directorate of Tax Payers Service, Chennai

3. The Chairman warmly welcomed the gathering and requested the members to introduce themselves. Thereafter, the Chairman introduced the Officers present and took up the points sponsored by the members in advance and the points brought up during the meeting for discussion. The discussion and decision are detailed here under:

Shri. S. Rethinavelu, Sr. President, TN Chamber, Madurai.

Point No.	Gist of Issue	Observations/Decisions
1	Filing of GST TRAN-1 Form – Unconditional extension of time till 30th June 2018 – requested The trade and industry could not comply with the GST Act initially as far as filing of various returns due to the under capacity and rampant network glitches prevalent in the system and the Union Finance Ministry repeatedly extended the deadlines for filing almost all returns. Under such circumstances filing of form TRAN 1 was also extended to December 27, 2017. A large number of tax payers could not either complete the process of TRAN – 1 filing or enter into the portal to file TRAN-1 due to IT related glitches, even within the extended date also. We from TN Chamber met the Union Finance Minister Shri Arun Jaitley at Delhi on 04.01.2018 and Union Finance Secretary Shri Hasmukh Adhia at Chennai on 02.03.2018 and insisted for extending the time for filing TRAN -1. Writ petitions were filed before various High Courts to reopen TRAN 1 form. The Hon'ble High Courts of Allahabad and Mumbai directed the concerned authority to open the application in form TRAN 1 and enable the	<u>Reply by chairman</u> Its a policy decision to be taken by the GST council and RAC has no say.

	<p>dealers to claim such ITC carried forward as on 30.06.2017. But Circular No. 39/13/2018 GST issued by the Central Board of Indirect Taxes and Customs, Union Ministry of Finance on 3rd April, 2018 extending the time limit for TRAN 1 till 30th April 2018, only for such taxpayers, who filed but were not able to complete TRAN – 1 procedure of filing them on or before 27.12.2017 due to IT glitch. . The Bombay High Court recently further extended this time frame to 10th May 2018. It served no purpose as the extension was again applicable only to those who were struck by the IT glitch.</p> <p>It is very much unfair to deny ITC credit to lakhs and lakhs of taxpayers particularly, MSME sector, who did not attempt to file Form TRAN 1 on hearing the news of inability to complete the same due to IT related glitches, hoping, to get extension of time as done in the case of other forms. Further the trade having failed to complete the process in one concern, naturally did not try for their other concerns. Such dealers should not be penalized for no fault of theirs.</p> <p>For the above reasons, the time limit for filing TRAN – 1 form should be extended to 30th June 2018 unconditionally for all assesseees who have not filed the same so far</p>	
	<p>Dual control in GST Refund should be eliminated Under GST it has been decided that there should not be dual control, by Centre and State, on any assessee. But as far as refund is concerned the dual control is still in operation as CGST refund is made by the Central govt. officials and SGST refund is made by the State Govt., even though the jurisdictional officer sanctions both the refunds. This causes unnecessary delay to get refund from the other authority.</p>	<p>Reply by chairman As SGST is transferred to the state by the Centre after payment, the same can be refunded only by the States and vice versa.</p>
	<p>Registered buyer may be permitted to remit tax to the govt on behalf of the registered seller One of the outcomes of 27th GST Council Meeting held on 04th May 2018 is that “there shall not be any automatic reversal of input tax credit from buyer on non-payment of tax by the seller. In case of default in payment of tax by the seller, recovery shall be made from the seller. However reversal of credit from buyer shall also be an option available with the revenue authorities to address exceptional situations like missing dealer, closure of business by supplier or supplier not having adequate assets etc.”The GST is a pan India Act. The registered buyer may have to source goods from a registered seller from other states without knowing him or his credit worthiness or tax compliance nature. In order to ensure tax revenue to the govt and also protect the interest of the unwary buyer, he may be permitted to remit the tax (under an agreement with seller) on behalf of the seller to the govt in his (seller’s) GSTIN</p>	<p>Reply by chairman Its a policy decision and requires amendment in law. Hence the GST council may be addressed</p>
	<p>Anomalies in Tax rates need to be rectified. A clear cut formula should be framed for fitment of goods under different tax brackets. The main objectives of the progressive indirect taxation system of GST are reducing the burden of taxes floating with the commodity, ensure better tax compliance and discourage tax evasion. Further, it was categorically stated that sin goods, super luxurious cars and beverages would be placed under the highest tax rate of 28%. But unwittingly number of goods of necessity and general use were placed under highest 28% tax rate causing utter confusion in the trade and industry. The GST Council, having realized the difficulties experienced by the trade, industry and general public, reduced the tax rate of 217 commodities from 28% to 18% and 12%. The balance about 50 commodities under 28% especially kitchen appliances (white goods) should be also re-considered and except sin goods</p>	<p>Reply by chairman The GST council has made a lot of changes in the tariff based on the fitment committee recommendations. The GST council itself has stated that the number of tax rate will be reduced progressively and the tariff itself is moving in that direction since in the past 11 months a lot of changes have been made in the Tariff by rationalising the</p>

	<p>etc., all other commodities should be brought down to 18% / 12% . A clear cut formula should be framed for fitment of goods under different tax brackets. As the aberrations in GST Rates have been retarding trade and industrial growth, they should be immediately rectified to promote ease of doing business and ensure sustained tax revenue proliferation for the State and Central govts.</p>	<p>same based on the representation from all stake holders. Tax rates are under the purview of GST Council Difficulties faced with respect to specific commodities may be sent for forwarding to GST Council.</p>
	<p>Petroleum products should be brought under GST: To arrest the sprawling prices of petroleum products especially petrol and diesel, GST Council must recommend for bringing petroleum products under the GST. In the two month span, petrol prices have increased by nearly Rs. 15 per litre all over the country severely escalating transportation cost and consequently the prices of essentials have gone up affecting the general public. The Parliament has already passed a resolution to levy GST on Petroleum Products. So it is well within its executive powers of the GST Council to bring petroleum products under the ambit of GST</p>	<p>Reply by chairman Its a policy decision of the government. GST Council may be addressed on this.</p>
	<p>6. Difficulties faced in filing GST Returns: Please find below the difficulties faced in filing GST Returns (GSTR 3 B/GSTR 1)</p> <p>a) The Registered Person has to reconcile the Input Tax Credit (ITC) by referring the GSTR 2A auto populated in his portal as it is mandate for him to check whether all his supplier has remitted the tax collected from him to the Government as per Sec 42 of the CGST Act. But, presently the GSTR 2 A in GSTN portal is available only in JSON format, hence we are forced to use the external utility to convert the same to Excel format. It is suggested to enable the GSTN Portal to give GSTR 2 A in Excel Format so that the reconciliation will be lucid and effective.</p> <p>b) Similarly it would be helpful and useful if the assessee is able to download the returns GSTR 3B and GSTR 1 in excel format, but presently it is available only in PDF format and also break up details. Moreover for GSTR 1 it would be very much helpful for revenue reconciliation (Output) if the download is made available in excel format especially for B2B transactions.</p> <p>c) After uploading the json file in the portal, it does not allow the user to manually add or delete some invoices directly in the portal. It forces the user again to add the missed invoices in the offline utility ad after that again json file is to be uploaded. It is advised that online addition of invoices in the portal itself after uploading of json file must be allowed.</p> <p>d) While entering credit notes details in the offline utility, it makes mandatory for the user to give the invoice reference for the credit note entered. While giving the credit note details the utility does not allow the user to enter multiple invoice numbers for a credit note. In this way it indirectly forces the user to create each credit note for each invoice though the same is not provided in the Act or Rules Assesseees who are in distribution business are required to create multiple credit notes for their recipients. It may not be practically possible for them to create Number of credit notes for each invoices. This is required to be resolved in the offline utility.</p> <p>e) GSTR 1 offline utility does not accept a single invoice with multiple rates. It forced the user to create many numbers of invoices for each rate. Practically this causes heavy work load for the user besides regular filing of returns. The utility may be corrected to enable the user to punch multiple rates in a single invoice.</p> <p>f) Revision of GSTR 3B each month may be permitted since it is not possible to correct the unintentional errors after filing GSTR 3B.</p> <p>g) Even though amendment of GSTR 1 is provided in the format, the assesseees are not able to utilize the same and amend GSTR 1. This snag has to be rectified.</p> <p>h) It is reported that while uploading JSON file in GSTR 1, the decimal is</p>	<p>Reply by ADG(Systems)</p> <p>a. The downloads in respect of GSTR 2A is provided as GSTR2 download for the purpose of taking necessary action of accepting or rejecting the invoices contained therein. This download is provided as a JSON file by design as the GSTR offline utility can only accept JSON files. There are many online/ offline JSON to excel converters available on internet which can be used for converting to excel. The issue of providing download optionally as excel file rest with GSTN.</p> <p>b. Same is the case with GSTR 1 and GSTR 3B.</p> <p>c. Yes the portal does not allow online addition, deletion or modification of invoices uploaded using offline utility in respect of tax payers who have more than 500 invoices. Any change in this functionality will have to be done by GSTN.</p> <p>d. As of now there is one to one correlation between debit/ credit note and invoices which means that one credit/ debit note cannot be raised for multiple invoices.</p>

	<p>not correctly placed in HSN wise summary of outward supplies (12) and in some other columns also (credit note / debit note etc) and consequently crore of rupees are shown in thousands and carefully each column has to be edited. This error should be rectified.</p>	<p>e. GSTR 1 offline utility allows single invoice for multiple rates. Only that for each rate a new line entry has to be added. f. Modification/amendment to GSTR 3B is a policy matter. g. Not a common issue. Specific information is required to resolve. h. The issue has been reported only in a few cases. These are resolved on raising ticket on common portal.</p>
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Shri. K.A.SHENBAKARAJAN, Chairman Chamber of Commerce, Puducherry.

Point No.	Gist of Issue	Observations/Decisions
1	GST Returns to be simplified. Multiple filings to be removed	<p>Reply by chairman The GST Council has proposed a simple return which will be implemented shortly.</p>
2	Refund of surplus or wrongly paid tax under various heads, to be made easy. Refunds not happening. Officers not willing to put their heart and soul to understand the problem.	<p>Reply by chairman It falls in the category of excess balance in cash ledger and the same were also disposed in the recent refund mela.</p>
3	Single Rates to be adopted. Base rate at 12% most ideal to boost growth.	<p>Reply by chairman Its a policy issue to be decided by the GST council. GST Council may be addressed.</p>
4	Within state e way bill to be abolished.	<p>Reply by chairman Its a policy issue to be decided by the States. However, States can grant exemption as per Rule 138(14)(d) of the CGST Rules 2017 and hence the States may be addressed in this regard.</p>
5	The Income Tax Department already told that the turnover of Rs.20,00,000.00 is not to be covered under the GST. Kindly change the turnover from Rs.20 Lakhs to Rs.50 Lakhs	<p>Reply by chairman Query not clear. However, threshold of Rs. 20 Lakhs is a part of law and requires Law Amendment.</p>
6	Service suppliers (other than restaurant) are completely out of the ambit of composition. A small trader letting out a residential property thus is out of the eligibility for opting composition scheme.	<p>Reply by chairman Its a policy issue and requires amendment in law.</p>
7	Interest on reversal of ITC availed on non-payment to the supplier within 180 days – A very harsh provision at a time when the business face undue hardship even for payment of taxes.	<p>Reply by chairman Its a policy issue and requires amendment in law.</p>
8	Facility to revise GSTR 3-B returns to correct errors	<p>Reply by chairman Its a policy decision to be</p>

		decided by the GST Council.
9	This being a new levy, late fee to be waived for a period of one year i.e., upto 30.06.2018 for the period upto the due date for filing annual returns.	Reply by chairman Late fee is being waived from time to time. When needed the same is being considered by the GST Council.
10	Cancellation of registration could not be taken up when the initial application for deregistration was rejected for any reason	Reply by chairman Specific instances may be cited for clear understanding.
11	Small suppliers (service providers) to be given time for payment of taxes on realisation of consideration of suppliers – It is pertinent to note that suppliers of services need to pay GST on advance also whereas no credit is being enjoyed by recipient until supply is effected and there is also a provision for reversal of credit if payment not effected within 180 days	Reply by chairman No GST need to be paid at the time of receipt of Advances in respect of goods as per Notification No: 66/2017 CT dt. 15.11.2017 wherein it has been specified to pay tax at the time of issuing invoice as per Sec. 12(2)(a) of CGST Act, 2017. However advances in respect of services and the issue of time to be given for payment of taxes on realisation needs amendment in law and hence representation to be made to the appropriate body.
12	Difficulties faced in filing GST refund claims for exporters	Reply by chairman It has not been stated specifically whether the problem is faced in filing in the common portal or with the physical claims filed with the jurisdictional Officer. Presently the Refund applications are to be filed manually with the jurisdictional Officer after generating ARN from the GSTN. All refund claims received manually by the jurisdictional officer are being dealt with as per the legal requirement.
13	Difficulties faced in filing GST returns / applications on due dates due to non - availability of system sessions	Reply by ADG(Sys), Chennai Specific information may be cited, so that the resolution modalities can be provided

Shri. J.Devadoss , South India Match Manufacturer Association, Kovilpatti

Point No.	Gist of Issue	Observations/Decisions
1	Reduction in the rate of tax: At present the rate of GST for	Reply by chairman

	safety matches is 18%. Match box is an essential commodity in the households of poor and low income. So it would be fair to charge a commodity of day to use at the rate of 12% instead of 18%. This high rate of tax is benefitting tax evaders, and consequently honest and genuine manufacturers are made to face unhealthy competition from dishonest tax evaders. If the rate of tax is reduced to 12% the honest manufacturers will be able to face the competition after availing the input credits. In such circumstances the tax evasion will naturally be discouraged, and only honest and law abiding manufacturers will rule the market.	Rate Issue. GST Council alone can decide
2	After Gst implementation, check posts have been disbanded. Dishonest tax evaders stand to benefit by this. Check posts must be reintroduced for the effective functioning of Gst regime	Reply by chairman Policy decision and can be taken only by GST Council.
3	Physical control mechanism must be brought back again to put effective check in irregularities	Reply by chairman Policy decision and can be taken only by GST Council.
4	E way bill related problems: In the market E way bill along with despatch advice not accepted by your officials. They insist bill to be made along with E way bill. This situation is prevailing in Uttar Pradesh, Madhya Pradesh and Gujarat etc. Lot of problems facing the traders in the market	Reply by chairman As per Rule 48(1)(b) of the CGST Rules, 2017, duplicate copy of the invoice is meant for Transporter. Hence, invoice has to accompany Transport of goods.
5	Late filing related problems: The late filing amount calculation and interest calculation is not very transparent. We don't know the calculation details of late filing at the time payment of challan. We need work sheet for interest and late payment calculation which can be downloaded for verification. It is very helpful for both of them	Reply by chairman It can be easily calculated as detailed below. 1. Late Fee: Rs. 100/day for every late day (Sec. 47(1) of CGST Act, 2017). 2. Sec. 50 of CGST Act 2017 the interest starts from the succeeding day on which such tax was due to be paid. As per Notification 13/2017 Central Tax dated 28.16.17, the interest has been prescribed for various sections and the Simple interest can be easily calculated on the basis of no. of days of default.

4. Apart from the above, certain issues related to the problem faced in GSTN portal were also raised by the participants. It was observed by the Chairman that many of the front end issues faced by the trade initially has been set right by the GSTN in the past 11 months. The Chairman also observed that in respect of any issue relating to GSTN portal, specific instances may be referred to the their jurisdictional Commissionerates who in turn will take necessary further action as per the standard operating procedures for referring the issue to IT Committee.

4. The Chairman kept the floor open for any other issues to be resolved. Several suggestions such as organizing a special camp with the Departmental Officers to educate the taxpayers for live IT front end issues so that the shortcoming can be appreciated by the Departmental Officers for escalating it to the appropriate authorities for redressal. The Chairman and the ADG(Systems) informed that the same will be considered and can be arranged at a mutually convenient time and location.

5. The meeting concluded with the vote of thanks to all the members present in the meeting and the Chairman informed that the date and venue of next RAC meeting will be communicated in due course.

6. This issues with the approval of the Principal Chief Commissioner of GST & Central Excise, Tamilnadu & Puducherry.

Yours faithfully,


(MANASA GANGOTRI KATA)
JOINT COMMISSIONER(CCO)

To

1. All Members of RAC (As per mailing list)
2. The Principal Commissioner/Commissioner of GST & Central Excise, Chennai North/Chennai South/Chennai Outer/Puducherry/Coimbatore/Salem/Tiruchirappalli/Madurai/Chennai Audit-I/Chennai Audit - II/Coimbatore Audit I/Chennai Appeals-I/Chennai Appeals-II/Coimbatore Appeals
3. The Additional Director General, Directorate General of Systems, Chennai
4. The Additional Director General, Directorate General of Taxpayers Services, Chennai
5. The Additional Director General, Directorate General of GST, Southern Zone

Copy to

6. P.S. to Principal Chief Commissioner
- ~~7. The Superintendent, Computer Section, Chennai I Commissionerate~~

(For uploading the minutes in the website)