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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.(GST-3)

Dated: 31.10.2017

**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 20.10.2017 - Reg.

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The first Zonal Meeting of the reconstituted Regional Advisory Committee in the GST regime was held on 20.10.2017 at 15:00 hours in the Conference Hall, GST Bhawan, Nungambakkam, Chennai-34 under the Chairmanship of **Shri.C.P.Rao, Principal Chief Commissioner of GST & Central Excise, Tamilnadu & Puducherry.**

2. The aforesaid meeting for the second quarter of 2017 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, Commercial Taxes Department and Representatives of GSTN** 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 SGST related issues, if any brought up for discussion:

<b>RAC MEMBERS:</b>		
<b>Sl. No.</b>	<b>Name of the Member [S/Shri./Smt.]</b>	<b>Name of Association / Chamber</b>
1	M. Razzack	President, Hindustan Chamber of Commerce
2	Chozha Naachiar Rajasekar	President, The Tamil Chamber of Commerce
3	C.K. Mohan	General Secretary, Tamil Nadu Small & Tiny Industries Association
4	C. Raju	E.C. Member, Federation of Associations of Small Industries of India, Southern Region
5	K.A. Shenbakarajan	Chairman, Chamber of Commerce-Puducherry
6	V. Gnanasekaran	President, Hosur Small and Tiny Industries Association
7	S. Rethinavelu	Sr. President, Tamil Nadu Chamber of Commerce & Industry
8	J. Devadoss	Secretary, South India Match Manufacturer's Association
9	G. Ranson Thomas Arokiaraj	Vice- President, Tiruchirappalli District Chamber of Commerce
10	S. Punniyamoorthy	Secretary, The Tiruchirappalli District Tiny & Small Scale Industries Association (TIDITTSIA)
11	P.R.Aruloli	Chartered Accountant, Institute of Chartered Accountants of India, Southern India Regional Council
12	Dr. A. Mayil Murugan *	Chairman, Institute of Cost Accountants of India, Southern India Regional Council
13	S. Krishna Prasad **	Director (Finance), Chennai Petroleum Corporation Ltd
14	Hema Mohankumar #	Deputy Secretary, The South India Mills Association

- \* - Represented by Smt. Jyothi Satish, Secretary, ICAI, SIRC  
 \*\* - Represented by Shri. M.S. Raghunathan, DGM (Finance), CPCL  
 # - Special invitee

<b>Departmental Officers:</b>		
<b>Sl. No.</b>	<b>Name of the Officers [S/Shri./Smt.]</b>	<b>Designation</b>
1	R.Bhagya Devi	Additional Director General, Directorate General of Systems, Chennai
2	S.Kannan	Commissioner of GST & Central Excise, Salem
3	U.Niranjana	Commissioner of GST & Central Excise, Puducherry
4	K.M.Ravichandran	Commissioner of GST & Central Excise, Chennai South
5	J.M.Kennedy	Commissioner of GST & Central Excise, Tiruchirappalli
6	R.Saravana Kumar	Commissioner of GST & Central Excise, Madurai
7	G.Sreenivasa Rao	Commissioner GST & Central Excise, Coimbatore
8	Ch.Venkat Reddy	Additional Director General, Directorate General of GST, Southern Zone
9	Manasa Gangotri Kata	Joint Commissioner, Pr.CCO
10	S.K.Shadangi	Joint Commissioner, Chennai Outer
11	A.Swaminathan	Deputy Commissioner, Commercial Taxes, LTU, Government of Tamilnadu
12	V.R.Viswanathan	Assistant Commissioner, Pr.CCO
13	B.Venkateswaran	Assistant Director, Directorate General of Systems, Chennai
14	Vignana Pattamatta	Assistant Director, Directorate General of Systems, Chennai

3. The Chairman warmly welcomed the gathering and being the first meeting of the reconstituted Committee in the GST regime, 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 including on are detailed hereunder:

<b>Dr.K.Selvaraju, Chief Advisor, Southern India Mills Assn., Coimbatore - Special Invitee</b>		
<b>Point No.</b>	<b>Point raised</b>	<b>Observations / Decision</b>
1	<p>As per Essential Commodities Act, Spinning mills shall compulsorily pack 40% of the yarn produced in <b>Hank form</b> to supply to the handloom industry. However, where there is shortfall in production, the said obligation can be fulfilled by the mills by outsourcing the required quantity by <b>selling the obligation</b> by way of paper transaction. Such transaction is treated as <b>sale of intangible goods</b>. There is no specific classification for supply of intangible goods in GST. Hence, different views are taken in the assessment as detailed below:</p> <p>[i] To be classified under 4907 pertaining to revenue or similar stamps, cheques, bond certificates, etc attracting GST @ 12%</p> <p>[ii] As cotton yarn is subjected to GST @ 5%, the sale of hank yarn obligation should also be subjected to GST @ 5%</p> <p>Further, intermediaries dealing in the said goods charge GST @ 18% considering that the transaction of intangible goods is not covered in any of the Schedules.</p> <p>The obligation has the character similar to that of MEIS scrip under Foreign Trade Policy in respect of which GST is exempted.</p> <p>The tariff entry and the rate of tax on the sale of Hank Yarn obligation may be clarified</p>	<p><b>Chairman:</b></p> <p>The point has been examined. It's a service viz. agreeing to do an act, falling under HSN No.999792 under Sl.No.35 and Sl.No.718 of annexure to Notification No.11/2017-CT. Attracts GST at 18%.</p>
2	<p>The rate of GST on polyester yarn has been reduced from 18% to 12% whereas the rate on raw material, i.e. polyester fibre continues @ 18%, resulting in inverted duty structure. Whether polyester yarn manufacturer, who is not involved in manufacture of fabric is eligible for refund of the unutilised ITC.</p>	<p><b>Chairman:</b></p> <p>Entitled for refund of ITC as the same is not restricted vide Notification No.5/2017-Central Tax (Rate) dated 28.06.2017 if all relevant conditions for refund are satisfied</p>

Point No.	Point raised	Observations / Decision
4	For of GST paid on exports, there is a refund mechanism to credit 90% immediately whereas no similar mechanism is available for refund of ITC	<b>Chairman:</b> A window for this purpose is expected to be opened soon in GSTN.

<b>Shri.K.A.Shenbagarajan, President, Chamber of Commerce, Puducherry</b>		
Point No.	Points raised	Observations / Decision
1	GSTR-1, 2 & 3 till related issues are to be sorted out. Penalties to be waived till 31.03.2018 for delay in filing of GSTR-1, 2 & 3 till the same is sorted out.	<b>Chairman:</b> Penalty /Late fee for late filing is built in the law itself. Thus, it may require amendment in law. However, the delay in filing due to technical snag, if brought to the notice of the department, the same will be escalated to CBEC for further consideration.
2	Quarterly GSTR1, 2 & 3 for trader as with less than Rs.1.50 Crores turnover and monthly returns for traders with over Rs.1.50 crores have been prescribed. In such cases, there will be mismatch in ITC due to the time lag in filing the said returns.  The option to file return on quarterly basis may be extended to the traders having turnover of over Rs.1.50 Crores	<b>Chairman:</b>  As per the Board's FAQ, ITC can be taken based on self declaration. The details of invoices of purchases from a quarterly return filer will have to be entered in the GSTR-2. These details will be reconciled with the GSTR-1 filed by the supplier at the end of the quarter.
3	<b>GST Network related issues:</b> <ul style="list-style-type: none"> <li>❖ B2B uploading, dealers are facing lots of problem. Reports confirmation is getting undue delay</li> <li>❖ Correction of bill in B2B confirmation to be done in online mode</li> <li>❖ Online correction/modification option to be provided in monthly returns</li> <li>❖ Uploading of invoices in case of more than 500 should be</li> </ul>	<b>Commissioner, Puducherry:</b>  An issue encountered by the taxpayers pertaining to inability to utilise IGST credit even when the CGST credit had a balance in paise i.e. less than One rupee, which was due to non-availability of rounding off option.  The difficulty reported by the trade was escalated to the GSTN by the Puducherry Commissionerate and a provision was enabled and issue was sorted out.

	<p>allowed in Excel format in online mode as difficulties are faced in off line mode</p> <ul style="list-style-type: none"> <li>❖ Total value in B2B invoice feeding should match with the split up sale value. A system should be formulated that bars B2B input if any error occurs. The system should highlight before it is saved or should not allow</li> <li>❖ Rounding of adjustment should be allowed in B2B entry</li> </ul>	<p><b>ADG, DG, Systems:</b></p> <p>Certain issues identified have been fixed in latest version of offline utility which may be downloaded and few other issues are being examined for rectification. The same will be taken up during the weekly follow up meeting.</p> <p><b>Chairman:</b></p> <p>The ADG, Systems may take up the unresolved systems related issues with GSTN in the ensuing meeting scheduled by the end of this month for remedial action.</p>
	<p>Tax credit should be given for full value for closing stock as on 30.06.2017</p>	<p><b>Chairman:</b></p> <p>Where invoice is available or where previous returns were filed, the credit in the existing regime can be fully transferred to GST.</p> <p>In cases where invoices are not available, the credit can be availed as a percentage on GST paid based on the rate of tax.</p>
4	<p><b>General:</b></p> <ul style="list-style-type: none"> <li>❖ Taxation mechanism should be simple and not so complicated</li> <li>❖ Simple system for traders should be followed.</li> <li>❖ Once tax is paid by the trader, Govt. should ensure proper transfer and onus must not be shifted to the purchaser.</li> <li>❖ HSN complications should be reduced</li> <li>❖ Tax rates to be reduced</li> <li>❖ IT abolition which was a point of discussion at first stage of GST paper discussion is not discussed now</li> <li>❖ Till issues are sorted out by the Council, traders should not be harassed or penalised during visit of officers to the outlets</li> <li>❖ The decision of the Council may be notified within 48 hours in the GST website</li> </ul>	<p><b>Chairman:</b></p> <p>These are policy issues. As regards point on harassment during visits of Officers, the Chairman requested that specific instances of harassment, if any, may be brought to the notice of the Central / State authorities concerned for redressal.</p> <p>In respect of publishing the decision of the GST Council within 48 hours, it was informed that the legal process involves time. However, the decision once taken by the GST Council is implemented.</p>

**Shri. V.Lakshmi Narayan Swamy, Vice President, The Indian Chamber of Commerce and Industry, Coimbatore**

Point No.	Points	Observations / Decision
1	Earlier the assessee used to pay service tax on collection basis. Now GST is payable if the bill is raised, causing much hardship to all, particularly to small units / firms due to financial difficulties. Guidance is sought to solve this issue	After Point of Taxation Rules, 2012, service tax was also payable on accrual basis only.
2	SSI units had Central Excise exemption upto Rs.1.50 Crores earlier. Hence, the customers were paying only VAT at 14.5% and no central excise duty if they purchase goods from SSI. Whereas, now the SSI units are required to pay GST at 28%. The earlier benefits may be allowed to SSI under GST also	Policy issue and now ITC is available.

**Shri.J.Devadoss, Secretary, South India Match Manufacturers' Association, Madurai**

Point No.	Points	Observations / Decision
1	ITC cannot be taken by the purchaser unless the seller files the sales return and duly pays the GST. Even if the seller files the returns and pays the tax, the GSTN is mostly inaccessible. <b>Software must be updated</b>	<b>Chairman:</b> It's a legal requirement for the supplier to pay the tax and file the returns to enable ITC for the purchaser.  Specific instances may be brought to the notice of the ADG, Systems for referring to the GSTN.
2	Refund of IGST paid on exports is not credited even after 7 days, as advertised and it is not practised so far. This is a very huge financial burden to the merchant exporter	<b>Chairman:</b> Refund procedure has undergone change. However, the exporter also has an option to export without payment of tax under LUT.

Point No.	Points	Observations / Decision
3	For exports without payment of IGST, Bond or LUT is required. Even though LUT was obtained in July 2017, it is insisted in Sivakasi Division not to obtain LUT or Bond	<b>Commissioner, Madurai:</b> The issue was verified. The LUT referred by the member was furnished by an 100% EOU prior to introduction of GST and the issue has been sorted out with the changes in procedure under GST regime.
4	<b>GSTR-3B</b> - There is no option to revise / rectify any mistake in the return once filed	<b>Commissioner, Tiruchirappalli:</b> The GSTR-3B is available to make correction.
5	<b>GSTR-2A</b> - Not able to find out which supplier is yet to file the GSTR-1 from the website. No print out option in online and offline	<b>ADG, Systems:</b> The due date has been extended to 20.10.2017. <b>Chairman:</b> The same can be verified after the due date for filing of GSTR-1 is over.
6	ITC on staff bus expenses and food expenses are not allowed in GST	It is a policy decision.

**Shri.S.Rethinavelu, Sr. President, Tamilnadu Chamber of Commerce & Industry, Madurai**

Point No.	Points	Observations / Decision
1	The wordings viz. <b>“bearing a brand name on which an actionable claim or enforceable right in a court of law is available”</b> used in Notn.No.27/2017-Central Tax (Rate) have led to different interpretations. The trade is totally in dark as to the conditions under which <b>actionable claim or any enforceable right</b> in respect of such brand name will be available to them. The wordings should be understandable and beyond any ambiguity for ordinary traders, who have to adhere to the tax laws. i) whether the phrase “brand name” used above means unregistered brand name or brand name registered as on 15 <sup>th</sup> May, 2017 and subsequently deregistered? ii) when an actionable claim or an enforceable right in respect of such unregistered brand name would accrue? Is it on the first day of usage of an unregistered brand name or after the usage for a few years?	<b>Chairman:</b> Brand name is defined as per Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No.27/2017-Central Tax (Rate) dated 22.09.2017. Further, as far as the unregistered brand name is concerned, the phrases ‘actionable claim’ and ‘any enforceable right’ were explained, in connection with the particular unregistered brand name vis-à-vis the link to the trade.

Point No.	Points	Observations / Decision
2	<p>Trade is only the agent of the principal (Government) to collect and remit indirect tax as per the direction, without any remuneration. In such a situation is it not the duty of the government to give clear instructions as to the tax rate for different commodities without any ambiguity to its collection agent (Trade)? Many businessmen are uncertain about the exact rate of GST for their products.</p> <p>Officials are unable / reluctant to confirm GST rates in writing. Any lower levy of GST rate would entail payment of arrears, penalty and interest. The trade is severely perturbed by the high GST rates of 18% &amp; 28%. There is no justification in publishing tax rates in media with a disclaimer disowning the responsibility for the same.</p> <p>Should every dealer approach Advance Ruling Authority (which has not yet been formed and no time limit fixed for making decisions) under Sect 96 of the CGST Act 2017, to get the tax rates for their products confirmed?</p> <p>It is requested to make authoritative announcement, with responsibility, of product wise tax rate with <b>HSN Code</b> as done in the erstwhile TN VAT Act schedule.</p>	<p><b>Commissioner, Puducherry:</b> If correct information is furnished, clarification is being issued by the Department.</p> <p><b>Commissioner, Tiruchirappalli:</b> 8 Digit HSN is a must only for Import and not stipulated for supplies.</p> <p><b>ADG, DGST:</b> Rate Finder App has been launched by the CBEC which can be downloaded and the classification of any commodity or service can be found out.</p> <p>Further, Tweet is available for the trade wherein the classification related queries tweeted are clarified and guidance is provided, based on the information given.</p> <p><b>Chairman:</b> The Harmonised System of Nomenclature [HSN] is world-wide accepted system to determine classification of various goods.</p> <p>Under self-assessment, it is the assessee's responsibility to classify their commodities and services and the department is not interfering in it. Further there is no concept of assessment and only scrutiny and audit are being done by the department. Moreover, suppliers would know the actual description of the goods supplied by them and can find out the proper classification.</p> <p>The suppliers can approach the Sewa Kendras functioning in all the Commissionerates and get their doubts clarified. They also have an option to go for Advance Ruling.</p>



Point No.	Points	Observations / Decision
3	<p>High rate of 18% GST is being levied for food served in hotels / restaurants in which a portion is air-conditioned. It is being interpreted that even if the M.D.'s office room is air-conditioned, food served in non-air conditioned dining hall would attract 18% GST which is very unfair. Please clarify</p>	<p><b>Chairman:</b> Notification No.11/2017-Central Tax (Rate) dated stipulates any part of establishment which is air-conditioned. In case such supplies are made from an Air-conditioned restaurant, the applicable GST rate applies.</p>
4	<p>MSME sectors find it very difficult to file monthly GSTR-1 return. Details of outward supplies from the billing software have to be extracted in excel sheet and converted by using off line tools and has to be uploaded on the portal. Very often errors appear and it takes several hours to identify the same.</p> <p>More time is wasted in their attempt to file the return rather than concentrating on their business. The procedure for filing Returns under GST should be simplified. GSTR 2A is auto populated, but not GSTR2, against the earlier communication. We have to refresh one by one which is tedious. GSTR-2 should be also auto populated. Returns under GST Act should be simplified.</p>	<p><b>ADG, Systems:</b> The systems related issues are being resolved on priority. The various systems related issues encountered with details of issues which have been resolved and the present status of the other issues have been compiled by the Directorate of Systems. The same is circulated to the members of the RAC with a request to disseminate the information to the trade and industry.</p>

Point No.	Points	Observations / Decision
5	<p>Before the introduction of GST, the trade and industry welcomed the same as the new taxation has an inbuilt self policing system to eliminate tax evasion. The euphoria over GST roll out has waned with the honest assessee voicing concern over domination of tax evaders, which is more rampant than in the pre GST era. Honest traders find it very difficult to compete with tax evaders as the GST rates are very high - 18% and 28%. Evaders make hay of the present non-monitoring situation.</p> <p>It is suggested that to solve this problem, raise all 'B' to 'B' sale / service invoices from GSTN portal itself irrespective of the value, both to registered and unregistered dealers. Then there will not be any necessity of e-way bill, GSTR-1 Return etc., and this system will completely curb tax evasion. Such a system is in vogue in Malaysia and some other countries. Whistle blowers should be honoured to effectively eliminate evasion.</p> <p>Invoice generation by the portal for all B2B transactions must be provided.</p>	<p><b>Commissioner, Salem:</b></p> <p>The concept paper on self-validated / system generated invoice numbering which is under study and the same will be based on alpha-numeric serial numbers and invoices cannot be duplicated. Once such system is introduced, this would help eliminate evasion and benefit the ultimate end users and honest taxpayers.</p>

Point No.	Points	Observations / Decision
6	<p><b>Reverse Charge Mechanism (RCM) should be permanently done away with.</b></p> <p>It is most welcome that the GST Council has recommended for suspension of payment of tax under RCM till 31<sup>st</sup> March 2018. RCM is a very complicated procedure. The assesseees have to know the tax rates of different commodities, they buy for the furtherance of their business from unregistered dealers to pay tax under RCM under Sec. 9 (4) of the Act. RCM under Sec. 9(4) should be done away with permanently, if we really want simple GST.</p>	<p><b>Chairman:</b> GST is not only a taxation reform but a business process reform. Simplification of RCM on unregistered supplier has been introduced and certain changes have been made in GST law to help the small traders / suppliers to get accustomed to the system.</p>
7	<p><b>Exemption given for GTA.</b></p> <p>a) Transport in a goods carriage of goods, where gross amount charged for the transportation of goods on a consignment, transported in a single carriage does not exceed Rs. 1,500/-. No GST is payable</p> <hr/> <p>b) Transport in a goods carriage of goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed Rs.750/-. No GST is payable.</p> <p>Please confirm.</p>	<p><b>Chairman:</b> The understanding of the exclusion provided is confirmed in terms of Notification No.12/2017-CT.</p>

Point No.	Points	Observations / Decision
8	<p><b>Procedural bottlenecks:</b></p> <p>a) Some have migrated through browsing Centers with mobile numbers and e-mail id of the Centers.</p> <p>Facility has to be made in the Registration to amend the mobile numbers and e-mail ids so as to enable them to get OTP in their own mobiles.</p>	<p><b>ADG, Systems:</b></p> <p>The issues have already been referred to GSTN. And a provision to rectify is expected to be opened.</p>
8	<p>b) While migrating to GST, the taxpayer created a new username and password on the GST Common Portal. Later the person has forgotten the Username (or Password) so created. When tried to create a new username (or password), the facility not available.</p>	
8	<p>c) There is difficulty in filing Form Tran 1. In the case of most of the assesseees, after submission it is "under process" for weeks together. The status "filed" does not come. Therefore, it is difficult to proceed further for filing GSTR 3B. Tran 2 is not at all openable. Hence closing ITC as on 30.06.17 is unnecessarily blocked. It should be set right.</p>	<p><b>ADG, Systems:</b></p> <p>In case of errors in registration details, it is displayed as under process. Hence, the registration details may be verified and if still problem persists, may please be referred.</p>
8	<p>d) There is no facility to take printout of GSTR 3 B. It should be set right.</p>	<p><b>ADG, Systems:</b></p> <p>The issues have already been referred to GSTN.</p>
8	<p>e) The assesseees are charging GST @ 18% for freight charge along with goods in the invoice as composite supply and take credit @18%. Clarification sought.</p> <p>Is this modus is correct and allowable? Is it correct to put the HSN Code of the product to all the services, such as freight charges, in case of composite supply.</p>	<p><b>Chairman:</b></p> <p>Yes. Section 8 of CGST Act read with section 15(1) of CGST Act stipulates that GST to be paid on the transaction value without any exclusion. The principal goods are only for the purpose of classification.</p>

Point No.	Points	Observations / Decision
8	<p>f) In the GSTR 3B there is a column to show non GST supply for inter state and intra state. Please clarify, whether the assesseees have to maintain account for supply and receipt of Non GST goods under GST.</p>	<p><b>Chairman:</b> If there is a specified column to enter requisite data, then it is mandatory to be complied with.</p>
9	<p><b>Export procedure:</b> In the initial few days, there was no clarity on the procedure to be followed for exports without payment of GST. After the procedure was notified for submission of the bond or the letter of undertaking (LUT) for exports without payment of GST, this met with various procedural issues on identification of jurisdictional officers, quantum of bank guarantee to be given with the bond, etc. Now it is clarified that, instead of Bond, LUT is sufficient.</p> <p>[i] Whether the exporter who has already given the bond with bank guarantee can get cancellation and refund of bank guarantee</p> <p>[ii] Whether Form ARE.1 is needed for moving the goods for export</p> <p>[iii] It is not yet announced that an assessee comes under whose control whether with State Commercial Tax Department or Central Excise Department. The exporters find difficulty to file LUT for export.</p>	<p>[i] Yes. The exporters entitled as per the criteria stipulated under Notification No.37/2017-Central Tax dated 04.10.2017 read with CBEC Circular No.8/8/2017-GST dated 04.10.2017 can cancel the bond and get refund of the bank guarantee.</p> <p>[ii] No. Only invoice is required.</p> <p>[iii] LUT can be filed with any authority till segregation, as per CBEC Circular No.5/5/2017-CGST dated 11.08.2017</p>

Point No.	Points	Observations / Decision
10	<p>The GST Council consists of all state finance Ministers as Members. It is only the trade &amp; industry, which is the main stakeholder in the implementation of GST Act collecting huge amount as tax revenue for the govt. But their voice is not heard by the GST Council. Opportunity should be given to a Trade Committee (to be constituted) to ventilate their grievances and give suggestions to the GST Council in person. The Council must consider its representations and suggestions before making any recommendation</p>	<p><b>Chairman:</b> The Government is in constant touch with various trade bodies. Socio-economic survey was conducted recently in a State and the feedback has been conveyed to the Government and based on the same the GST Council has recommended changes in the last meeting.</p>
11	<p>Cleaning, grading, drying (apart from sun drying), cooling, fumigation etc., of agricultural produce outside the agricultural farm-</p> <p>Under Service Tax, the Negative list included services relating to agriculture or agricultural produce by way of processes carried out at an agricultural farm including certain specified processes. It may be clarified whether this exemption under Service Tax as per Education Guide continues under GST also</p>	<p><b>Chairman:</b> Exemption is envisaged when done in farm only vide Notification.No.12/2017-Centrla Tax (Rate) dated 28.06.2017 in Sl.No.54 (c). Further, the FAQs issued by the Board may also be referred.</p>
12	<p><b>Difficulties Encountered while filing GSTR 1 &amp; 3B</b></p> <p>a] 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. Assessees 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 invoice. This is required to be resolved in the offline utility</p>	<p>Will be taken up by Directorate of Systems.</p>

Point No.	Points	Observations / Decision
12	<p>b] GSTR 1 offline utility does not accept a single invoice with multiple rates. It forces 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>Will be taken up by Directorate of Systems.</p>
12	<p>c] While filing GSTR 1 online, once GSTIN of recipient is entered the portal automatically verifies the GSTIN and name of the recipient is disclosed. Whereas this option is not available in offline utility, due to this after uploading the offline utility error file is generated with defective GSTINs. It is advised that while entering the data in offline utility itself name may be auto-populated.</p>	<p>Will be taken up by Directorate of Systems.</p>
12	<p>d] While filing GSTR3B or GSTR 1, after entering the data, when save button is clicked on it takes some time to get saved (say 4 mts to 5 mts in case of huge data). Inadvertently if submit is clicked on, the return gets filed without considering the entered data. It is advised that a message may be popped up saying that the entered data is yet to be saved.</p>	<p>Will be taken up by Directorate of Systems.</p>
12	<p>e] After uploading in the portal, it does not allow the user to manually add some invoices directly in the portal. It forces the user again to add the missed invoices in the offline utility and to be uploaded again. It is advised that online addition of invoices in the portal itself after uploading must be allowed.</p>	<p>Will be taken up by Directorate of Systems.</p>
12	<p>f] Revision of GSTR3B for each month may be permitted since it is not possible to correct the unintentional errors after filing GSTR 3B</p>	<p>Will be taken up by Directorate of Systems.</p>

Point No.	Points	Observations / Decision
12	g] While filing GSTR 3B in the portal, it is possible to use offset option in payment of taxes only after pressing submit button. Offset option may be enabled before submit button is clicked on	Will be taken up by Directorate of Systems.
13	<p>Before the coming in to force of GST Act 2017, industries were procuring bulk quantities of HSD from the terminals of oil companies through inter-state purchase by paying 2% CST. The same was regulated by issuing C Form under the then existed CST Rules. The diesel was being used to run DG sets which are installed at the industries as stand by power generators whenever power failure occurs. This has ensured continuous availability of power to have uninterrupted production activities to go smooth. In GST there is no C Form and this procedure is not valid.</p> <p>It may be briefed as to how to get HSD from the terminals of oil companies located outside the State of Tamilnadu.</p>	HSD continues to be under Central Excise and VAT and <b>not</b> under GST. Hence, the Commercial Taxes Department of the State Government may be approached.
14	<p>Prior to GST, the transport of cotton through lorries and consequent payment of freight charges was exempted from the purview of service tax as cotton was considered as an agricultural produce. However, in GST regime this position is not clarified.</p> <p>Whether the freight charges paid to GTA for the transport of cotton is still exempted from the purview of the GST under RCM also.</p>	Cotton is an Agriculture produce as per Sl.No.21(a) of Notification No.12/2017-Cenrtal Tax (Rate) dated 28.06.2017.
15	While Camphor is specified in classification, camphor tablets are not specified. Whether to be treated as Battis.	Camphor tablets are to be classified as Camphor only – HSN 29142922



**Coimbatore District Small Industries Association [CODISSIA], Coimbatore**

<b>Point No.</b>	<b>Points</b>	<b>Observations / Decision</b>
1	Job orders / service providers have to be allowed to come under composition scheme where turnover is less than Rs.One Crore	Being policy issue, the trade may refer to GST Council.
2	Tax on job work to be reduced to 5% from 18%	For certain job workers viz. textiles, etc, it has been brought down to 5%. However, being policy issue, the Trade may refer it to GST Council.
3	<b>GSTR-2</b> - Matching of input credit between suppliers and buyers should not be the responsibility of MSME and the department concerned has to take action against to make the suppliers pay the tax	ITC is linked to payment of tax by the supplier in the system. The trade should choose their suppliers and confirm the compliance to avail ITC benefits.
4	Amnesty policy should be implemented for collection of "C" Forms	Being a policy issue, the GST Council may be approached.
5	Procurement of HSD for industrial use	Point already sponsored by Tamilnadu Chamber of Commerce & Industry, Madurai and replied - Ref.SI.No.13
6	Exemption to GTA for Cotton under RCM	Point already sponsored by Tamilnadu Chamber of Commerce & Industry, Madurai and replied. Ref. SI.No.14
7	SSI exemption of Rs.1.50 crore and lesser GST for SSI may be continued	Point already sponsored by Indian Chamber of Commerce, Coimbatore Madurai. Ref SI.No.2
8	Earlier, while trading goods for export Form H was issued for exemption of VAT. Now, GST is required to be paid for trading goods meant for export as the shipping agents says it is mandatory to show GST in shipping bill and the same needs to be paid and later on adjusted against payments in upcoming months. Please clarify if it is correct and also explain the procedure.	Payment of GST has to be made and refund claimed later or refund of ITC can be claimed later.

Point No.	Points	Observations / Decision
9	<p>HSN code not matching exactly for ceramic insulators and different rates are charged by suppliers as illustrated below:</p> <p>HSN 8546 - Electrical Insulators - 18%</p> <p>HSN 8547 - Insulating fittings for electrical machine - 28%. May be clarified</p>	<p>As per HSN, the classification is 8546 for Insulators. Tariff 8547 is only for insulating fittings and is not for insulators, which are classifiable only under HSN 8546.</p>
10	<p>Mentioning of HSN code in all sales and purchase invoice. Is it necessary to mention HSN code in all invoices and whether it is required for taking credit</p>	<p>As per Notification No.12/2017-Central Tax dated 28.06.2017, HSN need not be mentioned if the turnover is less than Rs.1.50 Crore. For turnover from 1.50 to Rs.5 Crore, 2 digits of HSN and for more than Rs.5 Crore, 4 digits of HSN are to be mentioned.</p>
11	<p>ITC on Restaurant bills pertaining to business promotion. [i] Whether ITC can be taken on restaurant bills used for business promotion [ii] If so, whether the customers GST number should be mentioned in the restaurant bills. Many restaurants refuse to print customer's GST number stating that its computerized billing</p>	<p>ITC on restaurant bills is barred as per Section 17(5)(b)(i) of CGST Act, 2017</p>
12	<p>Transporters are exempted from GST and customers are required to pay under RCM. A transporter's bill states that GST is payable by customer under RCM. [i] How does this work [ii] Why only manufacturers are being burdened</p>	<p>It is not factually correct as the transporters are not exempt as stated. As per Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No.20/2017-Central Tax (Rate) dated 22.08.2017, CGST at 2.5% is payable on RCM for the specified categories mentioned therein and where the GTA service providers themselves pay the CGST, it is payable at 6%.</p>

<b>Shri.V. Gnanasekaran, President, Hosur Small and Tiny Industries Association &amp; Shri.C.K.Mohan, General Secretary, Tamil Nadu Small &amp; Tiny Industries Association</b>		
<b>Point No.</b>	<b>Points</b>	<b>Observations / Decision</b>
1	<p>Engineering products are the backbone of the economy whereas GST is levied at 28%. It is causing a big burden on the industry. Hence, stakeholders should be consulted.</p> <p>The difference in tax rate between input and output is too high in respect of steel products. For instance, raw material viz. steel attracts GST at 18%, whereas the finished product viz. Washers attracts GST at 28%.</p>	<p><b>Chairman:</b></p> <p>A complex piece of legislation is improvised. However, being a policy issue, the Trade may refer to the GST Council.</p>
2	<p>Job work attracts 18% for various goods and it is levied only at 5% for printing, textile etc. To illustrate, mere activity of plating attracts 18% under as job work. So, make it uniform at 5% for all goods.</p>	<p><b>Commissioner, Puducherry:</b></p> <p>In GST, works contract service is for immovable property only and hence cannot be applied for job work. Further inverted tax structure can happen in job work also. Hence, different rates are specified.</p>

<b>Shri. Chozha Naachiar Rajasekar, President, Tamil Chamber of Commerce</b>		
<b>Point No.</b>	<b>Points</b>	<b>Observations / Decision</b>
1	<p>The refund procedure in case of inadvertent double payment of tax i.e. once under Service Tax and another payment under GST may please be clarified.</p>	<p>In GST, there is no payment of service tax. However, for inadvertent double payment of GST, the procedure of filing Form GST-RFD-01 for refund is stipulated under Rule 89 of the CGST Rules, 2017</p>

4. The Chairman kept the floor open for any other issues to be resolved. Several suggestions such as inclusion of Petroleum Products in GST, single rate for reverse charge mechanism, reducing tax on job work charges for manufacturing sector, etc were made which the Chairman said are policy issues which would be forwarded to the Board.

5. The Chairman sought the views of the trade with reference to conduct of Zonal RAC at places other than Chennai, being PAN Tamilnadu. As suggested / agreed by the members, the next meeting of the Zonal RAC was decided to be held in Madurai to facilitate the Trade Organisations and Business Chambers and the Chairman requested the members to utilise the opportunity for the benefit of the trade. The meeting concluded with the vote of thanks to all the members present in the meeting.

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

  
[MANASA GANGOTRI KATA]  
JOINT COMMISSIONER

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 Taxpayer Services, Chennai
5. The Additional Director General, Directorate General of GST, Southern Zone
6. The Commissioner, Commercial Taxes Department, Government of Tamilnadu

Copy to

7. P.S. to Principal Chief Commissioner
8. The Superintendent, Computer Section, Chennai-I Commissionerate  
[For uploading the minutes in the website]