
KEY UPDATES

JULY, 2018



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SIGNIFICANT NOTIFICATIONS AND CIRCULARS

Sr.No	Notification No.	Key Update
1.	29/2018-Central Tax, dt. 06-07-2018	<p>Amendments made in Rule No. 125, 129, 130(2), 131, 132, 133 vide CGST (Seventh Amendment) Rules, 2018 as below:</p> <p>The words “Directorate General of Safeguards”, wherever they occur the words “Directorate General of Anti-profiteering” shall be substituted.</p>
2.	30/2018-Central Tax, dt. 30-07-2018	Due date extended for furnishing the return by Input Service Distributor in Form GSTR-6 for the months of July, 2017 to August, 2018 till 30th September, 2018.
3.	13/2018-Central Tax (Rate), Dt. 26-07-2018; 14/2018-Integrated Tax (Rate), dt 26-07-2018 and 13/2018-Union Territory Tax (Rate), dt 26-07-2018	<p>1. Reduction of rate of tax from (6% to 2.5% - CGST Rate and Union Territory Tax Rate) and (12% to 5% - IGST Rate)</p> <ul style="list-style-type: none"> ➤ Supply by restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises. ➤ Supply being food or any other article for human consumption or any drink located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit. ➤ Supply being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms. ➤ Note that credit of input tax charged on goods and services used in supplying the service should not be taken.

		<p>2. Supply of goods and services, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature will be taxable (@ 9% in CGST Rate and Union Territory Tax Rate; 18% in IGST Rate)</p> <p>3. Carriage of goods by at least two different modes of transport from the place of acceptance to the place of delivery by a multi modal transporter shall be taxable (at the rate of 6% in CGST Rate and Union Territory Tax rate; 12% in IGST Rate).</p> <p>Explanation –“Multimodal Transporter” means:-</p> <ul style="list-style-type: none"> - a person who acts a principle and not as an agent of the consignor, or consignee and enters into a contract under which he undertakes to perform multimodal transportation against freight. <p>4. Supply consisting only of e-book (e-book means electronic version of a printed book supplied on which can be read on a computer or hand held devices) shall be taxable (at the rate 2.5% in CGST Rate and Union Territory Tax Rate; 5% in IGST Rate).</p> <p>5. Telecommunications broadcasting and information supply services other than e- books shall be taxable (@ 9% in CGST Rate and Union Territory Tax Rate; 18% in IGST Rate).</p>
4.	<p>14/2018- Central Tax (Rate) dt 26-07-2018 and 14/2018- Union Territory Tax (Rate), dt 26-07-2018</p>	<p>➤ Following Services shall apply NIL rate of duty: -</p> <ol style="list-style-type: none"> 1. Services by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution. 2. Services by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.

		<ol style="list-style-type: none"> 3. Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration up to twenty-five thousand rupees per month per member shall attract Nil rate of duty. 4. Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use. 5. Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India shall attract NIL rate of duty upto 30th September, 2019. 6. Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India shall attract NIL rate of duty upto 30th September, 2019. 7. Services by way of warehousing of minor forest produce. 8. Services by Coal Mines Provident Fund Organization to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948). 9. Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee. 10. Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions 11. Services by way of reinsurance of the insurance schemes provided to the Central Government, State
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		<p>Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.</p> <p>12. Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.</p> <p>13. Services by way of artificial insemination of livestock (other than horses).</p> <p>14. Services supplied by Excess Royalty Collection Contractor (ERCC) by assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.</p> <p>Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government.</p> <p>Where such amount of goods and service tax is less than the amount of goods and the service tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and ERCC shall pay the difference</p> <p>15. Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,-</p> <ul style="list-style-type: none"> i) activities relating to the welfare of industrial or agricultural labour or farmers; or ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee
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		<p>upto an amount of one thousand rupees (Rs 1000/-) per member per year.</p> <p>➤ The Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students.</p>
5.	<p>15/2018- Central Tax (Rate) dt 26-07-2018;</p> <p>16/2018- Integrated Tax (Rate), dt 26-07-2018</p> <p>and</p> <p>15/2018- Union Territory Tax (Rate), dt 26-07-2018</p>	<p>➤ Central tax leviable under Section 9 of the CGST Act / Integrated Tax leviable under Section 5 of IGST Act, shall be paid on reverse charge basis by the recipient of such services which is as follow-</p> <p>Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs).</p> <p>By Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm.</p> <p><u>To a banking company or a non-banking financial company</u>, located in the taxable territory.</p> <p>➤ “renting of immovable property” means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property.</p>
6.	<p>15/2018- Integrated Tax (Rate), dt 26-07-2018</p>	<p>➤ Following Services shall apply NIL rate of duty: -</p> <p>1. Services by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.</p>

	<ol style="list-style-type: none"> 2. Services by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution 3. Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration up to twenty-five thousand rupees per month per member shall attract Nil rate of duty. 4. Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use. 5. Services by Coal Mines Provident Fund Organization to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948). 6. Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee. 7. Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings(PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions. 8. Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators. 9. Services by way of artificial insemination of livestock (other than horses). 10. Services supplied by Excess Royalty Collection Contractor (ERCC) by assigning the right to collect
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		<p>royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.</p> <p>Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government</p> <p>Where such amount of goods and service tax is less than the amount of goods and the service tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and ERCC shall pay the difference</p> <p>11. Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,-</p> <ul style="list-style-type: none"> i) Activities relating to the welfare of industrial or agricultural labour or farmers; or ii) Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs 1000/-) per member per year. <p>12. Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons. Provided the place of supply of the service is outside India.</p> <p>13. Import of services by United Nations or a specified international organization for official use of the United Nations or the specified international organization.</p>
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7.	<p>16/2018-Central Tax (Rate) dt 26-07-2018;</p> <p>17/2018-Integrated Tax (Rate), dt 26-07-2018 and</p> <p>16/2018-Union Territory Tax (Rate), dt 26-07-2018</p>	<p>➤ The powers conferred by sub-section (2) of section 7 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council hereby notifies that the following activities or transactions undertaken by the Central Government or State Government or Union Territory or any local authority in which they are engaged as public authority, shall be treated neither as a supply of goods nor a supply of service, namely-</p> <p>“Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution or to a Municipality under article 243W of the Constitution”</p>
8.	<p>17/2018-Central Tax (Rate) dt 26-07-2018;</p> <p>18/2018-Integrated Tax (Rate), dt 26-07-2018 and</p> <p>17/2018-Union Territory Tax (Rate), dt 26-07-2018</p>	<p>“Explanation has been added to notification No. 11/2017-Central tax (rate) against serial number 3, in column (3), in item (vi), namely: - For the purposes of this item, the term ‘business’ shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.”</p>
9.	<p>18/2018-Central Tax (Rate) dt 26-07-2018;</p> <p>19/2018-Integrated Tax (Rate), dt 26-07-2018</p>	<p>➤ Following are the description of goods charged at 2.5% CGST / UTGST or 5% IGST in schedule I:-</p> <ol style="list-style-type: none"> 1) Ethyl alcohol supplied to Oil Marketing Companies for blending with motor spirit (petrol). 2) Fertilizer grade phosphoric acid (Reduced to 2.5% from 6%) 3) Ecaussine and other calcareous monumental or building stone alabaster [other than marble and travertine], other than mirror polished stone which is ready to use.

	<p style="text-align: center;">and</p> <p style="text-align: center;">18/2018-Union Territory Tax (Rate), dt 26-07-2018</p>	<ol style="list-style-type: none"> 4) Yarn of flax, jute, other textile bast fibres, other vegetable textile fibres, paper yarn including coir pith compost put up in unit container and bearing a brand name. 5) Coir mats, matting, floor covering and handloom durries. 6) Articles of apparel and clothing accessories or cap/topi, knitted or crocheted, of sale value not exceeding Rs. 1000 per piece. 7) Footwear having a retail sale price not exceeding Rs.500 per pair or Rs.1000 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself. 8) Biomass briquettes or solid bio fuel pellets. 9) Ecaussine and other calcareous monumental or building stone; alabaster [other than marble and travertine] <p>➤ The following are the description of goods charged at 6% CGST/UTGST or 12% IGST in Schedule II :-</p> <ol style="list-style-type: none"> 1) Bamboo Flooring. 2) Brass Kerosene Pressure Stove. 3) Hand operated rubber roller. 4) Nozzles for drip irrigation equipment or nozzles for sprinklers. 5) Fuel Cell Motor Vehicles. 6) Slide Fasteners. <p>➤ Woven pile fabrics and chenille fabrics, other than fabrics shall be omitted.</p> <p>➤ The following are the description of goods charged at 9% CGST/UTGST or 18% IGST in Schedule III:-</p>
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		<ol style="list-style-type: none"> 1) Ethyl alcohol and other spirits, denatured, of any strength [other than ethyl alcohol supplied to Oil Marketing Companies for blending with motor spirit (petrol)] 2) Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material or all goods. 3) Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a non-aqueous medium; solutions and aqueous medium (Reduced to 9% from 14%). 4) Other paints and varnishes (including enamels, lacquers and distempers); prepared water pigments of a kind used for finishing leather (Reduced to 9% from 14%). 5) Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings; non-refractory surfacing preparations for facades, indoor walls, floors, ceilings or the like (Reduced to 9% from 14%). 6) Calendering or other rolling machines, other than for metals or glass, and cylinders therefor [other than Hand operated rubber roller]. 7) Worked monumental or building stone (except slate) and 17 articles thereof, other than goods ,mosaic cubes and the like, of natural stone (including slate), whether or not on a backing; artificially coloured granules, chippings and power, of natural stone (including slate) [other than statues, statuettes, pedestals; high or low reliefs, crosses, figures of animals, bowls, vases, cups, cachou boxes, writing sets, ashtrays, paper weights, artificial fruit and foliage, etc.; other ornamental goods essentially of stone] 8) Household or laundry-type washing machines, including machines which both wash and dry (Reduced to 9% from 14%). 9) Lithium-ion Batteries.
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		<p>10) Vacuum cleaners (Reduced to 9% from 14%).</p> <p>11) Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners [other than wet grinder consisting of stone as a grinder] (Reduced to 9% from 14%).</p> <p>12) Shavers, hair clippers and hair-removing appliances, with self-contained electric motor.</p> <p>13) Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hairdressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors (Reduced to 9% from 14%).</p> <p>14) Television set (including LCD or LED television) of screen size not exceeding 68 cm.</p> <p>15) Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (Reduced to 9% from 14%).</p> <p>16) Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles (Reduced to 9% from 14%).</p> <p>17) Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof [other than Self-loading or self-unloading trailers for agricultural purposes, and Hand propelled vehicles] (Reduced to 9% from 14%).</p> <p>18) Slide fasteners and parts of slide fasteners.</p>
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		<p>19) Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetics or toilet preparations (Reduced to 9% from 14%).</p> <p>➤ The following are the description of goods charged at 14% CGST/UTGST or 28% IGST in Schedule IV:-</p> <ol style="list-style-type: none"> 1) Electric accumulators, including separators therefor, whether or not rectangular (including square) other than Lithium ion battery. 2) Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receiver or sound or video recording or reproducing apparatus [other than computer monitors not exceeding 20 inches set top box for television and Television set (including LCD and LED television) of screen size not exceeding 68 cm] <p>➤ Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines, this shall be omitted.</p>
10.	<p>19/2018-Central Tax (Rate) dt 26-07-2018;</p> <p>20/2018-Integrated Tax (Rate), dt 26-07-2018</p> <p style="text-align: center;">and</p> <p>19/2018-Union Territory Tax (Rate), dt 26-07-2018</p>	<p>➤ The following goods are exempted from Intra state supplies:</p> <p>-</p> <ol style="list-style-type: none"> 1) Sal leaves, siali leaves, sisal leaves, sabai grass. 2) Vegetable materials, for manufacture of jhadoo or broom sticks. 3) Cotton seed oil cake or De-oiled rice bran. 4) Deities made of stone, marble or wood. 5) Khali Dona; Goods made of sal leaves, siali leaves, sisal leaves, sabai grass, including sabai grass rope. 6) Rupee notes when sold to the Reserve Bank of India or the Government of India.

		<p>7) Coir pith compost other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I.</p> <p>8) Sanitary towels (pads) or sanitary napkins; tampons.</p> <p>9) Rakhi.</p>
11.	<p>20/2018-Central Tax (Rate) dt 26-07-2018;</p> <p>21/2018-Integrated Tax (Rate) dt 26-07-2018</p> <p>and</p> <p>20/2018-Union Territory Tax (Rate) dt 26-07-2018</p>	<p>The accumulated input tax credit lying unutilized in balance, after payment of tax for and upto the month of July, 2018, on the inward supplies received up to the 31st day of July 2018, shall lapse for the following goods –</p> <ol style="list-style-type: none"> 1) Woven fabrics of silk or of silk waste 2) Woven fabrics of wool or of animal hair 3) Woven fabrics of cotton 4) Woven fabrics of other vegetable textile fibres, paper yarn. 5) Woven fabrics of manmade textile materials. 6) Woven fabrics of manmade staple fibres. 7) Knitted or crocheted fabrics [All goods]. 8) Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials. 9) Corduroy fabrics. 10) Narrow woven fabrics, other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs).
12.	<p>2/2018-Compensation Cess (Rate), dt 26-07-2018</p>	<ul style="list-style-type: none"> ➤ Coal rejects supplied by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has not been availed by any person attracts NIL rate of goods and service tax compensation cess. ➤ Fuel Cell Motor Vehicles shall attract NIL rate of goods and service tax compensation cess.
13.	<p>21/2018-Central Tax (Rate), dt 26-07-2018;</p>	<p>Exemption of Intrastate and interstate supplies of certain Handicraft goods.</p>

	<p>22/2018-Integrated Tax (Rate), dt 26-07-2018</p> <p>and</p> <p>21/2018-Union Territory Tax (Rate), dt 26-07-2018</p>	
14.	Circular No. 50/24/2018-GST	Circular No. 28/02/2018-GST, dated 08.01.2018 as amended vide Corrigendum dated 18.01.2018 and Order No 02/2018-Central Tax dated 31.03.2018 clarifying the applicability of GST rate on catering services is withdrawn.
15.	Circular No. 51/25/2018-GST	<p>Clarification on applicability of GST on ambulance services and transportation of patients:</p> <ul style="list-style-type: none"> ➤ Services provided by Government and Private Service Providers (PSPs) by way of transportation of patients in an ambulance is exempt. ➤ Services provided by Private Service Providers (PSPs) to the State Government by way of transportation of patients on behalf of the State Governments against consideration in the form of fee or otherwise charged from the State Government would be exempt provided: <ul style="list-style-type: none"> a. it is a pure service and not a composite supply involving supply of any goods and b. it is a composite supply of goods and services in which the value of supply of goods constitute not more than 25 percent of the value of the said composite supply.
<p>For detailed Notifications / Circulars kindly follow below link- http://www.cbic.gov.in/htdocs-cbec/gst/index</p>		

KEY COMPLIANCES TO BE CHECKED ON ANNUAL BASIS BEFORE SEPTEMBER, 2018

Section	To do	Before date
Section 16	<p>Claim ITC pertaining to FY 2017-18 but not yet claimed.</p> <p><u>No ITC can be claimed in respect of any invoice or Debit Note raised in FY 2017-18 after such date.</u></p>	Due date of furnishing of the return under Section 39 for the month of September of subsequent year i.e. 20 th October, 2018.
Section 34	<p>Issue a Credit Note for any GST invoice raised during FY 2017-18 and declare the details of such Credit Note and adjust tax liability accordingly.</p> <p><u>If not issued before such date, no reduction in output tax liability is permissible.</u></p>	Before 30 th September, 2018 or Date of furnishing of annual return for FY 2017-18, whichever is earlier
Section 37	Furnish / Amend the details in GSTR – 1 for outward supplies made during FY 2017-18 and which have remained unmatched with books of account by rectifying such error or omission.	Due date of furnishing of the return under section 39 for the month of September i.e. 20 th October, 2018 or Date of furnishing of annual return for FY 2017-18, whichever is earlier
Section 39	Furnish the details of outward supplies and inward supplies, if any registered person after furnishing a return for FY 2017-18 discovers any omission or incorrect particulars therein and pay the tax along with interest (in case of short payment).	Due date of furnishing of the return under section 39 for the month of September i.e. 20 th October, 2018 or Date of furnishing of annual return for FY 2017-18, whichever is earlier
Rule 42	Eligible ITC in respect of inputs and input services determined provisionally on monthly basis under Rule 42 by reversing ITC towards non-business/ exempt / personal purpose shall be calculated finally for FY 2017-18.	Due date of furnishing of the return under Section 39 for the month of September of subsequent year i.e. 20 th October, 2018.

SALIENT FEATURES OF SIMPLIFIED RETURNS

GST Council in its 28th meeting held on 21st July, 2018 approved key features and new format of the GST returns.

This brief note lists the salient features of the new return format and business process for the information of trade and industry and other stakeholders.

THRESHOLD FOR QUARTERLY OR MONTHLY RETURN

- All taxpayers excluding a few exceptions like small taxpayers, composition dealer, Input Service Distributor (ISD), Non-resident registered person, persons liable to deduct tax at source under section 51 of CGST Act, 2017, persons liable to collect tax at source under section 52 of CGST Act, 2017, shall file one monthly return. The due date for filing of **return by a large taxpayer shall be 20th of the next month.**
- **Small taxpayers**, who had a turnover upto Rs. 5 Cr. in the last financial year shall file **Quarterly Return.**
- A newly registered taxpayer shall be classified on the basis of self-declaration of the estimated turnover.
- Taxpayers who have no purchases, no output tax liability and no input tax credit to avail in any quarter of the financial year shall file one NIL return for the entire quarter. such taxpayer shall report NIL transaction by sending a SMS.

PART A: KEY FEATURES OF MONTHLY RETURN

Uploading of Invoices	<ul style="list-style-type: none"> • There would be facility for continuous uploading of invoices by the supplier anytime during the month and such uploaded invoice shall be continuously visible to the recipient. • Invoices uploaded by the supplier by 10th of succeeding month shall be auto-populated in the liability table of the main return of the supplier. • The invoices uploaded by 10th of the following month would be available as input tax credit to the recipient in the next month.
Locking and Amendment of Invoices	<ul style="list-style-type: none"> • Locking (Acceptance) or Pending or Rejection of invoices uploaded by the supplier by the recipient before filing of the return shall be available. • Invoices which have been uploaded by the supplier and made available in the viewing facility to the recipient but have not been rejected or have not been kept pending by the recipient

	<p>shall be deemed to be locked after return for the relevant tax period has been filed by the recipient.</p> <ul style="list-style-type: none"> • A wrongly locked invoice shall be unlocked online by the recipient himself subject to reversal of the input tax credit by him and online confirmation thereof. • Amendment of an invoice may be carried out by the supplier where input tax credit has not been availed and the invoice has not been reported as locked by the recipient.
Input Tax Credit (ITC)	<ul style="list-style-type: none"> • Only the invoices or debit notes uploaded by the supplier shall be the valid document for availing input tax credit by the recipient. • Invoices or debit notes which have not been uploaded by the supplier and on which recipient has availed input tax credit shall be called “missing invoices”. • Reporting of missing invoices by recipient can be delayed up to two tax periods if monthly return is filed to allow recipient to follow up and get the missing invoice uploaded from the supplier. • If missing invoices are not uploaded by the supplier within the prescribed time period, ITC availed in relation to such invoices or debit notes shall be recovered from the recipient. • Note that in the transition phase of six months after the new system of return is implemented, the recipient would be able to avail input tax credit on self-declaration basis even on the invoices not uploaded by the supplier by 10th of the next month or thereafter using the facility of availing ITC on missing invoices.
Recovery of ITC	<ul style="list-style-type: none"> • No automatic reversal of ITC where tax has not been paid by the supplier. • In case of default in payment of tax by the supplier, recovery shall be first made from the supplier and in some exceptional circumstances like missing taxpayer, closure of business by the supplier or supplier not having adequate assets or in cases of connivance between recipient and the supplier, etc. recovery of ITC from the recipient shall be made through a due process of service of notice and issue of order.
Payment of Liability	<ul style="list-style-type: none"> • Payment of taxes on monthly basis for monthly return.

	<ul style="list-style-type: none"> • In cases where no return is filed after uploading of the invoices by the supplier, it shall be treated as self-admitted liability by the supplier and recovery proceedings shall be initiated against him.
Amendment return	<p>To address the problem of human error i.e. wrong entries being made in the return, there would be a facility for filing of amendment return:</p> <ul style="list-style-type: none"> • Amendment return is different than a regular return. • There would be a facility to file two amendment returns for each tax period within the time period specified in Section 39(9) of the CGST Act, 2017. Amendment of entries which flow from the annexure of the main return shall be allowed only with the amendment of the details filed in the annexure. • Amendment of missing invoices reported later by the supplier shall be carried out through the amendment return of the relevant tax period to which the invoice pertains. • Payment would be allowed to be made through the amendment return. Further, ITC, if available in the electronic credit ledger can also be used for payment of the liability in the amendment return. • Negative liability arising from the amendment return shall be carried forward as negative liability in the regular return of the next tax period. • Higher late fee for amendment return
Exports	<ul style="list-style-type: none"> • Export of goods in return would contain details of the Shipping Bill also. The registered person can either fill this information at the time of filing the return or after filing the return at his option. • Once the information of S/B is completed, the entire data shall be transmitted to the ICEGATE (IT system of Customs administration). • Till data starts flowing online from ICEGATE or SEZ online in the input tax credit of the return, credit on imports and supplies from SEZ shall be availed on self-declaration basis.

Profile based return	<ul style="list-style-type: none">• Most of the taxpayers have only a few types of supplies to make and few types of inputs to report. Therefore, a questionnaire shall be used to profile the taxpayer and only such part of return shall be shown to him which are relevant to his profile.
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PART B: KEY FEATURES OF QUARTERLY RETURN

Small taxpayers would have option to file one of three forms, namely - Quarterly return, Sahaj (only B2C outward supplies) or Sugam (both B2B and B2C outward supplies).

Uploading of Invoices and payment of taxes	<ul style="list-style-type: none">• The recipients from these small taxpayers would need uploaded invoice for availing ITC and therefore the small taxpayers would be given facility to continuously upload invoices in the normal course.• Payment of taxes on monthly basis and avail ITC on self-declaration basis to pay the monthly taxes.
No Compliance Requirement	<ul style="list-style-type: none">• Missing and pending invoices as small taxpayers do not use these procedures in their inventory management.• Supplies such as non-GST supply, exempted supply etc. as they do not create any liability.• The details of ITC on capital goods shall also not be required to be filled. <p>This information shall be required to be filled in the Annual Return. Small taxpayers who would like to use facility of missing and pending invoice may file monthly return.</p>

RECENT CASE LAWS

1. Liaison Office not liable to register under GST

Applicant	M/s. Habufa Meubelen B.V
Journal of Publication	Ruling no. raj/aar/2018-19/05
Date of Ruling:	June 16th ,2018
Ruling Authority	Authority for Advance Ruling , Rajasthan

FACTS

M/s. Habufa Meunelen B. V. is a company originally incorporated in Netherlands. The applicant is the Indian office of M/s Habufa meubelen B.V.(HO) which is established as a Liaison Office with the prior permission of RBI subject to the various conditions:

- The office in India shall not undertake any activity of a trading, commercial or industrial nature nor shall it enter into any business contracts in its own name without RBI's prior permission. No commission fees/shall be charged or any other remuneration received/income earned by the office in India for the liaison activities/services rendered by it or otherwise in India.
- The entire expenses of the office in India will be met exclusively out of funds received from abroad through normal banking channels.
- The office in India will not render any consultancy or any other services directly/indirectly with or without any consideration. The office in India will not have significant/ commitment powers expect than those which are required for normal functioning of the office on behalf the Head Office.
- The office in India may approach any AD Category-I Bank in India to open an account to receive remittance from Head Office outside India.
- Further, the liaison office does not have any independent revenue or clients. Payments for the supplies are made by HO directly to the account of supplier and all the expenses incurred by liaison office is claimed from HO as per clear instructions of RBI.
- The salaries of the employees are remitted by the HO which further pay the same to the employees working there. The HO also reimburses other expenses incurred by the office. The expenses are in the nature of rent, security, electricity, travelling etc. The liaison

office does not have any source of income it is dependent on the HO and all expenses incurred by office are reimbursed by the HO.

- There is no amount charged by liaison office from HO for any services. It seeks only reimbursement of salary and expenses incurred by it from HO.

ISSUE

- Whether the reimbursement of expenses and salary paid by M/s. Habufa Meubellen B.V. (HO) to the liaison office established in India is liable to GST as supply of service, especially when no consideration for any services is charged/paid?
- Whether the applicant i.e. the Liaison Office is required to get registered under GST?
- If it is assumed that the reimbursement of expenses and salary claimed by liaison office is a consideration towards a service, then what will be the place of supply of such service?

APPLICANT'S VIEW

- In order to be a Supply liable under GST, an activity has to fall under the section 7 of the CGST Act, 2017 which reads as under:

The expression "supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or **agreed to be made for a consideration** by a person in the course or furtherance of business;

Further as per section 2(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination **for which a separate consideration is charged;**

Therefore, supply of service can be liable to GST only if a separate consideration is charged. If there is no consideration, then it would not be liable to GST.

- Further, the Liaison Office is set up only to represent the interest of the head office in Netherlands. Therefore, they are not separate persons. From this it can safely be concluded that the liaison office does not have independent existence of their own, thus there cannot be a flow of services inter-se the Liaison Office and Head Office as it amounts to service to one-self. Therefore, the reimbursement of expenses made by HO cannot be treated as consideration towards any service.
- The reimbursement claimed from HO falls out of the purview of supply of Service. Therefore, there is no taxable supplies made by the Liaison Office and hence, there is no requirement of getting registered under section 22 of the Act.

HELD

It was held that If the Liaison Office in India does not render any consultancy or other services directly or indirectly, with or without consideration and the Liaison Office does not have significant commitment powers, except those which are required for normal functioning of the office, on behalf of the Head Office, then the reimbursement of expenses and salary paid by HO to the Liaison Office, established in India, is not liable to GST and the applicant is not required to get itself registered under GST.

2. Mandatory registration under GST Act if liability arises under Reverse Charge Mechanism

Applicant	Joint Plant Committee
Journal of Publication	92 taxmann .comm 208
Date of Ruling:	March 21, 2018
Ruling authority	Authority for Advance Rulings , West Bengal

FACTS

- The Applicant is a non-profit organization set up by the Central Government under Clause 17 of the Iron & Steel (Control) Order vide SO 1567 dated 07/04/1971.
- The main function of M/s Joint Plant committee is to
 - a) Manage and operate the steel development fund and other funds accumulated under Iron & Steel (Control) Order, 1956
 - b) Study and analysis of and maintenance of a comprehensive database on market situation in the Iron & Steel Sector including fluctuation in market price, production, availability and movement of materials etc.
- The main source of Applicants income is:
 - a) **“Interest accrued on the deposits and loans provided from Steel development fund”.**
 - b) The applicant also supplies journals and periodicals which are wholly exempt from tax.
- The supplies of services by applicant are not taxable under Income Tax Act, 1961.

ISSUE

The applicant has liability to pay GST under reverse charge as per Section 9(3) of CGST Act. Therefore, in such circumstances applicant wants an advance ruling on whether is liable to get registered under CGST Act.

HELD

It was held that the if the Applicant is engaged exclusively in supplying goods and services that are wholly exempt from tax, and, therefore, not liable to be registered in accordance with the provisions under section 23(1) of the CGST Act, subject to the condition that the Applicant is not otherwise liable to pay tax under the Reverse Charge mechanism under Section 9(3) of the CGST Act or 5(3) of the IGST Act.

3. Applicability of GST on recovery of food expenses from employees

Applicant	Caltech Polymers (P.) Ltd.
Journal of Publication	92 taxmann.com 142
Date of Ruling:	March 26, 2018
Ruling authority	Authority for Advance Ruling , Kerala

FACTS
<ul style="list-style-type: none">• Caltech Polymers (P.) Ltd. (“Applicant”) is engaged in the manufacture and sale of footwear. They are providing canteen services exclusively for their employees.• They are incurring the canteen running expenses and are recovering the same from its employees without any profit margin.
ISSUE
<ul style="list-style-type: none">• The service provided to the employee is not being carried out as a business activity. The company is of the opinion that this activity does not fall within the scope of 'supply', as the same is not in the course or furtherance of its business.• Accordingly, Applicant has sought ruling on whether reimbursement of food expenses from employees for the canteen service provided by them comes under the definition of outward supplies and are taxable under GST Act.
HELD
<ul style="list-style-type: none">• It was held that As per section 2(17) of the GST Act, Business includes (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit: (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a).• Therefore, it can be concluded that the supply of food by the applicant to its employees would definitely come under clause (b) of section 2(17) as the transaction is incidental or ancillary to the main business. Further, it is Composite Supply as per clause 6 of schedule II to the GST Act.• Further, Since the applicant recovers the cost of food from its employees, there is consideration as defined in section 2(31) of the GST Act, 2017.• Accordingly, it was held that recovery of food expenses from the employees for the canteen services provided by company would come under the definition of 'outward supply' as defined in section 2(83) of the Act, 2017, and therefore, taxable as a supply of service under GST.

4. Non-applicability of GST on transactions carried outside India

Applicant	Synthite Industries Ltd
Journal of Publication	92 taxmann.com 144
Date of Ruling:	March 26, 2018
Ruling authority	Authority for Advance Ruling, Kerala

FACTS
<p>M/s Synthite Industries Ltd. (Applicant) is in the business of trading in spices and spice products. They have two modes of transaction:</p> <ul style="list-style-type: none">• Receive order from customer in USA, places order to a supplier in China. The supplier ships the goods directly to the customer in USA without bringing goods to India.• Applicant is availing storage facility in the form of presidential warehouse in Netherlands for storing their products and supplying the same in and around Netherlands.
ISSUE
<ul style="list-style-type: none">• Whether on procuring goods from China, in a context where the goods purchased are not brought into India, is GST payable by them?• On the sale of goods to the company in USA, where goods sold are shipped directly from China to USA without entering India, is GST payable by them?• On procuring goods from China not against specific export order, in a context when the goods purchased are not brought into India, is GST payable by them?• On the sale of goods from Netherlands warehouse to their end customers in and around Netherlands, without entering India, is GST payable by them?
HELD
<ul style="list-style-type: none">• The goods are liable to IGST when they are imported into India and the IGST is payable at the time of importation of goods into India.• The applicant is neither liable to GST on the sale of goods procured from China and directly supplied to USA nor on the sale of goods stored in the warehouse in Netherlands, after being procured from China, to customers, in and around Netherlands, as the goods are not imported into India at any point.

5. Services provided by the Government to the Government are exempt under GST, however, goods provided by the Government to the Government are not exempt.

Applicant	M/s IT Development Agency (ITDA)
Journal of Publication	Ruling No. 03/20 I 8- 19
Date of Ruling:	29 th May 2018
Ruling Authority	Advance Authority for Ruling, Uttarakhand

FACTS
<ul style="list-style-type: none"> • The applicant has requested for advance ruling on leviability of GST on procurement of services or material from Government/ Government Authority. Further the applicant submitted the documents. • The ITDA is registered under Society Registration Act, 1860 and it is under administrative control of Information Technology Department of Uttarakhand Government. • The applicant has submitted an MOU with IIT, Mumbai which relates to design, development and field testing of "Abrostat Based Last Mile Communication System". The applicant is cover authority which is receiving services from IIT, Mumbai which is covered as Central Government
ISSUE
Whether the services or material procured by ITDA from Government /Government Authority is exempt from GST.
HELD
<ul style="list-style-type: none"> • Government / Authority PROVIDING SERVICES to other Government / Authority is exempted from GST. • The services received by the applicant from IIT, Mumbai is exempted from GST. • The SUPPLY OF GOODS by one Govt. / Authority to other Govt./ Authority is concerned. There is no exemption from GST in this regard.

6. Whether transfer of business of one of the units in the nature of a going concern amounts to supply of service.

Applicant	M/s Rajashri Foods Pvt. Ltd
Journal of Publication	Advance Ruling No. KAR ADRG 06 / 2018
Date of Ruling:	23 rd April, 2018
Authority of Ruling	Authority for Advance Ruling , Karnataka

FACTS
<p>M/s Rajashri Foods Private Ltd., having three manufacturing units situated at Ramanagara, Hiriyyur and Bengaluru (Seshadripuram), intends to sell the unit situated at Hiriyyur along with all its fixed assets namely land, building, plant & machinery etc., current assets namely stock & trade receivables etc., and liabilities namely Bank term loans, bank working capital loans, creditors for supplies etc., for a lump sum consideration.</p>
ISSUE
<ul style="list-style-type: none"> • Whether the transaction would amount to supply of goods or supply of services or supply of goods & services? • Whether the transaction would cover under sl.no.2 of the Notification No.12/2017-Central Tax (Rate) dated 28.06.2017?
HELD
<ul style="list-style-type: none"> • The transaction envisages the transfer of all assets to the buyer and the buyer shall also take over all the liabilities. Therefore, it appears that the unit sought to be sold is a fully functional unit and the transaction contemplates the transfer of the entire business to a new person, who would not only enjoy a right over the assets but shall also take over the liabilities. It thus postulates that there will be a continuity of business. As the unit is said to be functional and is desired to be transferred as a whole to a new owner it amounts to transfer of a going concern as a whole. • To determine whether it is supply of goods or services, the following shall be analysed: Section 7(1) provides that Supply includes activities such as sale, transfer, barter, exchange etc. made for a consideration in the course or furtherance of business. However, since the word “includes” has been used in Section 7(1), the scope of supply goes beyond the meaning of the expression in the course or furtherance of business. Therefore, in the case of the transfer of a going concern even if the act of transfer does not constitute an activity carried out in the course of regular business or for furtherance of business, the activity may still qualify to be termed as a supply.

- In part 4(c) of Schedule II it is provided that when the business is transferred as a going concern then it does not amount to supply of goods. It, therefore, becomes clear that such transfer of business does not constitute a supply of goods. Therefore, the transaction of transfer of business as a whole of one of the units of the Applicant in the nature of a going concern amounts to supply of service.
- **Further, Serial number 2 of the Notification provides for Services by way of transfer of a going concern, as a whole or an independent part thereof. This indicates that the activity of transfer of a going concern constitutes a supply of service. The Notification further provides “NIL” rate of tax on such a supply.**
- Accordingly, the transaction of transfer of one of the units of the Applicant as a going concern is covered under Sl.No.2 of the Notification No.12/2017-Central Tax (Rate) dated 28.06.2017 subject to the condition that the unit is a going concern.

7. Furnishing of security to release goods seized for not carrying E-Way Bill

Assessee (Plaintiff)	L.G Electronics India (P.)Ltd.
Department (Respondent)	State of U.P
Journal of Publication	92 taxmann.com 256
Date of Publication	March 22, 2018
Ruling authority	High Court of Allahabad

FACTS

The Competent Authority had seized goods of the Assessee as well as the vehicle for want of E-way Bill.

ISSUE

- The issue which crops up in the petition is whether Inspection of goods in movement by Competent Authority had seized goods of assessee as well as vehicle for want of E-way Bill
- Whether said authority was to be directed to release goods as well as vehicle on assessee furnishing security of proposed tax and penalty.

HELD

- It was held that, where Competent Authority had seized goods of assessee as well as vehicle for want of E-way Bill, said authority was directed to release goods as well as vehicle on assessee furnishing security of proposed tax and penalty.

8. No GST on interest charged by Del Credere agent

Applicant	Shreenath Polyplast (P.) Ltd.
Journal of Publication	93 taxmann.com 178
Date of Ruling	FEBRUARY 19, 2018
Ruling Authority	Authority for Advance Ruling , Gujrat

FACTS
<ul style="list-style-type: none">• Applicant is a Del credere agent appointed by supplier of goods• Del Credere Agent (DCA) was extending loan to end customers and was collecting interest for extension of such loan and advances.• Applicant perform dual role:<ul style="list-style-type: none">a) Promote sale & take orders for goods supplied directly by principal.b) Guarantee the payment of goods supplied by principal.
ISSUE
Whether an amount charged as interest on transaction based short-term loan given by the Del Credere Agent (DCA) to buyers of material is exempt from tax.
HELD
<ul style="list-style-type: none">• It was observed that interest received by applicant was consideration towards loan extended to customers and such interest was not towards payment of consideration for supply of goods by principal to customers• Goods are directly supplied by Principal to the customers at the price declared by the principal from time to time by charging applicable GST on the invoice.• the role of the DCA is limited to order booking and guaranteeing payment• The loan is repaid to DCA by the customer along with agreed interest.• It was held that Service provided by M/s. Shreenath Polyplast Pvt. Ltd. by way of extending short-term loans is exempt from payment of Goods and Services Tax as it is covered by Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 and Notification No. 12/2017-State Tax (Rate), dated 30.06.2017.

9. Seizure of goods while assessee was not carrying E-way bill before 1st February, 2018

Assessee (Plaintiff)	Proactive Plast (P.) Ltd
Department (Respondent)	State of U.P.
Journal of Publication	91 taxmann.com 470
Date of Publication	February 1, 2018
Ruling authority	High Court of Allahabad

FACTS
Assessee was aggrieved by seizure of his goods on grounds of not carrying e-way bill with goods in transit.
ISSUE
Whether seizure of goods is illegal?
HELD
<ul style="list-style-type: none">• The submission is that as admittedly the seized goods were in transit from outside the State the transaction would be covered by the IGST Act, 2017 so UP GST would not apply.• With the power of notification issued which provides for the carrying of E-Way bill with the goods in transit but the same is applicable has been enforced w.e.f. 1st February, 2018 and not before.• Hence it was held that even if the seizure is treated to be under Section 129(1) of the Central G.S.T., as there was no provision of E-Way bill on the relevant date under the Central G.S.T. prima facie the seizure appears to be illegal.

10. Services supplied by hotel to SEZ are not zero rated supplies being non authorized operations

Applicant	M/s. Gogte Infrastructure Pvt. Ltd
Journal of Publication	Advance Ruling No. KAR ADRG 02 / 2018
Date of Ruling:	March 21,2018
Ruling Authority	Authority For Advance Ruling, Karnataka

FACTS
<ul style="list-style-type: none">• The applicant is providing hotel accommodation & restaurant services. They are providing services to the employees & guests of SEZ units through its hotel located in Belgavi, in addition to the regular customers.• They are charging SGST & CGST at the applicable rates. The recipient of SEZ units contends that such supplies are covered as “Zero Rated Supplies” and hence rate of GST is NIL as per provisions of Section 16(1)(b) of IGST Act,2017.
ISSUE
<ul style="list-style-type: none">• Whether the Hotel Accommodation & Restaurant services provided by the applicant, within the premises of the Hotel, to the employees & guests of SEZ units, be treated as supplies classifiable as Zero Rated Supplies in view of section 16(1)(b) of the IGST Act?
HELD
<ul style="list-style-type: none">• It was held that on reading Section 16(1)(b) of IGST Act, 2017 & Rule 46 of CGST Rules, 2017 together it is clearly evident that the supplies of goods or services or both towards the authorized operations only shall be treated as Supplies to SEZ Developer / SEZ Unit.• Further, the place of supply of the services by way of lodging accommodation by a hotel, shall be the location at which the immovable property (hotel) is located or intended to be located, as per Section 12 (3)(b) of the Integrated Goods and Services Tax Act, 2017. Also the place of supply of restaurant and catering services shall be the location where the services are actually performed, as per Section 12 (4) of the Integrated Goods and Services Tax Act, 2017. In the instant case, the applicant is located outside the SEZ. Therefore, the services rendered by the applicant are neither the part of authorized operations nor consumed inside the SEZ.• Therefore, the Hotel Accommodation & Restaurant services being provided by the Applicant, within the premises of the Hotel, to the employees & guests of SEZ units, cannot be treated as supply of goods & services to SEZ units in Karnataka & hence the intra state supply and are taxable accordingly.