



Between Fine Lines

Notifications and Clarifications on
September 30, 2019

CA. (Dr.) Gaurav Gupta
Partner,
MGS & Co.



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**CHANGES IN
HOTEL
INDUSTRY
AS
EFFECTIVE
FROM
1.10.2019**

Hotel Industry

Changes as effective in Hotel industry

Said changes are effective from October 1, 2019



Accommodation Services

Peak rate reduced to 18%. Now only two rates – Rs. upto 7500 – 12%, above Rs. 7500, 18%



Catering Services

Outdoor catering in all banquets except those in specified properties be taxable @5% with no ITC



Restaurant Services

Restaurant services in all premises except those in specified properties be taxable @5% with no ITC



Reverse Charge

Reverse charge liability in case of renting of motor vehicle obtained from vendors paying tax @5%



Liquor License

Service by way of grant of alcoholic liquor licence is notified as neither supply of goods and nor services (no liability to pay under reverse charge)



“**Specified premises**” means premises providing “hotel accommodation” services having declared tariff of any unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent



CHANGES IN
JOB WORK
INDUSTRY
AS
EFFECTIVE
FROM
1.10.2019

Job Workers

Job Work on Diamonds

Services by way of job work in relation to diamonds falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) shall be taxable @1.5%



Bus body building

Services by way of job work in relation to bus body building shall be taxable @18%



Job Work (process for manufacture)

Services by way of job work (provided to registered person) other than body building, diamond work and other specified job work as provided in Notification shall be taxable @12%.



Other Manufacturing services

Manufacturing services on physical inputs (goods) owned by others (including unregistered persons), other than those specified in the Notification shall be taxable @18%



Contract Manufacturing (no inputs from other person)

Supply of manufactured goods where no inputs are provided by third person shall be considered as supply of such goods



Specific Job Works

Job Works in relation to printing of newspaper, textiles and textile products, all products falling under Chapter 71, printing of books, printing of goods taxable @2.5%, processing of hides, skins, processing of food, manufacture of clay bricks, handicraft goods is taxable @5%.





CHANGES IN TRANSPORT VEHICLE RENTING SERVICES

Transport Vehicle Renting Services

Changes as effective from 1.10.2019

Motor Car Renting Services

Lower rate of 5% / 12% is only available now in cases where the Motor Vehicle is rented with operator.

Leasing of old vehicles

Leasing of motor vehicles purchased and leased prior to 1st July, 2017 shall attract GST @ 65 per cent of the rate of central tax as applicable on supply of like goods



Mere leasing / renting of Motor Vehicle

If only Motor Vehicle is rented without operator (including Self driven vehicles), full rate of tax as applicable on such motor vehicle shall be applicable

Reverse Charge

Reverse charge liability in case of renting of motor vehicle obtained from vendors paying tax @5%



CHANGES IN
RATES
AS
EFFECTIVE
FROM
1.10.2019

Rate of Tax of Goods

Not. No. 14/2019-Central Tax (Rate) and 15/2019-Central Tax (Rate)

S.no.	Particulars	New Rate (%)	Old Rate (%)
1	Marine Fuel 0.5% (FO)	5	18
2	Wet grinder consisting of stone as grinder	5	12
3	Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods	12 (uniform rate rather than different rates)	5 12 18
4	Slide fasteners and parts thereof	12	18
5	Caffeinated Beverages	18	28+12
6	Tamarind dried	NIL	5%
7	Plates and cups made up of all kinds of leaves/ flowers/bark	NIL	5%

Other Changes

Exemption - Services [Notification No. 21/2019 – CT(R)]

- Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea has been exempted.
- Services of transportation of goods by an aircraft or vessel from customs station of clearance in India to a place outside India has been exempted till 30.09.2020.
- Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members has been exempted.

Exemption - Goods

- All the goods supplied to the Food and Agricultural Organisation of the United Nations (FAO) for execution of projects listed in the Annexure has been exempted. [Notification No. 19/2019 – CT(R)]



OTHER CHANGES

Other Changes

Charges in reverse charge [Notification No. 22/2019 – CT(R)]

1

Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works to a music company, producer or the like has been made taxable under reverse charge and tax is to be paid by the recipient in taxable territory

2

Reverse charge is applicable in the case of author of an original literary work is payable by the publisher. However, if the author is registered and undertakes to pay the tax, the liability is payable by him under forward charge. Also, he cannot withdraw the option before one year.

3

Tax on services provided by way of renting of a motor vehicle provided to a body corporate by any person other than a body corporate paying central tax at the rate of 2.5% [thus, unregistered persons are not covered], shall be paid by such recipient body corporate.

4

Tax on services of lending of securities under Securities Lending Scheme, 1997 (“Scheme”) of Securities and Exchange Board of India (“SEBI”), as provided by a lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI shall be on the borrower.

MGS & Co.

Chartered Accountants

CA (Dr.) Gaurav Gupta

Partner

MGS & Co.

Chartered Accountants

O : LD - 65, Pitampura, Delhi – 110034.

P : +91 11 4571 8819, +91 11 4709 8819

M: +91 98110 13940

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