



मुख्य आयुक्त का कार्यालयवस्तु एवं सेवाकर, एवं सीमा शुल्क
OFFICE OF THE CHIEF COMMISSIONER GST AND CUSTOMS
हैदराबाद क्षेत्र:: HYDERABAD ZONE

जी एस टी भवन, एल बी स्टेडियम रोड, बशीरबाग हैदराबाद - 500 004
G.S.T. BHAVAN, L.B.STADIUM ROAD, BASHEERBAGH, HYDERABAD-500 004

C.No. IV/16/94/2018-CC(HZ)-Tech

Date: 14.06.2018.

**MINUTES OF THE MEETING OF THE REGIONAL ADVISORY COMMITTEE, HYDERABAD
ZONE HELD ON 27.04.2018**

Meeting of the Regional Advisory Committee (RAC) of Hyderabad Zone was held on 27.04.2018 at 15.00 hrs in the Conference Hall, 1st Floor, GST Bhavan, Hyderabad for the first quarter ending March, 2018. The meeting was presided over by Shri. Bankey Behari Agrawal, Chief Commissioner of Goods and Service Tax & Customs, Hyderabad Zone, Hyderabad and was attended by the following Members of Regional Advisory Committee :

1. Shri Gowra Srinivas, Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI)
2. Shri. V.V. Parsuram, Confederation of Indian Industry (CII)
3. Devendra Surana, Federation of Indian Chambers of Commerce and Industry.
4. Shri Adil Khan & Shri T. Abhimanyu, Customs Brokers Association

2) Following Departmental Officers were also present:-

1. Shri Naresh Penumaka, Principal Commissioner, Hyderabad GST Commissionerate, Hyderabad.
2. Shri A.R.S. Kumar, Commissioner, Ranga Reddy GST Commissionerate, Hyderabad.
3. Shri D.P.Naidu, Commissioner, Secunderabad GST Commissionerate, Hyderabad.
4. Shri. B.V.V.T. Prasad Naik, Commissioner, Appeals-II Commissionerate, Hyderabad.
5. Shri. S. Faheem Ahmed, Commissioner, Audit-I Commissionerate, Hyderabad.
6. Smt. Manjula D.Hosmani, Additional Commissioner, Customs Commissionerate, Hyderabad.
7. Shri. K. Bala Kishan Raju, Additional Commissioner, Medchal GST Commissionerate, Hyderabad
8. Shri. V. Vasudha Prasada Rao, Joint Commissioner, Audit-II Commissionerate.
9. Ms. G. Rashmi, Joint Commissioner, Customs Commissionerate, Hyderabad.
10. Shri D. Sai Ramesh, Assistant Commissioner, CCO, Hyderabad Zone, Hyderabad.
11. Shri M.V.S.N. Vamsidhar, Superintendent, CCO, Hyderabad zone, Hyderabad.

3) The Chief Commissioner welcomed all the members/participants of the Regional Advisory Committee (RAC) for the Organized Sector and Small Scale Industries of Hyderabad Zone to the meeting. Shri.D.P.Naidu, who joined the Zone recently as Commissioner, Secunderabad Commissionerate was formally welcomed and introduced to the members of RAC.

4) The Chief Commissioner elaborated the steps taken by the department for smooth implementation of GST and also raised concerns about non compliance in return filing by the taxpayers of the State. The Chief Commissioner urged all the Member Associations to write to their members to file all the pending GSTR-3B returns.

Thereupon the following agenda points were taken up for discussion:-

5) Points sponsored by FTAPCCI, Hyderabad.

a) SMS Pharmaceuticals Ltd

(i) Samples for outside testing

In Pharma industry in most of the cases, it is required to get the testing at outside laboratories for either input materials or output materials. For this they have to send the material to outside laboratories sometimes it may be in milli grams.

The same is without consideration. Is there any liability to pay output tax (GST) on these samples? Is there any requirement to reverse the ITC proportionately? The said samples are required in furtherance of the business.

Reply : As per Section 7(1)(a) of CGST Act, “**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.

As per Section 7(1)(c) of CGST Act, the activities specified in Schedule I, made or agreed to be made without a consideration. None of the activities listed in Schedule – I of CGST Act cover supply of samples for testing. Accordingly, such activity is not supply and does not attract GST.

With regard to reversal of ITC, the member was advised to send the query alongwith specific examples for further examination and necessary clarification.

(ii) Input Tax Credit - Repairs to Buildings

Explanation to section 17(5)(d) of CGST states that repairs etc. carried out to existing buildings, if not capitalized in books of accounts are eligible for claim of ITC. This requires to be clarified.

Reply: As per Section 17(5)(d) of CGST Act, **input tax credit shall not be available** in respect of goods or services or both received by a taxable person **for construction of an immovable property** (other than plant or machinery) on his own account including when such goods or services or both are used in the course of furtherance of business.

As per explanation for the purposes of clauses (c) and (d) of Section 17(5) of CGST ACT, 2017, the expression “**construction**” includes re-construction, renovation, additions or alterations or **repairs, to the extent of capitalization**, to the said immovable property.

Accordingly, when cost of construction is capitalized, ITC is not allowed.

(iii) Refund for Export Sales

We are very much thank full to the Government and the Departmental officials for the initiation and pains taken by them to resolve the issues in online refund of GST paid on exports. But still some more issues are pending relating to refunds.

For the month of January-2018, Next day immediately after filing GSTR-1 we are able to find on GST portal that refund process has started and we got the refund within 10 days. But for February-2018 we don't have any information about the status of IGST refund on the portal even after 10 days.

So far we got the refund of Rs.2.40 Crores out of total refund claim of Rs.3.25 Crores upto January-2018 which is 74% of total refund claim on account of exports by paying IGST. The balance amount of Rs.0.86 Crores is pending mainly on account of EGM closer information but it relates to October, November-17 and January-2018.

Reply: As far as Hyderabad Customs is concerned, 20 SBs were filed under claim for IGST amounting to Rs.2.44 Crores. Out of this, IGST refund in respect of 13 SBs amounting to Rs.2.21 Crores has already been sanctioned. Rest of the shipping bills involving IGST refund of Rs.0.23 Crores are in the combined error queue viz. SB005 & SB006. The exporter is advised to contact the shipping liner at the Gateway port and get the EGM closed to rectify the SB006 error code . As regards SB005 error , the exporter needs to present the concordance table with the Customs authorities and thereafter through manual interface the error related to SB005 would be resolved. The exporter is also advised to read the exhaustive guidelines given by DG(Systems) in this matter.

b) Textile Processors Association

Inputs are at 18% GST. Output tax is collected at 5% GST on textiles. Hence every month the GST amount is getting accumulated and capital is blocked. It is requested to release accumulated credit every quarter.

Reply : In terms of Notification No. 05/2017 – CT (rate) dated 28.06.2017 as amended, refund of accumulated ITC on account of inverted duty structure is disallowed in respect of the following textile items.

S. No.	Tariff item, heading, subheading or Chapter	Description of Goods
1.	5007	Woven fabrics of silk or of silk waste
2.	5111 to 5113	Woven fabrics of wool or of animal hair
3	5208 to 5212	Woven fabrics of cotton
4	5309 to 5311	Woven fabrics of other vegetable textile fibres, paper yarn
5	5407, 5408	Woven fabrics of manmade textile materials

6	5512 to 5516	Woven fabrics of manmade staple fibres
6A	5608	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials
6B	5801	Corduroy fabrics
6C	5806	Narrow woven fabrics, other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)".
7	60	Knitted or crocheted fabrics [All goods]

In respect of Textile goods other than specified above vide Notification No.5/2017-Central Tax (Rate) dated 28.6.2017 as amended, Refund claim can be filed in terms of Para 2 and 3 of Circular No. 24/24/2017-GST dated 21.12.2017 for a tax period on a monthly basis.

c) Shrinath Rotopack Pvt.Ltd.

M/s Shrinath Rotopack Private Limited, GSTIN:36AAJCS9881K1ZG, having Principal place of business at Plot 20, IDA, Mankhal, Maheswaram Mandal, Ranga Reddy District submit the following for necessary action.

For the month of July, 2017, we have made zero rated supplies valued at Rs. 13,23,99,998/- wherein an amount of Rs 2,38,31,999/- was paid as IGST for claiming cash refund of the same. Port wise Details of July-17 are as here under

Port	Duty Amount for the month July-17
JNPT, Mumbai	1,28,66,112.00
ICD Sanathnagar Hyderabad	91,84,917.00
Air Cargo, Hyderabad	11,64,023.00
Nepal	6,16,947.00

GSTR-3Bs were duly filed. EGM has also been filed successfully. However, till date, we have not received the IGST cash refund in our bank account in respect of zero rated supplies.

In spite of our repeated visits to ICD Hyderabad, Air Cargo Complex, Hyderabad and JNPT Mumbai, no progress is forthcoming.

All our Documents in respect of GSTR-3B and GSTR-1 along with Shipping Bills of each month right from the month of July17 to January-18 were also verified by Asst. Commissioner, ICD, Sanathnagar and Asst. Commissioner of Air Cargo Office.

PROBLEM :- "NO INTEGRATION STATUS REPORT SHOWS" in Customs Dashboard

Integration Reports are not being transmitted from GSTIN to Customs Dashboard. However, we are unable to apprehend where the actual problem lies.

Reply: 12 SBs amounting to Rs.69.97 lakhs of IGST at ICD, Sanathnagar and 9 SBs amounting to Rs. 8.44 lakhs of IGST at ACC were filed for refund. In both cases , the data has not yet been transmitted from GSTN to EDI systems due to some incorrect information furnished by the exporter while filing the returns. For the purpose of resolving the issue of non-transmission of data by GSTN, a team of officers comprising 2 Superintendents and 2 Inspectors have been formed to verify and reconcile the GST returns so as to integrate the GSTN data with the EDI system. The exporter is also requested to go through the exhaustive guidelines issued by DG (Systems).

d) M/s. Blend Colours Private Limited

We, M/s Blend Colours Private Limited, GSTIN 36AACCB2492A1Z4, having Principal place of business at Plot 35, IDA, Kattedan, Hyderabad, Telangana submit the following for necessary action.

For the month of July and Sep, 2017, we have made zero rated supplies valued at Rs 2,76,30,472/ wherein an amount of Rs 49,73,485/- was paid as IGST for claiming cash refund of the same. Portwise Details of July and Sep, 2017 are as hereunder:-

Port	Duty Amount for the month July to Sep-17
JNPT, Mumbai	2,76,035
ICD Sanatnagar Hyderabad	38,90,515
Petrapole, Bangladesh	8,06,935
Total	49,73,485

GSTR-3Bs were duly filed. EGM has also been filed successfully. However, till date, we have not received the IGST cash refund in our bank account in respect of zero rated supplies.

In spite of our repeated visits to ICD Hyderabad, Petrapole Bangladesh and JNPT Mumbai, no progress is forthcoming.

All our Documents in respect of GSTR-3B and GSTR-1 along with Shipping Bills of each month right from the month July17 and Sep, 2017, are also verified by Asst. Commissioner, ICD Sanathnagar Office.

PROBLEM :- "NO INTEGRATION STATUS REPORT SHOWS" in Customs Dashboard

Integration Reports are not being transmitted from GSTIN to Cutoms Dashboard. However, we are unable to apprehend as where the actual problem lies.

Reply: 11 SBs amounting to Rs.38.90 lakhs of IGST amount was filed for refund at ICD Sanathnagar. The problem faced is similar to the one at C)and the aforesaid advise holds good on these claims as well.

e) M/s. Dhanalaxmi Roto Spinners Ltd.

We M/s. Dhanalaxmi Roto Spinners Ltd. import Wood pulp and are exclusive dealer for M/S. April International Enterprise Pvt. Ltd. We entered into Annual Contract with the supplier that

on Importing of 5000 MT quantity of Wood Pulp during the Financial year we are eligible for quantity rebate 1.25% and above 7000 MT 1.5% (we follow suppliers FY January to December).

We would like to know applicability of GST on the rebate so received considering the fact that:

- a) While Importing the Material, we are paying GST at point of import on full invoice value.
- b) We are getting rebate after importing the desired quantity in desired period.

Our contention is GST should not be applicable on the Rebate received, as the rebate received amounts to reduction in Original Invoice Price of Wood Pulp, having paid GST on full value, no further GST should be applicable on rebate received.

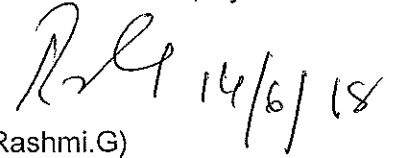
In case GST is applicable on Discount, whether credit can be claimed in Reverse Charge Mechanism?

Kindly clarify the applicability of GST on discount received from overseas supplier for purchasing desired quantity during the financial year (Quantity Discount).

Reply: Since the question was not clear, it was advised that the party may be asked to send the query in detail along with sample copies of actual documents to examine and respond in this matter.

6. The meeting ended with thanks to all the members of the Committee from the Chair.

7. This issues with the approval of the Chief Commissioner of GST & Customs, Hyderabad Zone, Hyderabad.



(Rashmi.G)
Joint Commissioner (CCO)

To
All the RAC Members (by e-mail)

Copy submitted to :

- 1) The Indirect Tax Ombudsman, Chennai, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai, 600 034 w.r.to letter F.No. ITOM/RAC-Hyderabad/ 2015 dated 08.04.2016.
- 2) The Principal Commissioner of Customs /
Principal Commissioner / Commissioner of GST, Hyderabad/Medchal/
Secunderabad/Ranga Reddy/Audit-I/Audit-II /Appeals-I / II, Hyderabad.
- 3) The Additional Director General, DGGST, Southern Zonal Unit, Chennai.