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received the assent of the hon'ble President of India and were enacted on 30.08.2018.These amendments will be made effective when all States pass the SGST Act amendments in their respective SGST Acts.

In its 29th meeting held on 04.08.2018, it was decided by the GST Council to form a Group of Ministers (GoM) for MSMEs which would identify the measures to be taken to provide a conducive environment for the growth of MSMEs after examining the recommendations of the Law Committee, the Fitment Committee and the IT Committee on the representations and suggestions relating to the MSME sector received from various stakeholders.

Conclusion:

The micro, small and medium enterprises (MSMEs) sector is of special significance for the Indian Government. It is expected to offer higher employment opportunities by 2020. In line with the commitment to MSME sector, certain relaxations have already been implemented for them.

As MSMEs become accustomed to a larger compliance climate, a better level of preparedness and discipline in conducting business will gradually be a part of their operation. With the Government's commitment to strengthen MSMEs on all fronts including GST, it is expected that the current challenges would be stabilized and the industry will gradually take a positive turnto fulfill the nation's visions.

GST for MSME Sector

Introduction: What is MSME? In accordance with the provision of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes:

(1) Manufacturing Enterprises: The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries Development and RegulationAct1951or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprises are defined in terms of investment in Plant and Machinery.As notified vide S.O. 1642(E) dated 29th September 2006 issued by the Ministry of MSME, Government of India, New Delhi, Micro Enterprises is an enterprise where investment in plant and machinery does not exceed twenty-five lakhs rupees; Small Enterprise is an enterprise where investment in plant and machinery is more than twenty-five lakhs rupees but does not exceed five crore rupees; Medium Enterprises is an enterprise where investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees.

(2) Service Enterprises: The enterprises engaged in providing or rendering of services are defined in terms of investment in equipment. For service sector, the prescribed investment in equipment for Micro, Small and Medium Enterprises should be less than Rs. 10 lakhs, between Rs. 10 lakhs to Rs. 2 crores and between Rs. 2 crores to Rs. 5 crores respectively.
The MSMEs sector contribute significantly to the national economy and is the largest employment provider besides being a breeding ground for entrepreneurship and skill development. The number of MSMEs is more than 30 million providing

employment toaround 100 million people. Out of this, micro enterprises are around 90%, small enterprises are around 9% while the number of medium enterprises is less than 1%. Inspite of having the potential and inherent capabilities to grow, MSMEs in India have been facing a number of problems like sub-optimal scale of operations, technological obsolescence, supply chain inefficiencies, increasing domestic and global competition, fund shortages, change in manufacturing strategies and turbulent and uncertain market scenario. To survive in such a scenario and compete with large and global enterprises, MSMEs need to be supported and assisted to ensure sustained growth and development in the existing competitive arena. It is understood that the cost of compliance in terms of statutory laws is proportionately much higher for MSMEs vis-à-vis the bigger companies. Therefore, some relaxation benefits are necessary in order to help them cope with sudden increase / change in compliance challenges.

Accordingly, with GST in place, the Micro, Small and Medium Enterprises have been accorded with a lot of benefits in terms of compliance reliefs given in the form of threshold exemptions, Composition levy scheme, quarterly filing of the GST returns to mention a few. While doing so, it has also been kept in mind that they do not become uncompetitive and are also given all the benefits of GST.

Compliance Benefits for MSMEs under GST:

As a trade facilitation measure based on turnover, following Micro, Small and Medium enterprises are not required to obtain GST registration:

(i)Persons involved in intra – State taxable supply of goods or services or both, if his aggregate turnover in a financial year does not exceed prescribed amount of threshold exemption limit i.e. Rs. 20 lakhs(Rs. 10 lakhs in case of the special category states of Nagaland, Manipur, Mizoram and Tripura).

(h) registered persons would be allowed to issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year

(i) amount of pre-deposit payable for filing of appeal under the CGST Act, 2017 before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 crores and Rs. 50 crores, respectively.

(j) Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.

(k) supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI

(l) place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.

(m) scope of input tax credit is being widened, and it would now be made available in respect of the following:

(i) most of the activities or transactions specified in Schedule III;
(ii) motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
(iii) services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
(iv) goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.

The recommended amendments have been introduced and passed by the Lok Sabha on 09.08.2018. The same and sub-section (4) of section 7 of the Union territory Goods and Services Tax Act, 2017 (UTGST Act, 2017) have been amended for empowering the Government to notify a class of persons who would be liable to pay tax under reverse charge with respect to specified categories of goods or services or both. As of now, the said provisions have been suspended for the CGST Act, IGST Act and the UTGST Act till 30.09.2019 vide notification No. 22/2018-Central Tax (Rate) dated 06.08.2018, 23/2018-Integrated Tax (Rate) dated 06.08.2018 and 22/2018-Union Territory Tax (Rate) dated 06.08.2018 respectively.

(c) option for quarterly filing of returns under GST would be introduced for taxpayers having annual turnover upto Rs 5 crores in the previous financial year. Further, provisions in law would be amended to introduce a new and simple return filing system. The new formats have been put in the public domain for stakeholder consultation. The proposed new return filing system also envisages SMS based filing of a nil return and a single page return per tax period for certain taxpayers.

(d) threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand is to be increased to Rs. 20 lakhs from Rs. 10 lakhs.

(e) allowing taxpayers to opt for multiple registrations for different places of business within the same State or Union territory.

(f) mandatory registration would be required only for those e-commerce operators who are required to collect tax at source under section 52 of the CGST Act, 2017.

(g) temporary suspension of registration would be allowed while proceedings of cancellation of registration are underway

(ii) Persons involved in inter – State taxable supply of services only (not goods), if his aggregate turnover in a financial year does not exceed prescribed amount of threshold exemption limit i.e. Rs. 20 lakhs (Rs. 10 lakhs in case of the special category states of Nagaland, Manipur, Mizoram and Tripura).

For inter-state suppliers of goods, registration under GST is a compulsory, even if their aggregate turnover in a financial year does not exceed the threshold limit

Composition levy scheme:Composition levy scheme in GST is an alternative method of levy of tax designed for micro, small and medium taxpayers whose turnover is upto the prescribed limit. It is very simple, hassle free compliance scheme for small taxpayers. It is a voluntary and optional scheme. A person opting to pay tax under composition levy scheme can neither take input tax credit nor it can collect any tax from the recipient. The salient features of composition levy scheme are:

(i) A registered taxable person, whose aggregate turnover does not exceed Rs. One Crore (Rs. 75 lakh for special category States except J & K and Uttarakhand) in the preceding financial year may opt for this scheme.

(ii) Composition levy scheme is available for registered taxable person making supplies (aggregate turnover) upto Rs. One Crore (Rs. 75 lakh for special category States except J & K and Uttrakhand) during current financial year.

(iii) A supplier of services, except a person engaged in supply of restaurant service,is currently not eligible for composition levy scheme.

(iv) Ice cream, pan masala and tobacco manufacturers cannot opt for the GST composition levy scheme.

(v) A taxpayer registered under composition levy scheme has to pay an amount equal to certain fixed percentage of his taxable turnover as tax to the government. The rate of tax under composition levy scheme is 1% for eligible manufactures and traders and 5% for eligible service providers. This amount cannot be collected from the customers.

(vi) The tax has to be paid on quarterly basis. Such taxpayer does not have to maintain elaborate accounts and records and instead of two monthly statements and a return (which a normal taxpayer has to file under GST), he has to file a simple quarterly return in FORM GSTR-04.

(vii) A taxable person opting for the scheme has to issue bill of supply as he is not eligible to issue taxable invoice under GST. He has to mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of every bill of supply issued by him

As per the recent amendment in the CGST Act vide the CGST (Amendment) Act, 2018 following changes have come in respect of composition scheme, however, the notification for date of implementation of the amendment Act is yet to be issued.

(i) Government empowered to enhance upper limit for composition scheme to Rs.1.5 crore by notification

(i) A person who opts to pay tax under composition scheme may supply services, of value not exceeding ten per cent of turnover in a State or Union territory in the preceding financial year or five lakh rupees, whichever is higher.

the consideration is represented by way of interest or discount, would not become ineligible for the composition scheme. Further, for computing the aggregate turnover for eligibility for the scheme,the turnover of exempted services, including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, supplied by a taxpayer will not be included. This has been implemented vide issuance of Order No. 01/2017-Central Tax dated 13.10.2017.

(xiv) The GST Council, in its 25th meeting held on 18.01.2018, reduced the amount of late fee payable late fee by any registered person for failure to furnish FORM GSTR-1 (supply details) to fifty rupees per day and twenty rupees per day for NIL filers.

(xv) The GST Council, in its 25th meeting held on 18.01.2018, allowed taxable persons who have obtained voluntary registration to apply for cancellation of registration even before the expiry of one year from the effective date of registration.

(xvi) The GST Council meeting in its 28th meeting held on 21st July, 2018 recommended certain amendments to be carried out in the CGST Act, 2017 and the IGST Act, 2017, which are trade friendly measures slated to benefit the MSME sector. The details of major amendments which are beneficial to the MSME sector are as below:

(a) the upper limit of turnover for opting for composition scheme would be increased from Rs. 1 crore to Rs. 1.5 crore. Further, composition dealers would be allowed to supply services, for upto a value not exceeding 10% of turnover in the preceding financial year or Rs. 5 lakhs, whichever is higher.

(b) provisions of reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and sub-section (4) of section 5 of the IGST Act, 2017

(ix) Registered persons making supply of goods are required to make payment of tax at the time of the issuance of invoice and not at the time when advances are received. This has been implemented vide issuance of notification No. 66/2017 – Central Tax dated 15th November, 2017

(x) The GST Council, in its 23rd meeting held on 10.11.2017, decided that taxpayers having annual turnover of up to Rs.1.5 crore in the previous year would have the option to file quarterly returns. This has been implemented vide issuance of notification No. 57/2017 – Central Tax 15th November, 2017.

(xi) The GST Council, in its 23rd meeting held on 10.11.2017, reduced the amount of late fee payable for delayed filing of return in FORM GSTR-3B from Rs 200 per day for delayed filing. Vide notification no. 64/2017 – Central Tax 15th November, 2017, a taxpayer whose tax liability for the month is 'Nil', is liable to pay late fee of Rs.20/- per day (Rs.10/- per day each under CGST & SGST Acts) subject to maximum of Rs.5000/- each under Act from October, 2017 onwards. In all other cases, the amount of late fee payable for delayed filing of return in FORM GSTR-3B by other taxpayers has been reduced to Rs. 50/- per day (Rs. 25/- per day each under CGST & SGST Acts) subject to maximum Rs.5000/- each under Act from October, 2017.

(xii) The uniform rate of tax @1% (0.5% under the CGST Act and 0.5% under the respective SGST Act) is payable under the composition scheme for manufacturers and traders with effect from 01st January, 2018. This has been implemented vide issuance of notificationNo.1/2018- Central Tax dated 1st January, 2018. For restaurant services, the rate continues to be 5 per cent.

(xiii) A person eligible for composition scheme also supplying exempt services including services by way of extending deposits, loans or advances in so far as

Input tax credit:In the GST regime, a registered person is entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business, subject to the provisions of section 17(5) of the CGST Act.

There are some special provisions for availability of credit in special circumstances like new registration, shifting from composition levy to normal levy and vice versa, exempted supplies becoming taxable and vice versa, etc. This helps the MSMEs whenever they shift from composition or exempted category.

Tax invoice in GST:

GST act provides for issuance of tax invoice within prescribed period (i.e. before removal of goods for supply in case of supply of goods and upto a maximum of 30 days from the date of provision of service, in case of supply of services) showing the prescribed particulars. However, there is no specific format prescribed as such for a tax invoice.

In case of supply of goods, the tax invoice has to be prepared in triplicate (original for buyer, duplicate for transporter and triplicate for supplier); whereas in case of service, the invoice has to be prepared in duplicate (original for buyer and duplicate for supplier).

Special invoice provisions for MSME Sector:

The HSN code required to be mentioned in tax invoice has been done away for taxpayers upto annual turnover of upto Rs. 1.5 crores. Further, taxpayers having annual turnover between Rs. 1.5 Crore to Rs. 5 crores may mention first two digits of HSN code in their invoices and taxpayers having annual turnover above Rs. 5 crores need to mention full 4 digit HSN code in their invoices.

Exemption from compulsory audit by CA for MSME Sector:

In GST regime, every registered person whose turnover during a financial year exceeds the prescribed limit is required to get his accounts audited by a chartered accountant or a cost accountant. As a trade facilitation measure, government has notified that registered persons having annual turnover upto Rs. two crores are exempted from getting their accounts audited by a chartered accountant or a cost accountant.

Returns in GST:

GST Act has provided the manner and time of furnishing of the details of outward supplies by a registered person, other than certain categories of registered person and manner and time of communication of these details to the corresponding recipients. The act also has provided for manner and time period for rectification of errors or omission and payment of tax and interest, if any.

Existing system of return filing process:

All eligible registered persons need to furnish electronically, in FORMGSTR-1, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of succeeding month.

Similarly, all eligible registered persons are required to furnish electronically, in FORMGSTR-3B, a summary return of liabilities, input tax credit and payment of tax pertaining to the month on or before the twentieth day of succeeding month.

turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher. This will make a large number of MSMEs eligible for the composition scheme.

(iv) Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council

(v) Filing of NIL returns to be simplified with one step process.

(vi) Service providers making inter-State supplies whose aggregate annual turnover does not exceed Rs. 20 lakhs have been exempted from the requirement of registration under GST vide notification No.08/2017-Integrated Tax, dated 14.09.2017

(vii) Extending the Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) / 100% Export Oriented Units (EOU) schemes to sourcing inputs etc. from abroad as well as domestically. Holders of AA / EPCG and EOUs are not required to pay IGST, Cess etc. on imports. Further, domestic supplies to holders of AA / EPCG and EOUs are treated as deemed exports under section 147 of CGST/SGST Act and refund of tax paid on such supplies is given to either the supplier or the recipient vide notification No.48/2017-Central Tax dated 18.10.2017.

(viii) Supply of taxable goods by a registered supplier to a registered recipient for exports shall attract a total GST rate of 0.1%thereby reducing working capital blockage for exporters. This provision has been made effective vide notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 and notification no. 41/2017-Integrated Tax (Rate) dated 23.10.2017.

details fed, EWB can be cancelled by generator within 24 hoursprovided it has not be verified in transit.

(8) EWB can be cancelled by generator within 24 hours; whereas it can be rejected by recipient within 72 hours or the time of delivery of the goods, whichever is earlier. If recipient does not reject EWB within 72 hours, it would be treated as deemed accepted by him.

(9) EWB can be generated online on https://www.ewaybillgst.gov.in. In addition to web, EWB can be generated by SMS, Android App, APIs, bulk utility, etc.

Measures taken for the MSME sector under GST:

Various decisions have been taken by the GST Council in its various meetings for the benefit of the MSME sector. The details of such major decisions are as below:

(i) Goods predominantly manufactured and/or used in the unorganised MSME sector have been kept at lower rates or are exempted. For instance, electrical switches and wires, pipeline, plastic products, etc. are largely produced by MSMEs and they earlier did not pay Central Excise duty and therefore tax rate on these have been brought down from 28% to 18%. Similarly, rates of GST on jute and coir like hand bags, ropes etc, which are mainly made in the cottage sector, have been reduced from 12 to 5%. Rate on Fishing hooks largely used by the fisherman – the industry being largely labour intensive with insignificant ITC have been reduced from 12 to 5%.

(ii) Upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore.

(iii) Composition dealers to be allowed to supply services, for upto a value not exceeding 10% of

A person opting to pay tax under composition levy scheme is required to furnish electronically, in FORMGSTR-4, a quarterly return, of turnover in the State or Union Territory, inward supplies of goods or services or both, tax payable and tax paid within eighteen days after the end of such quarter.

Special return filing provisions for MSME Sector:

As a trade facilitation measure, the government has notified that all eligible registered person having annual turnover upto Rs. 1.5 crores may opt for filing of quarterly return, in FORMGSTR-1 (i.e.the details of outward supplies of goods or services or both effected during the quarter)

Proposed system of simplified GST return filing process:

GST Council has recently approved the new return formats and associated changes in law. The major change is the option of filing quarterly return with monthly payment of tax in a simplified return format by the small tax payers. The salient features of proposed GST return filing process are given below:

(1) Monthly Return and due-date: 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. Return filing dates shall be staggered based on the turnover of the taxpayer. The due date for filing of return by a large taxpayer shall be 20thof the next month.

2. (i) Nil return: 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. Facility for filing quarterly return shall also be available throughan SMS.

(ii) Small taxpayers: Taxpayers who have a turnover up to Rs. 5 Cr. in the last financial year shall be considered small. These small taxpayers shall have facility to file quarterly return with monthly payment of taxes on self-declaration basis. However, the facility would be optional and small taxpayer can also file monthly return like a large taxpayer.

E-WAY Bill in GST:

GST Electronic Way Bill i.e. E-Way Bill (EWB) has been implemented in India from 1st April 2018 for inter-state movement of goods and from 16th June 2018, all 36 States / Union Territories have made EWB applicable for for Intra-State movement of goods.

The salient features of GST E-Way Bill System are:

(1) EWB is a document required for movement of goods from one place to another. The movement may be either (i) from supplier to recipientand vice versa; or (ii) from manufacturer to job worker and vice versa; or (iii) between two premises of same businessman; or (iv) for any other purpose.

(2) EWB is to be generated by every registered person causing movement of goods of consignment value (inclusive of GST) exceeding Rs. 50,000/-. For consignments even below Rs. 50,000/-, EWB is mandatory in case of inter– state movement of (i) goods being sent for job work; and (ii) handicraft goods..

(3) There can be four situations for movement of goods:

(i) Registered supplier to registered recipient: EWB may be generated by either of them depending on

terms of delivery i.e. the person causing movement of goods is responsible for EWB generation.

(ii) Registered supplier to unregistered recipient: EWB to be generated mandatorily by registered supplier.

(iii) Unregistered supplier to registered recipient: In such supplies, the movement of goods is deemed to have been caused by registered recipient and he is required to generate EWB

(iv) Unregistered supplier to unregistered recipient: In such transactions, though EWB Is not mandatory, it can be generated by either of them on voluntary basis.

(4) Normally EWB is not required for exempted goods. In addition, there are few items for which EWB is not required as detailed in Annexure to rule 138(14) of the CGST Rules.

(5) No distance exemption clause in EWB provisions. Any direct movement of goods between supplier and recipient warrants EWB, irrespective of distance. However, for Intra-Sate movement of goods from supplier's premises to transporter and from transporter's premises to recipient, part B is not mandatory, if the said distance is below 50 km.

(6) Validity period:For non ODC cargo, the validity is one day for every 100 km. or part thereof. However, in case of ODC cargo, one day is given for every 20 km. or part thereof. Validity starts from the time of part B updation (i.e. vehicle number entry) and first day lasts till 12 midnight of next day.

(7) No changes can be done in part A (i.e. consignment details) of EWB once generated. However, part B (i.e. vehicle details) can be updated any number of times within validity period. However, in case of wrong