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S.No.	Subject	Issue & Recommendation	Response from Govt.
I.	**Simplification in GST invoice rules required for B2C Retail trade**	As per GST invoice rules all dealers are required to issue invoice as per format specified. The format of invoice contains details that may not be necessary in B 2 C trade as customers are retail customers and would not be claiming input credit of GST. Invoice compliances will increase the size of the invoice and will have information which might not relevant for customer. **We recommend that the following requirements should be done away with for the invoices issued by the retailers (B2C sale):** 1. Capturing of tax rates for each article and providing tax details are not relevant for end customers, as they are concerned with net sale price. 2. HSN Codes are recorded by the retailers in backend in their systems but providing that on invoice will not help retail customers. 3. GST requires invoice to be signed either digitally or physically by authorized person. Retail generates many cash memos and it will be practically difficult to sign each invoice by authorized signatory. Further to sign all invoice digitally with DSC will result in keeping DSC USB with each POS machine. 4. Articles falling under tax rate of 0% are classified as exempt in the GST law. Requirement for tax invoices is made to generate separate tax invoice for exempt goods sold. Hence, if someone buys 0% tax goods like loose grocery, a separate invoice is required to be issued. This will add one additional bill for single sale.	ADG agreed to issue a clarification that any person (owned or deputed by the Organisation) in store who operates PoS machine is authorised to sign each invoice. b) Category wise tax rate will be summarised as pre GST era including articles falling under tax rate of 0% and Invoice may be called as 'tax invoice cum bill of supply' in case of 0% supply, hence to separate documentation. c) In case of counter supply, 3 copies of invoices are not required. d) Inclusion of HSN codes in B2C invoice shall be reviewed by the panel at a later stage.

		5. Current GST law requires issuance of 3 copies of invoices, Original, For Transporter and For Seller. This has no relevance for retail sales invoices.	
II.	**Transition Credit Provision for Opening Inventory as on 1st July, 2017:**	For inventory in stock as on July 1st, 2017 (referred to as Transition Inventory), a credit of 40% on CGST has been made available. This credit is however only available on goods sold till 31st Dec 2017. Given the inventory holding patterns of the industry, it will be very difficult and costly to sell all Transition Inventory by 31st Dec 2017. ***Recommendation: In order to compensate the taxes already paid, it is requested that an extension of 6 months (till 30th June 2018) be provided for the above credit on Transition Inventory.***	For extension of 6 months, ADG shall take it up in the next meeting of the GST panel to be held on 24th Sep.
	Eligibility of excise duty and CVD credits on inventory lying at retail stores.	For the retail business, mostly procurement is done at the centralized warehouse, even for imports BOE is filed for centralized warehouse and similarly for domestic procurements also the excise documents are addressed at central warehouse. The stock is generally moved on stock transfer basis (warehouse to retail stress) to various retail stores. Hence the duty paying documents are available in the name of the organization however it may not be addressed for the location where the inventory is available. ***Recommendation: It is recommended to clarify that the document in the name of organization / legal entity is sufficient for credits u/s 140(3).***	ADG in principle agreed for Excise and CVD credit for Retail industry basis document in the name of Legal Entity is sufficient and put up the case for consideration.

III.	**Submission of C-Forms on inter-state sales made prior to 1st July, 2017:**	C-Forms for inter-state sales done prior to July 1st 2017, are to be submitted latest by 30th Sep 2017. This is a daunting task given all resources of the industry are stretched in ensuring a smooth roll-out the GST and increasing the compliance therein. ***Recommendation: It is requested that the time for submission of C-Forms be extended till 31st March, 2018.***	ADG shall formally recommend this to the council. As this is a State matter, he suggested that Industry shall write to respective State Govts. and also send this to empowered Committee of Finance Minister
IV.	**Clarity on the rate for Tailoring as a job work**	As per job work definition-Section 2(68) of CGST Act, if the end-customer of job work is registered, the tax rate will be 5% and if not, then the rate will be 18%. This would imply that approximately 1 lakh tailors across the country would have to start paying a tax of 18%. This could drive many of these small entrepreneurs out of business and also result in price inflation for their end-customers (mostly lower to middle-income masses in tier3-5 catchments of the country). ***Recommendation: The stitching of garments for end-users by tailors should be considered a job work activity and should therefore invite a rate of 5% GST. This should result in a significant increase in compliance as well.***	ADG shall put this forth in the next meeting 24th Sep to incorporate '5% tax rate for job work including Tailoring service whether registered or not'
V.	**Clarity on Input GST write off on Head Office Cost cross charged to Stores in different states**	Most of the large retail organisations have Head Office which provide common services to branch / stores located within the same state of Head Office and Other States. As per GST Law, Head Office Cost is to be cross charged @ Cost + 10% basis to branch / store locations in other states who receives such services from Head Office. GST	This is an industry issue, and is a big problem. Panel may come out with formulation over time.

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		law provides that input GST is to be reversed / utilised as per taxable ratio of the respective state gst registration. There is no clarity in the law on whether input gst credit of Head Office state for the cost, cross charged to other branch / store states has to be adjusted on one to one basis against Head Office state output gst liability of cross charge or to be reversed in the Head Office state as per taxable ratio of that state. If so, then it may result in double reversal as again GST on cross charge from head office location becomes input gst credit for interstate branch / store locations and it again need to be reversed as per taxable ratio of that branch / store state. ***Recommendation : To avoid double reversal of input gst of Head Office Cost, once at Head office state and again in branch / store location of different state where it is cross charged by Head office state, it should be clarified that input GST for Head Office Cost cross charged to branch / store locations in other states to be adjusted in Head office state on one to one basis and only balance input GST in Head office state i.e. pertaining to Head Office Cost for branch / stores located within Head office state and not cross charged only to be reversed in Head Office State.Further, input GST of store locations / statewhere Head Office Cost cross charged should be reversed in the taxable ratio of that state.***	
VI.	**Clarity in Debit & Credit Note**	In the Credit Note / Debit Note process currently configured in GST, one Credit note/debit note can be raised with ONLY one Invoice Reference which will make the entire process of debit/credit note	ADG agreed to the issue and suggested the Industry to give solution / suggestion on how to

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		administratively complex for B2B enterprises. This is true for both sales returns to suppliers/brands and also especially in our industry, for price offs/ schemes/discounts covering a particular period which could range from one month to a quarter or longer period. ***Recommendation: Instead, we need an option to incorporate multiple invoices in the Debit/Credit note or give one invoice reference out of the list of all applicable invoices.***	incorporate in the existing GST framework.
VII.	**ITC reversal in case of capital goods (CGST rule 43)**	Rule 43 prescribes manner of determination of input tax credit in respect of capital goods and reversal of proportionate credit thereof every month in the exempted turnover ratio of each of next 60 months along with interest thereon. This prescribed method is very complicated and would increase administrative work of retailers. **Recommendation : Following options are suggested:** 1. ITC need to be reversed annually instead of monthly ITC reversal and without any interest. This is similar to rule prevailing in Service Tax Regime. It is proposed that ITC reversal to be done based on previous year turnover instead of current month turnover and final reversal will be done after financial year end based on current year turnover without any interest provided the reversal is done within specified time. 2. In case of monthly reversal to be kept unchanged, Interest as mentioned u/r 43 needs to payable only when registered person fails to pay/ reverse ITC as per rule 43 by due	More of compliance issue as far as GST panel is concerned. Will look into the interest rate or propose solution like pre GST era.

		date as mentioned u/r 43 and no interest payable if amount paid/ ITC reversed as per rule 43.	
VIII.	**Credit for Deemed Exports (Domestic supply for Export)**	Fabric manufacturers were entitled to export benefits via the deemed credit policy. However, post GST this facility is withdrawn vide Trade notice no. 11 dated 30th Jun 2017. This will imply that suppliers of fabrics for exports will be unable to avail of these benefits. This is likely to result in inflation in raw material prices and could adversely affect the competitiveness of garment exporters. ***Recommendation: It is requested that the above provisions under the Trade notice No. 11 dated 30th Jun 2017 be withdrawn.***	Shortly, GST panel will notify list of deemed exports.
IX.	**GST credit on FOC supplies for export business**	Textile/Garment orders are obtained after sending multi-colour/style products to international buyers. Further, pre-production and post-production samples have to be submitted before the actual bulk shipment. On an average these activities are about 12% of bulk order shipped. As per the new policy, on such free samples, the exporter/manufacturer will not be able to claim GST credit on inputs used and also on exports made. ***Recommendation: It is requested that supplies of FOC shipments be exempted from GST for fabric/garment and input credit on these be eligible for cash refund.***	ADG acknowledges the issue and contemplating to allow certain% of FOB value of sampling as input credit. Once Export sampling is accepted for GST Credit, domestic sampling GST Credit may also be discussed.
X.	**Payment of IGST under**	Post GST, EPCG Authorisation is available only for basic duty and IGST paid is to be credited only through the GST mechanism. Since the capital	ADG stated that Govt is working on this to ensure no cash block for

	EPCG Authorisation	investment for setting up big plants is significant, the above arrangement will have an adverse impact on investments and working capital requirements for such projects. ***Recommendation: It is requested that all import duties including IGST be allowed for debit under the EPCG scheme.***	the industry. This provision shall also apply to import of materials for export purpose to avoid any working capital block.
XI.	**Credit of the civil work for new stores / stores modification**	The retail industry is mostly B2C and heavy investment is made on new stores and continuous modification, renovation and modernization of the stores. The major cost of the same is on account of civil work. As per the current GST law, the credit of the same is not allowed which is not justifiable. ***Recommendation: To amend the law to allow the credit of the civil works also wherever the property is directly used for business purposes.***	ADG suggested the Industry to submit a separate representation seeking clarification on whether GTS credit on interior / or civil work done on the bare shell real estate / property for maintaining store identity or ambiance would be allowed as this is purely business expenses / investment.
XII.	**Simplification of the GST returns**	The GST returns is very complicated and needs various information. ***<u>Recommendation</u>*** ***1. HSN wise summary may be dispensed with as all information is already available in GST returns.*** ***2. Invoice summary may be dispensed with as retail industry bills from numerous POS machines***	Only the panel will work out for July returns as the preview wasn't available for July. So GST panel will come out with the resolution for July month. August onwards no modification. If industry wants modification, Commissioner

		and each machine has different series of numbers and the volume of data becomes humungous to report.	suggested the delegation to submit a separate letter and give examples with format.
XIII.	**E way bills**	To defer the implementation till next financial year and allow the other processes to be streamlined.	E way bills is being pursued by the State Govts. Till the time electronic system is in place, Govt. won't introduce e way bills. Hardware shall be in place by Dec 31 this year.
XIV.	**Reversal of credits for food and grocery business**	As per the current law, the services credit as well as capital goods credit needs to reversed to the extent of zero rate / exempt GST sales. The Retailers in the food and grocery suffer huge rentals and other costs and credit reversal is an additional cost burden. This relaxation may be considered for the sector.	No solution to it from Govt, industry will have to give solution. On shrinkage/storage loss/perishable products, standard loss occurs during course of business. Commissioner suggested the Industry to submit a separate representation to avail credit on this, with justification.