

GST Update

Weekly Update
03.04.2021

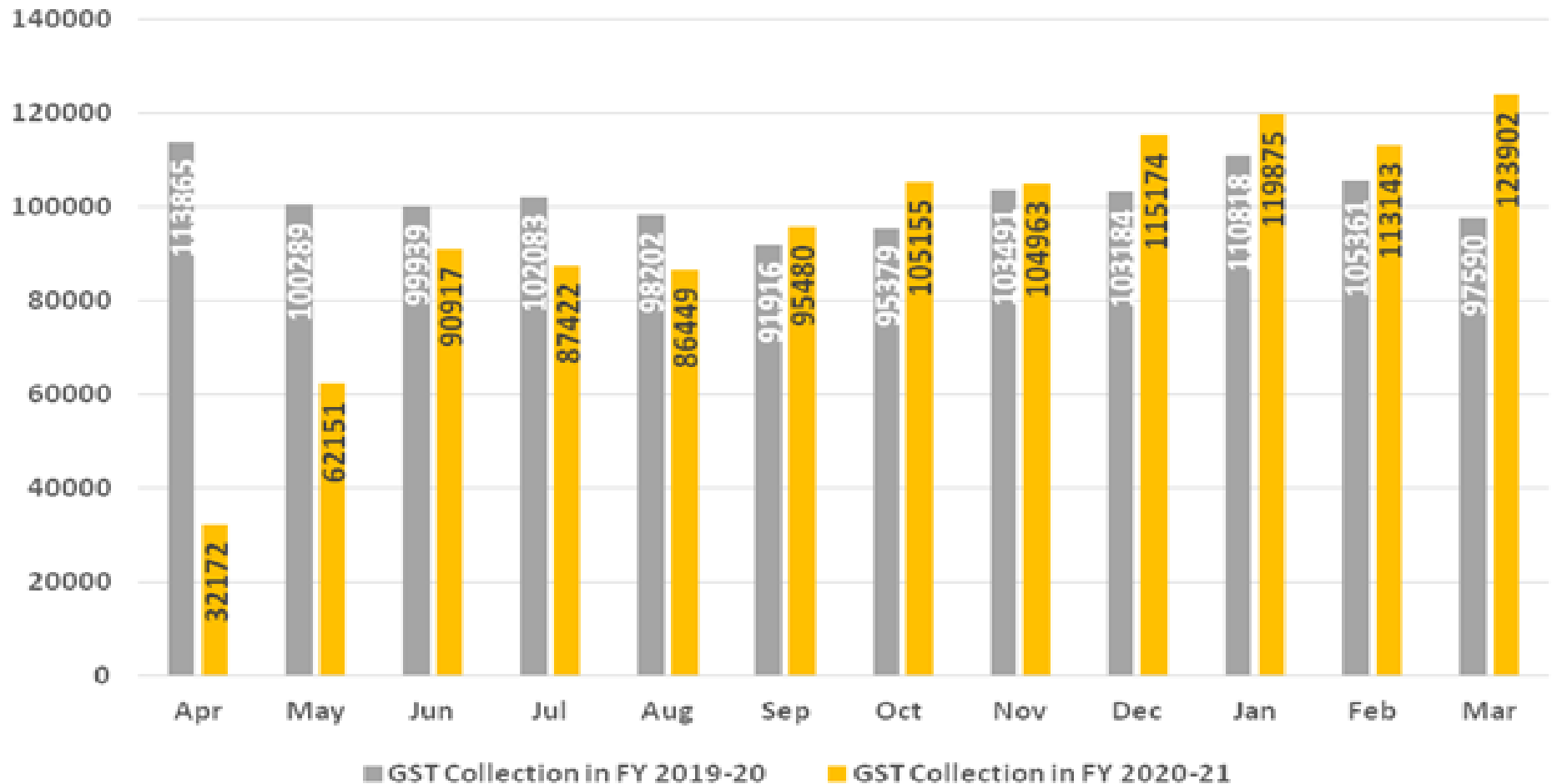
Background

- This Presentation covers the GST changes / observations/ press releases released by CBEC since the last update on 06.03.2021. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications, except the provisions related solely to SGST provisions. Similar parallel provisions in State Laws may be referred to as required

GST Revenue for March 2021

- **PIB Press release dated 1st April 2021.**
- The gross GST revenue collected in the month of March 2021 is at a record of ₹ 1,23,902 crore of which CGST is ₹ 22,973 crore, SGST is ₹ 29,329 crore, IGST is ₹ 62,842 crore (including ₹ 31,097 crore collected on import of goods) and Compensation Cess is ₹ 8,757 crore (including ₹ 935 crore collected on import of goods).
- The GST revenues during March 2021 are the highest since introduction of GST. In line with the trend of recovery in the GST revenues over past five months, the revenues for the month of March 2021 are **27% higher** than the GST revenues in the same month last year.

Trends in GST Collection in Rs. crore



Clarifications on Refunds

- **Circular No. 147/03//2021-GST dated 12th March 2021**
- There is no restriction under 3rd proviso to Rule 89(1) of CGST Rules, 2017 on recipient of deemed export supply, claiming refund of tax paid on such deemed export supply, on availment of ITC on the tax paid on such supply. Therefore, -
- Para 41 of Circular No. 125/44/2019-GST dated 18.11.2019 is modified to remove the restriction of non-availment of ITC by the recipient of deemed export supplies on the invoices, for which refund has been claimed by such recipient.

- **Extension of relaxation for filing refund claim in cases where zero-rated supplies has been wrongly declared in Table 3.1(a).**
- Accordingly, para 26 of Circular No. 125/44/2019-GST dated 18.11.2019 stands modified as under:
- *“26. In this regard, it is clarified that for the tax periods commencing from 01.07.2017 to 31.03.2021, such registered persons shall be allowed to file the refund application in FORM GST RFD-01 on the common portal subject to the condition that the amount of refund of integrated tax/cess claimed shall not be more than the aggregate amount of integrated tax/cess mentioned in the Table under columns 3.1(a), 3.1(b) and 3.1(c) of FORM GSTR-3B filed for the corresponding tax period.”*
- **Time limit increased from 30.06.2019 to 31.03.2021**

- **Manner of calculation of Adjusted Total Turnover under Rule 89(4) of CGST Rules, 2017.**
- Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover
- The restriction of 150% of the value of like goods domestically supplied, as applied in “turnover of zero-rated supply of goods”, would also apply to the value of “Adjusted Total Turnover” in Rule 89 (4) of the CGST Rules, 2017

Illustration

A a supplier is manufacturing only one type of goods and is supplying the same goods in both domestic market and overseas. During the relevant period of refund, the details of his inward supply and outward supply details are shown in the table below:

Net admissible ITC = Rs. 270

All values in Rs.

Outward Supply	Value per unit	No of units supplied	Turnover	Turnover as per amended definition
Local (Quantity 5)	200	5	1000	1000
Export (Quantity 5)	350	5	1750	1500 (1.5*5*200)
Total			2750	2500

Illustration (Contd)

- Therefore, refund as per Rule 89(4) is : Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover
- Turnover of Zero-rated supply of goods (as per amended definition) = Rs. 1500
- Adjusted Total Turnover= Rs. 1000 + Rs. 1500 = Rs. 2500 [and not Rs. 1000 + Rs. 1750]
- Net ITC = Rs. 270
- Refund Amount = Rs. 270*1500/2500 = Rs. 162
- Thus, the admissible refund amount in the instant case is Rs. 162

Extension of timelines for Capturing of Dynamic QR Code in GST Invoices

- **Notification No. 06/2021 – Central Tax dated March 30, 2021**
- Amends Notification No. 89/2020 – Central Tax dated November 29, 2020
- Extends the waiver of penalty leviable under Section 125 of the CGST Act, 2017 (i.e., general penalty) for non-compliance of provisions of Notification No. 14/2020–Central Tax dated March 21, 2020 (Provisions of Capturing of Dynamic QR Code in GST Invoices) between the period from December 1, 2020 to **June 30, 2021**, subject to the condition that the said person complies with the provisions of the said notification from July 1, 2021.

Manual for Quality Assurance Review & Audit Performance Index, 2021

- <https://www.cbic.gov.in/resources//htdocs-cbec/dgauditman/QAR%20and%20API%20Manual,%202021.pdf>
- **Manual for Quality Assurance Review & Audit Performance Index, 2021**
- Methodology for grading the Audit Commissionerates, on both, qualitative performance in the form of QAR and quantitative performance in the form of API, and a composite annual grading is provided
- A numerical scoring system against each standard of the audit process to ensure that the evaluation is based on an objective and rational methodology leaving little scope for subjectivity. A new set of parameters are introduced for QAR grading.
- Scoring based on additional parameters like training needs, timely scheduling of audits, periodical reviews by senior officers etc. to evaluate and improve the general performance of the Audit Commissionerate is also being introduced, in the QAR.

E-invoice Updates

Implementation of e-Invoicing for units > 50 Crore

Cancellation of Invoice reference number (IRN)

Implementation of e-Invoicing from 01-04-2021 for units > 50 Crore

- **Notification No. 05/2021 dated 8th March 2021**
- The mandatory requirement for generating e-Invoice in terms of Rule 48(4) has been extended to all registered Taxpayers whose annual aggregate turnover in any of the three preceding financial years from 2017-18 has been more than Rs.50 Crore.
- This compliance obligation takes effect from 1st April 2021, vide Notification No. 05 /2021, dated 08-03-2021 superseding the earlier parent notifications number 13/2020 dated 21-03-2020 and 88/2020 dated: 10-11-2020.
- The applicability of E-invoicing threshold was Rs.500 crores till December 31, 2020, thereafter 100 crores till 31-03-2021 and now it is Rs.50 Crores with effect from 01-04-2021.

Cancellation of Invoice Reference Number (IRN)

- Cancellation of IRN is possible for the invoice which is already uploaded/ reported to the Invoice Registration Portal (IRP) and for which IRN is generated.
- This has to be done within 24 hours of its generation. Some of the basic reasons for the cancellation of IRN by the supplier can be-
 - Cancellation of order by the buyer, or
 - Mistakes in e-invoice, or
 - Incorrect/ wrong entry in e-invoice, or
 - Duplicate entry.

Cancellation of Invoice Reference Number (IRN) (Contd)

- Some of the important rules relating to the cancellation of IRN are hereunder-
 - Cancellation of IRN is possible only within 24 hours of the generation of the IRN. Post completion of 24 hours, the supplier will have to issue either a debit note/ credit note or edit Form GSTR-1 modifying the respective invoice details.
 - Cancellation of IRN is not possible in case the e-way bill is already generated/ active for the respective IRN.
 - Once the e-invoice (IRN) is cancelled, the same invoice number cannot be re-used to generate another IRN.
 - Partial cancellation of e-invoice (i.e., IRN) is not possible.

Steps for cancellation of Invoice Reference Number

- The step-by-step procedure for cancellation of e-Invoice where IRN has been generated:
- In order to cancel the IRN within 24 of generation of IRN, the supplier can adopt any of the following modes:-
 - Cancellation via e-invoice portal; or
 - Cancellation via ERP/ accounting software using API direct integration or GSPs integration with the portal.
- Steps to be followed for cancelling IRN via e-invoice portal-
- STEP 1 – Visit site <https://einvoice1.gst.gov.in/>
- STEP 2 – Click ‘Login’ and enter the appropriate ‘User name’; ‘Password’ and characters mentioned in the image.
- STEP 3 – Select ‘e-invoice’.

Steps for cancellation of Invoice Reference Number (Contd)

- STEP 4 – Select ‘Cancel’ from the drop-down list.
- STEP 5 – Enter either ‘Ack No.’ or ‘IRN’.
- STEP 6 – Click ‘Go’.
- STEP 7 – Respective e-invoice will be displayed. Select ‘Cancel Reason’ from the drop-down list and mention remarks, if any.
- STEP 8 – Click ‘Submit’.
- Cancellation of IRN is much easier and faster when done via ERP/ accounting software using API direct integration or GSPs integration with the portal.
- Here, the supplier just needs to mark the respective invoice as cancelled. Accordingly, the software will automatically integrate with the Invoice Registration Portal (e-invoice portal) for cancelling the respective IRN, of course within the stipulated time.

Compulsory Mentioning of HSN code on invoices w.e.f 1st April 2021

(Notification 12/2017-Central Tax date 28th June 2017;
Notification No. 78/2020 dated 15th October 2020; Notification
No. 90/2020 dated 15th December 2020)

Mentioning of HSN codes on all tax invoices w.e.f 1st April 2021

- A major compliance obligation that comes up from 1st April 2021 is mentioning of HSN codes on all the tax invoices. Salient Features are as under:
- For Aggregate Turnover up to Rs.5 Crore, 4 digits to be mentioned if supplied to registered person and NIL digits if supplied to unregistered person;
- It's optional to show HSN codes in B2C invoices for turnover below 5 crores
- For Aggregate Turnover above Rs.5 Crore, 6 digits to be mentioned for all supplies;
- For exports, 8 digits to be mentioned in export invoices and is also a requirement as per Foreign Trade Policy

Mentioning of HSN codes on all tax invoices w.e.f 1st April 2021 (Contd)

- 49 chemicals as per Notification no. 90/2020 dated 01/12/2020 have to be mandatorily shown under 8 digits code;
- It is mandatory to report minimum digits as above in Table 12 of GSTR 1 and Tax Invoice also.
- There is also a fine of Rs. 50,000/- (Rs. 25,000/- under each of CGST + SGST Acts) for committing a mistake related to this particular scenario under section 125 of the GST Acts.
- All the tax invoices therefore should contain HSN digits, description of goods and tax rates specifically for better transparency and avoid any future litigations.



Important GST Compliances for April 2021

Important Compliances for April 2021 with due dates

- Being the first month of the financial year 2021-22, April 2021 is a significant month from the point of view of the tax compliance and other statutory requirements as well as the due dates for GST return filings.
- **10th April 2021**
 - The due date for filing the GSTR-7 for the period of March 2021. GSTR 7 is a return to be filed by the persons who are required to deduct TDS under GST.
 - The due date for filing the GSTR-8 for the period of March 2021. GSTR-8 is a return to be filed by the e-commerce operators who are required to deduct TCS.

Important Compliances for April 2021 with due dates (Contd)



- **11th April 2021**

- The due date for filing the GSTR-1 for the period of March 2021. Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or those who opted to file a Monthly Return.

- **13th April 2021**

- The due date for auto generation (not filing) the GSTR-2B- the ITC statement for the period of March 2021 for the recipients.
- The due date for filing the GSTR-6 – return for Input Service Distributor for the period of March 2021.
- The due date for filing the GSTR-1 for the period of January-March 2021 for those Taxpayers who have opted for Quarterly Return Monthly Payment (QRMP) Scheme are supposed to file GSTR-1 on quarterly basis.

Important Compliances for April 2021 with due dates (Contd)

- **18th April 2021**
 - The due date for filing the GST-CMP- 08 i.e., Quarterly challan-cum-statement to be furnished by composition dealers for the period of January-March 2021.
- **20th April 2021**
 - The due date for filing the GSTR-3B for the period of March 2021. Taxpayers having an aggregate turnover of more than rupees 5 Crores (> Rs 5 Cr) in the preceding financial year or have not opted for QRMP Scheme.
 - The due date for filing the GSTR-5 (Non-Resident Taxable Persons) & GSTR-5A (OIDAR) for the period of March 2021.

Important Compliances for April 2021 with due dates (Contd)

- **22nd April 2021**
 - Due date for filing GSTR-3B for Jan-March 2021. QRMP taxpayers in Chhattisgarh, Madhya Pradesh, Gujarat, Daman and Diu and Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman & Nicobar island, Telangana and Andhra Pradesh.
- **24th April 2021**
 - Due date for filing GSTR-3B for Jan-March 2021. QRMP taxpayers Jammu and Kashmir, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha and Uttarakhand.
- **30th April 2021**
 - Due date for Yearly return GSTR-4 for composition taxpayers opted under Section 10 of the CGST Act 2017.

GST Portal Updates

<https://www.gst.gov.in/newsandupdates>

New facility on Common Portal - Core business activities

- The GSTN has enabled a new feature that requires the taxpayer to select one core business activity on the GST Portal.
- Taxpayers are required to select their business activity only once, as - Manufacturer, wholesaler/Distributor/Retailer, service providers & others post login based on highest turnover amongst them. This can also be changed later.
- Core Business Activity means which kind of business you primarily deal in.
- For example, if you are a Soap manufacturer you may select 'manufacturer' in Core Business Selection.
- One may choose any ONE of the aforesaid activity based on below criterion:

New facility on Common Portal - Core business Activities (Contd)

- Manufacturing:
 - A manufacturer is a registered person produces new products from raw materials and components using tools, equipment and machines and then sells them to the consumers, wholesalers, distributors, retailers or to the other manufacturers. Further, a manufacturer may sell some more brought out items or may provide some ancillary services with his manufactured goods, but he would continue to be classified as manufacturer because it is the Primary Business Activity.
- Trader:
 - A trader is a registered person who engages in the buying and selling of goods. Traders have been further recognised as Wholesaler or Distributor and Retailer. The Retailer includes a registered person selling goods through e-commerce operators.

New facility on Common Portal - Core business Activities (Contd)

- Service Provider and Other:
 - A service provider is a registered person who provides service to a recipient of service and is neither a manufacturer nor a trader.
- The Procedure to be followed- on opening GST Portal, you will see a new pop-up wherein you will have to identify your core business as either manufacturer or trader or service provider and others.
- It is noteworthy that you can select only one core business activity.
- In case all activities are applicable to you, kindly select your core business activity.
- Others will include Works Contract and other Miscellaneous items.
- Also, if you want to change it in the future you can do it by navigating MY PROFILE>CORE BUSINESS ACTIVITY STATUS.



THANK YOU