

GST Update

Weekly Update
14.03.2020

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 07.03.2020. 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

Decisions of the 39th GST Council Meeting held on 14.03.2020

GST Rates (To come into effect w.e.f 1st April, 2020)

- In order to correct the inverted duty structure, following recommendations made:
 - To raise the GST rate on Mobile Phones and specified parts presently attracting 12% to 18%.
 - To deliberate the issue of calibrating the rate in other items for removing inversion in future meetings with further consultation and examination of issue.
- GST rate on all types of matches (Handmade and other than Handmade) has been rationalised to 12% (from 5% on Handmade matches and 18% on other matches).

GST Rates (To come into effect w.e.f 1st April, 2020)

- To reduce GST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft from 18% to 5% with full ITC and to change the place of supply for B2B MRO services to the location of recipient.
- This change is likely to assist in setting up of MRO services in India.
- Domestic MRO will also get protection due to 5% tax paid under section 3(7) of the Customs Tariff Act, 1975 on most imported goods (sent abroad for repairs) as this tax is not available as credit.

- **Interest on delayed GST Payments under section 50 of CGST Act, 2017**
- Interest for delay in payment of GST to be charged on the net cash tax liability w.e.f. 01.07.2017 (Law to be amended retrospectively)
- Section 50(1) provides for the interest on delayed payment of tax.
- **Revocation of cancellation of registration:** Where registrations have been cancelled till 14.03.2020, application for revocation of cancellation of registration can be filled up to 30.06.2020 (extension of period of application as one-time measure to facilitate those who want to conduct business).

- **Annual Return:**
- Relaxation to MSMEs from furnishing of Reconciliation Statement in FORM GSTR-9C, for the financial year 2018-19, for taxpayers having aggregate turnover below Rs. 5 crores;
- Due date for filing the Annual return and the Reconciliation Statement for financial year 2018-19 to be extended to 30.06.2020; and
- Late fees not to be levied for delayed filing of the Annual return and the Reconciliation Statement for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores.

- A new facility called ‘Know Your Supplier’ to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.
- The requirement of furnishing FORM GSTR-1 for 2019-20 to be waived for taxpayers who could not opt for availing the option of special composition scheme under notification No. 2/2019-Central Tax (Rate) dated 07.03.2019 by filing FORM CMP-02.
- A special procedure is being prescribed for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016 and are undergoing the corporate insolvency resolution process, so as to enable them to comply with the provisions of GST Laws during the CIRP period

- A special procedure for registered persons in Dadra and Nagar Haveli & Daman and Diu during transition period, consequent to merger of the UTs w.e.f. 26.01.2020; transition to be completed by 31.05.2020.
- Extension of due dates for FORM GSTR-3B for the month of July, 2019 to January, 2020 till 24th March, 2020 for registered persons having principal place of business in the Union territory of Ladakh. Similar extension is also recommended for FORM GSTR-1 & FORM GSTR-7.
- Bunching of refund claims allowed across financial years to facilitate exporters

- Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.) to be exempted from issuing e-invoices or capturing dynamic QR code; and
- The dates for implementation of e-invoicing and QR Code to be extended to 01.10.2020.

- **Deferment of e-wallet Scheme:** Extension of the time to finalize e-Wallet scheme up to 31.03.2021; and
- Extension of the present exemptions from IGST and Cess on the imports made under the Advance Authorisation (AA)/ Export Promotion Capital Goods (EPCG) Scheme/ Export Oriented Unit (EOUs) up to 31.03.2021

Other Initiatives

- **Return Mechanism:** The existing system of furnishing FORM GSTR-1 & FORM GSTR-3B to be continued till September 2020
- Seeking information return from Banks;
- To curb fake invoicing and fraudulent passing of ITC, restrictions to be imposed on passing of the ITC in case of new GST registrations, before physical verification of premises and Financial KYC of the registered person

- Issuance of circulars in respect of:
 - Clarification in apportionment of ITC in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules;
 - Appeals during non-constitution of the Appellate Tribunal;
 - Clarification on refund related issues; and
 - Clarification on special procedure for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016, undergoing the corporate insolvency resolution process

- **Key amendments to CGST Rules, 2017 are as below:**
- Procedure for reversal of input tax credit in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under rule 43 (1) (c);
- Ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;
- To allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;
- To provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA; and e. to operationalize Aadhaar authentication for new taxpayers.

Suggestions on GST Portal and return mechanism



- In the 39th meeting of the GST Council, held on 14.03.2020, Shri Nandan Nilekani, on behalf of Infosys, made a presentation addressing the system related issues that are being faced by the taxpayers in the GST system
- Transition to the new return system may be made in an incremental manner
- Linking of the details of the statement of outward supplies in FORM GSTR-1 to the liability in FORM GSTR-3B, followed by the linking of the input tax credit in FORM GSTR-3B to the details of the supplies reflected in the FORM GSTR-2A.
- To augment the capacity of the IT system to concurrently handle 3 lakh taxpayers from the present level of 1.5 lakh taxpayers; Hardware procurement process has been initiated

Any ISSUES/ queries?

- Twitter Handles
- For General Questions
- https://twitter.com/askGST_GoI
- For technology related issues
- <https://twitter.com/askGSTech>
- NACIN twitter
- https://twitter.com/NACIN_OFFICIAL

THANK YOU