

GST Update

Weekly Update
18.04.2020

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 04.04.2020. 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

- The gross GST revenue collected in the month of March 2020 is **Rs. 97,597 crore** of which CGST is **Rs. 19,183 crore**, SGST is **Rs. 25,601 crore**, IGST is **Rs. 44,508 crore** (including **Rs. 18,056 crore** collected on imports) and Cess is **Rs. 8,306 crore** (including **Rs. 841 crore** collected on imports). The total number of GSTR-3B Returns filed for the month of February up to 31st March 2020 is 76.5 lakh.
- The GST revenues during the month of March 2020 from domestic transactions has shown a negative growth of 4% over the revenue during the month of March, 2019. Taking into account the GST collected from import of goods, the total revenue during March, 2020 has also decreased by 8% in comparison to the revenue during March, 2019. During this month, the GST on import of goods has shown a negative growth of (-) 23% as compared to March, 2019.

- For the full financial year, 2019-20, the GST for domestic transaction has shown a growth from Rs. 8,76,794 crore to Rs. 9,44,414 crore i.e growth rate of 8% over the revenues during last year
- During the year, GST from import on goods fell down by 8% as compared to last year.
- Overall, gross GST revenues grew at 4% over the last year's GST revenue.

Expediting pending refund claims

- **Instruction No. 2/1/2020-GST dated 9th April 2020**
- Decision to process pending refund claims has been taken with a view to provide immediate relief to the taxpayers in these difficult times even though the GST Law provides 15 days for issuing acknowledgement or deficiency memo and total 60 days for disposing off refund claims without any liability to pay interest, all pending refund applications must be taken up for processing immediately.
- Due diligence, however, may be done before granting the refunds on merits, considering all the relevant legal provisions and circulars

Expediting pending refund claims (Contd)

- **Instruction No. 2/1/2020-GST dated 9th April 2020**
- For facilitation of taxpayers, all communication must be done using official email IDs. It may please be noted that the prescribed process doesn't warrant any physical submission of documents and any such practice must be avoided.
- So far as the IGST Refunds of the exporters in whose case the / scrolls have been suspended base don instructions from DGARM, extant procedure prescribed vide letter dated 23.01.2020 shall continue to be followed.
- Daily monitoring of disposal of pending refund claims should be done by the Zonal Pr. Chief Commissioner/Chief Commissioners and efforts should be made to dispose off all the pending refund claims by 30th April 2020.

Clarifications in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws on account of the measures taken to prevent the spread of Novel Corona Virus (COVID-19)
(Circular No. 137/07/2020-GST dated 13th April 2020)

Refund of GST paid on advance consequent to cancellation of order

- **Advance received by supplier, GST paid and invoice also issued:** In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a “credit note” in terms of section 34 of the CGST Act. He shall declare the details of such credit notes in the return for the month during which such credit note has been issued. The tax liability shall be adjusted in the return subject to conditions of section 34 of the CGST Act. There is no need to file a separate refund claim.
- However, in cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under “Excess payment of tax, if any” through FORM GST RFD-01.

Refund of GST paid on advance consequent to cancellation of order

- **Advance received by supplier, GST paid, receipt voucher issued and invoice not issued:** In case GST is paid by the supplier on advances received for an event which got cancelled subsequently and for which no invoice has been issued in terms of section 31 (2) of the CGST Act, he is required to issue a “refund voucher” in terms of section 31 (3) (e) of the CGST Act read with rule 51 of the CGST Rules.
- The taxpayer can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category “Refund of excess payment of tax”

Refund of GST paid on account of return of goods

- **Goods returned and tax invoice has been issued:** In such a case where the goods supplied by a supplier are returned by the recipient and where tax invoice had been issued, the supplier is required to issue a “credit note” in terms of section 34 of the CGST Act. He shall declare the details of such credit notes in the return for the month during which such credit note has been issued. The tax liability shall be adjusted in the return subject to conditions of section 34 of the CGST Act. There is no need to file a separate refund claim in such a case.
- However, in cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under “Excess payment of tax, if any” through FORM GST RFD-01.

Extension for submission of LUT for 2020-21

- Notification No. 37/2017-Central Tax, dated 04.10.2017, requires LUT to be furnished for a financial year. However, in terms of notification No. 35/2020-Central Tax dated 03.04.2020, where the requirement under the GST Law for furnishing of any report, document, return, statement or such other record falls during between the period from 20.03.2020 to 29.06.2020, has been extended till 30.06.2020.
- Therefore, in terms of Notification No. 35/2020-Central Tax, time limit for filing of LUT for the year 2020-21 shall stand extended to 30.06.2020 and the taxpayer can continue to make the supply without payment of tax under LUT provided that the FORM GST RFD-11 for 2020-21 is furnished on or before 30.06.2020. Taxpayers may quote the reference no of the LUT for the year 2019-20 in the relevant documents.

Due date for TDS under section 51 of CGST Act, 2017

- As per notification No. 35/2020-Central Tax dated 03.04.2020, where the timeline for any compliance required as per section 39(3) and section 51 of the CGST Act, 2017 falls during the period from 20.03.2020 to 29.06.2020, the same has been extended till 30.06.2020.
- Accordingly, the due date for furnishing of return in FORM GSTR-7 along with deposit of tax deducted for the said period has also been extended till 30.06.2020 and no interest under section 50 shall be leviable if tax deducted is deposited by 30.06.2020.

Due date for filing of refund claim

- As per notification No. 35/2020-Central Tax dated 03.04.2020, where the timeline for any compliance required as per section 54(1) of the CGST Act, 2017 falls during the period from 20.03.2020 to 29.06.2020, the same has been extended till 30.06.2020.
- Accordingly, the due date for filing an application for refund falling during the said period has also been extended till 30.06.2020.



GST Portal Updates

Alert for ISDs for data in SAVE stage in their Form GSTR 6

- Changes are being made in the credit utilization criteria in Form GSTR-6, filed by Input Service Distributors (ISDs). These changes are likely to be implemented on the GST portal with effect from 14.04.2020.
- During the implementation of this change, any data which is lying in Form GSTR-6 of ISDs, in saved stage, will be lost. Thus, if there is some data, filled up in Form GSTR-6 and is in saved stage (which is not Submitted so far), that data will not be available to ISD, in their Form GSTR 6, for its further use. ISD will be required to fill up this data (which was in Saved stage and now lost due to implementation of change) again in their Form GSTR 6.
- All the Input Service Distributors (ISDs) are, therefore, requested to take note of this and take suitable action accordingly.

New Functionality

- **Registration for TCS taxpayers: Registration in a State/ UT with address of Head Office – changes in Form GST REG-07**
- The GST law requires an entity to obtain registration for TCS in each State /UT, where it has an obligation to collect TCS. The E-Commerce operators were facing a challenge of having to obtain registration as TCS deductors in some States/ UTs as they did not have any physical presence in those States/UTs.
- To address the same, changes have been implemented on the GST Portal w.e.f. 1st April, 2020, by modifying registration form for TCS (Form GST REG-07). Now the E-commerce operators not having physical presence in a particular state/UT, could apply for registration as TCS in any State/UT, on basis of their registered Head Office address /premises address, without any physical presence in those States/UTs.

- **Opting for Composition Scheme**
- Alert for taxpayers about non-eligibility of certain Commodities, for opting for composition, while filing Form GST REG 01 & Form GST CMP 02 or filing any non-core amendment related to option for composition
- Taxpayers opting for composition and engaged in manufacturing of commodities, will be shown an alert, if they are manufacturer of certain commodities like Pan Masala, Tobacco, Ice cream etc or not. Only when they confirm that they are not manufacturer of these commodities, that they will be allowed to proceed further and opt for composition.

THANK YOU