

GST Update

Weekly Update
01.02.2020

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 25.01.2020. 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

GST Revenue collections for January, 2020

- The gross GST revenue collected in the month of January, 2020 is ₹ **1,10,828 crore** of which CGST is ₹ **20,944 crore**, SGST is ₹ **28,224 crore**, IGST is ₹ **53,013 crore** (including ₹ **23,481 crore** collected on imports) and Cess is ₹ **8,637 crore** (including ₹ **824 crore** collected on imports). The total number of GSTR 3B Returns filed for the month of December up to 31st January, 2020 is **83 lakh (prov)**.
- The GST revenues during the month of January, 2020 from domestic transactions has shown an impressive growth of 12% over the revenue during the month of January, 2019. Taking into account the IGST collected from imports of goods, the total revenue during January, 2020 has increased by 8% in comparison to the revenue during January, 2019. This is only second time since introduction of GST that the monthly revenues have crossed ₹ 1.1 lakh crore.

GST Revenue collections for January, 2020

State	Jan-19	Jan-20	Growth
Lakshadweep	1	3	150%
Nagaland	17	32	84%
Manipur	24	35	48%
Arunachal Pradesh	38	52	36%
Meghalaya	104	128	24%
Chandigarh	159	195	22%
Gujrat	6,185	7,330	19%
Maharashtra	15,151	18,085	19%
Telangana	3,195	3,787	19%
Puducherry	159	188	18%
Kerala	1,584	1,859	17%
Daman and Diu	101	117	16%

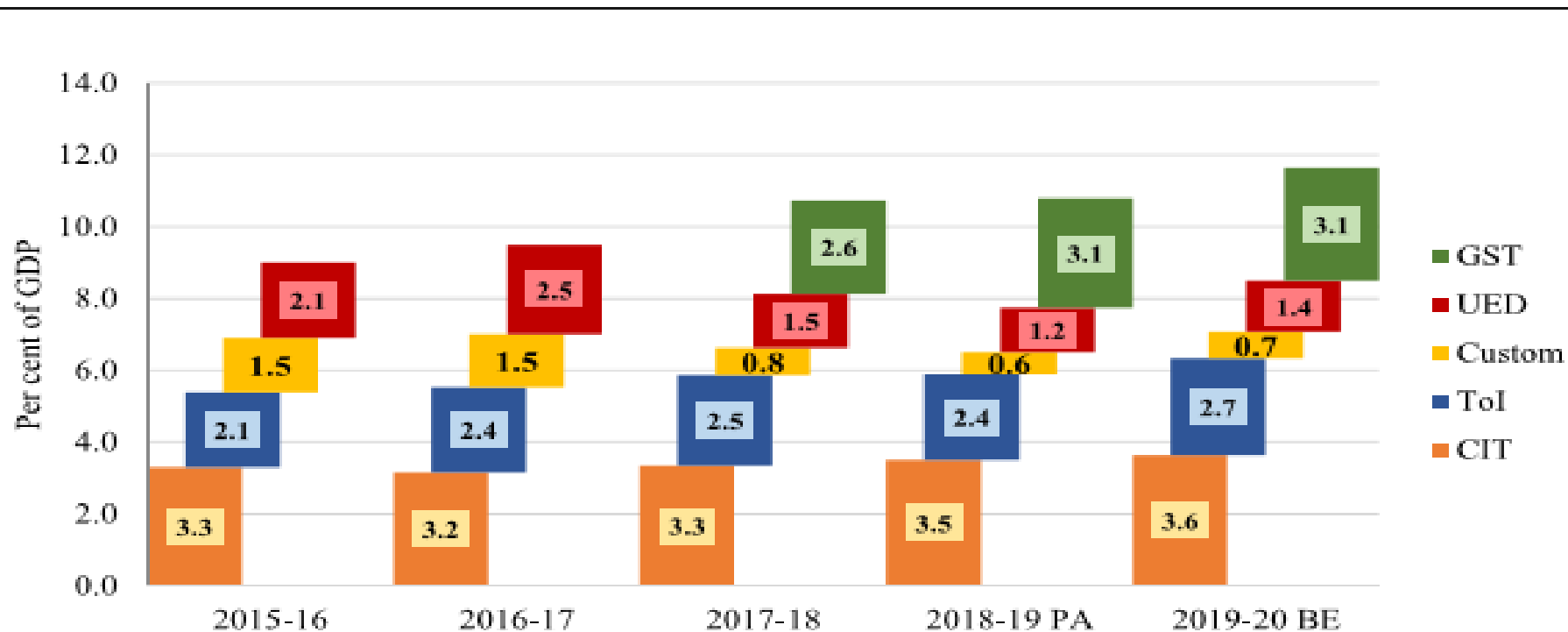
GST Revenue collections for January, 2020

State	Jan-19	Jan-20	Growth
Haryana	4,815	5,487	14%
Delhi	3,525	3,967	13%
Jammu and Kashmir	331	371	12%
Sikkim	176	194	11%
Madhya Pradesh	2,414	2,674	11%
Goa	394	437	11%
Punjab	1,216	1,340	10%
Uttarakhand	1,146	1,257	10%
Rajasthan	2,776	3,030	9%
Andhra Pradesh	2,159	2,356	9%
Bihar	1,039	1,122	8%
Tripura	52	56	8%

GST Revenue collections for January, 2020

State	Jan-19	Jan-20	Growth
Tamil Nadu	6,201	6,703	8%
West Bengal	3,495	3,747	7%
Odisha	2,338	2,504	7%
Himachal Pradesh	647	675	4%
Uttar Pradesh	5,485	5,698	4%
Assam	787	820	4%
Chhattisgarh	2,064	2,155	4%
Karnataka	7,329	7,605	4%
Jharkhand	1,965	2,027	3%
Dadra and Nagar Haveli	173	165	-5%
Mizoram	26	24	-8%
Andaman and Nicobar Island	35	30	-13%

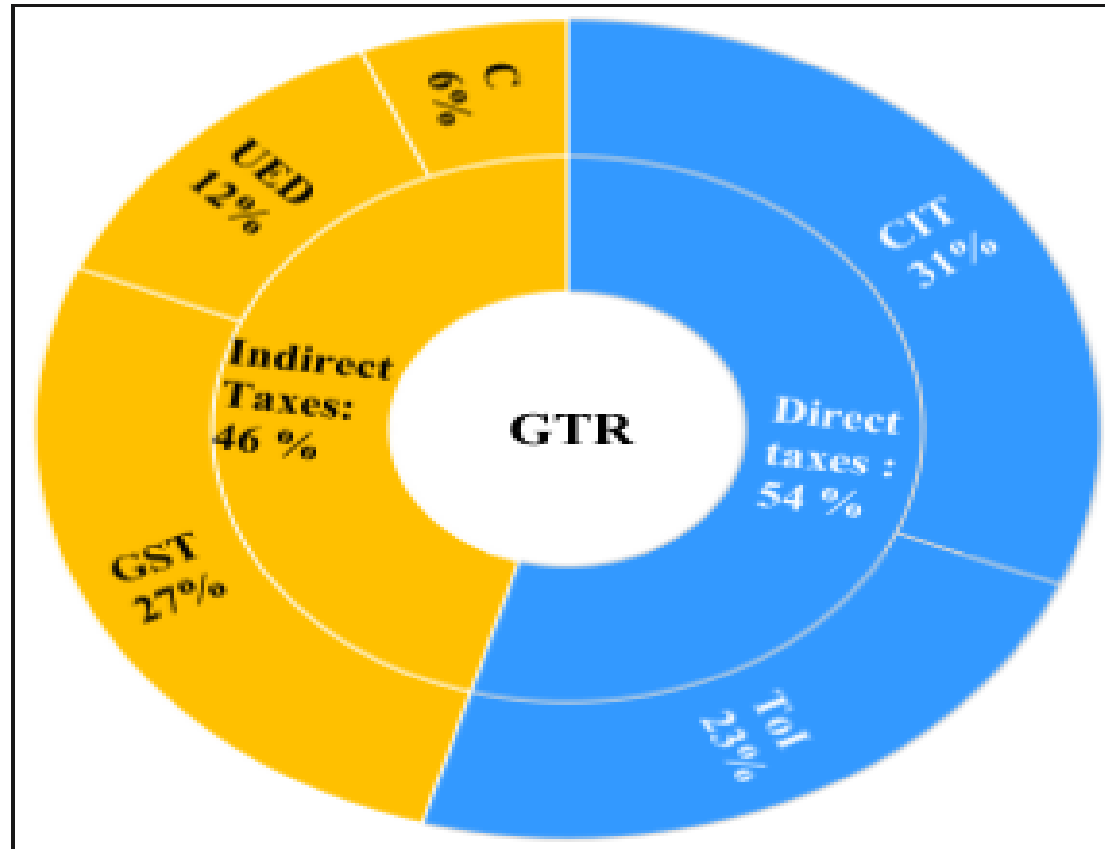
Figure 4: Taxes as a percent of GDP



Source: Union Budget Documents & CGA

Note: 1. CIT: Corporation Tax, ToI: Taxes on Income other than Corporation Tax (includes STT), UED: Union Excise Duties, GST: Goods and Services Tax, 2. GST includes CGST, IGST and Compensation Cess

Figure 3: Composition of taxes in Gross Tax Revenue in 2019-20 BE



Source: Union Budget Documents & CGA
 GTR: Gross Tax Revenue, CIT: Corporation Tax,
 ToI: Taxes on Income other than Corporation Tax
 (includes STT), C: Customs, UED: Union Excise
 Duties, GST: Goods and Services Tax

Proposed amendment to CGST Act, 2017 & IGST Act, 2017

[Clause 116 to 129 of Finance Bill, 2020]

[These sections shall come into force on such date as
the Central Government may, by notification in the
Official Gazette, appoint]

- A simplified return shall be implemented from the 1st April, 2020
- Refund process has been simplified and has been made fully automated with no human interface
- Electronic invoice is another innovation wherein critical information shall be captured electronically in a centralized system. It will be implemented in a phased manner starting from this month itself on optional basis. It will facilitate compliance and return filing.
- Improving Compliance: Aadhaar based verification of taxpayers is being introduced. This will help in weeding out dummy or non-existent units.
- Dynamic QR-code is proposed for consumer invoices.

- GST parameters will be captured when payment for purchases is made through the QR-code.
- A system of cash reward is envisaged to incentivise customers to seek invoice.
- Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system.
- Invoice and input tax credit matching is being done wherein returns having mismatch more than 10 percent or above a threshold are identified and pursued. Significant policy level changes have also been made.
- GST rate structure is also being deliberated so as to address issues like inverted duty structure.

Definition of Union Territory

- Section 2(114) of CGST Act, 2017: for clause (c) and (d), following substituted-
 - (c) *Dadra and Nagar Haveli and Daman and Diu*;
 - (d) ~~*Daman and Diu*~~ *Ladakh*;
- Thus, the definition of Union Territory gets aligned with Jammu and Kashmir Reorganization Act, 2019 and Dadra and Nagar Haveli and Daman and Diu (Merger of Union territories) Act, 2019

Section 10- Composition Scheme

- In section 10(2) of the CGST Act, in clauses (b), (c) and (d), after the words “*of goods*”, the words “*or services*” shall be inserted
- Thus, the conditions for eligibility to pay tax under composition are harmonised and certain categories of taxable persons, engaged in making-
 - supply of services not leviable to tax under the CGST Act, or
 - inter-State outward supply of services, or
 - outward supply of services through an e-Commerce operator.
- Are excluded from the ambit of the Composition scheme.

Section 16(4)- Time limit for taking credit of debit note

- In section 16(4) of the CGST Act, the words “invoice relating to such” shall be omitted.
- Thus, the date of issuance of debit note is delinked from the date of issuance of the underlying invoice for purposes of availing input tax credit.

- Section 29(1) of the CGST Act, for clause (c), the following clause shall be substituted, namely:—
- *“(c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25:”*
- Thus, now it also provides for cancellation of registration which has been obtained voluntarily under section 25(3)

Section 30(1)- Time limit for revocation of cancellation of registration

- Section 30(1) of the CGST Act (Revocation of cancellation of registration)
 - Time limit of 30 days to apply for revocation of cancellation of registration ,
 - Made extendable by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days and by the Commissioner, for a further period not exceeding thirty days

Section 31- Invoice

- Section 31(2) of the CGST Act, for the proviso, the following proviso shall be substituted, namely:—
 - “Provided that the Government may, on the recommendations of the Council, by notification,— (a) *specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed*; (b) subject to the condition mentioned therein, specify the categories of services in respect of which— (i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or (ii) tax invoice may not be issued.”.

TDS- Section 51(3) & (4)

- Section 51 of the CGST Act,— (a) for sub-section (3), the following sub-section shall be substituted, namely:—
 - *“(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.*
 - Earlier sub-sections (3) and (4) which provided for requirement of issuing TDS certificate on deductor and provision for late fees for not issuing such certificate with in five days are deleted

Amendment of section 122

- In section 122 of the CGST, after sub-section (1), the following sub-section shall be inserted, namely:—
- *“(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.*
- Thus, it makes the beneficiary of the transactions of passing on or availing fraudulent Input Tax Credit liable for penalty similar to the penalty leviable on the person who commits such specified offences.

Amendment of section 132

- Section 132 of the CGST Act, in sub-section (1),—
- (i) for the words “Whoever commits any of the following offences”, the words “Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences” shall be substituted;
- (ii) for clause (c), the following clause shall be substituted, namely:— “(c) avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill;”;
- (iii) in sub-clause (e), the words “, fraudulently avails input tax credit” shall be omitted.

Amendment to Section 140- Transition Provisions

- Section 140 of the CGST Act is being amended retrospectively w.e.f 01.07.17, to prescribe the manner and **time limit** for taking transitional credit
- Sub-sections (1), (2), (3), (5), (6), (7), (8), (9) of sec. 140 are proposed to be amended retrospectively from 1st July 2017 to enable the government to provide by rules **the time limits** to file TRAN-1 and for other compliances

Section 168- Power to issue instructions or directions

- Section 168(2) of the CGST Act, in sub-section (2), for the words, brackets and figures “*sub-section (5) of section 66, sub-section (1) of section 143*”, the words, brackets and figures “*sub-section (1) of section 143, except the second proviso thereof*” shall be substituted.
- Thus, the jurisdictional commissioner (Earlier Commissioner or Joint Secretary posted in the Board was empowered) is now empowered to exercise powers under section 66(5) [Expenses of the examination and audit of records under Special Audit including the remuneration of such chartered accountant or cost accountant] and second proviso to section 143(1) [Extension of time period of one or three years for return of goods/ capital goods sent for job work]

- In section 172(1) of the CGST Act, in the proviso, for the words “three years”, the words “five years” shall be substituted.
- Thus, it enables issuance of removal of difficulties(ROD) order for another 2 years, i.e. till five years from the date of commencement of the said Act
- Similarly Section 25 of the IGST Act is being amended to make provision for enabling the issuance of removal of difficulties orders for another 2 years, i.e. till five years.

Amendment to Schedule II

- In Schedule II to the CGST Act, in paragraph 4, the words “whether or not for a consideration,” at both the places where they occur, shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.
- Schedule II cannot include a transaction, without consideration, because then it would not be a supply at all in the first place. Schedule II, issued under section 7(1)(d) is meant only for the purpose of classification of a transaction either as a supply of goods or as a supply of services
- Thus, para 4 is being corrected retrospectively from 1st July 2017

Retrospective exemption from, or levy or collection in certain cases

- No central tax shall be levied or collected in respect of supply of fishmeal (falling under heading 2301), during the period commencing from the 1st July, 2017 to 30th September, 2019 (both days inclusive);
- Central tax at the rate of six per cent(12%- IGST/ CGST + SGST) shall be levied or collected in respect of supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery (falling under headings 8432, 8433 and 8436), during the period from 1st July, 2017 to 31st December, 2018 (both days inclusive).
- No refund shall be made of all such tax which has been collected, but which would not have been so collected, had the above been in force at all material times

Annual return due dates

- The due dates for furnishing GST Annual Return and Reconciliation Statement (GSTR-9 / 9A and GSTR-9C) for FY 2017-18 extended in a staggered manner for different groups of States as under.
- Group 1: Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Puducherry, Telangana, Andhra Pradesh, Other Territory –
 - 3rd February 2020
- Group 2: Jammu and Kashmir, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Gujarat-
 - 5th February 2020.
- Group 3: Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Andaman & Nicobar Islands, Jharkhand, Odisha, Chhattisgarh, Dadra and Nagar Haveli and Daman and Diu, Lakshadweep, Madhya Pradesh, Uttar Pradesh-
 - 7th February 2020

Any ISSUES/ queries?



- <https://cbec-gst.gov.in/>
- [CBEC MITRA HELPDESK](#)
 - 1800 1200 232
 - cbecmitra.helpdesk@icegate.gov.in
- GSTN Help Desk
 - <https://selfservice.gstsystem.in/> - Grievance redressal portal
 - Help Desk Number: 0120-4888999

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