

GST Update

Weekly Update
05.02.2022

Background

- This Presentation covers the GST changes/observations/press releases released by CBEC since the last update on 08.01.2021. 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

- **PIB Press release dated 31st January 2022.**
- The gross GST revenue collected January 2022 **till 3 PM** on 31.01.2022 is **Rs 1,38,394 crore** of which **CGST is Rs 24,674 crore**, **SGST is Rs 32,016 crore**, **IGST is Rs 72,030 crore** (including **Rs 35,181 crore** collected on import of goods) and **cess is Rs 9,674 crore** (including **Rs 517 crore** collected on import of goods). The highest monthly GST collection has been **Rs 1,39,708 crore** in the month of April 2021. The total number of **GSTR-3B** returns filed up to 30th January 2022 is **1.05 crore** that includes **36 lakh** quarterly returns
- The revenues for the month of January 2022 are **15% higher** than the GST revenues in the same month last year and **25% higher** than the GST revenues in January 2020. During the month, revenues from import of goods were **26% higher** and the revenues from the domestic transactions (including import of services) are **12% higher** than the revenues from these sources during the same month last year.

Proposed Amendments in CGST Act 2017

Amendments in GST Acts



- Certain changes have been proposed in the CGST Act through Finance Bill, 2022 **based on the recommendations made by the GST Council.**
- The Amendments pertaining to GST law are mainly in **Clause 99 to 113** of the Finance Bill, 2022, which will come into effect from a date to be notified in coordination with the States and Union Territories with the legislature.
 - The main emphasis of these amendments is to **align the legal provisions in the Act with the present GSTR-1/GSTR-3B return filing system.**
 - Besides, some of the amendments pertain to trade facilitation and compliance-related measures.
- There are some retrospective amendments in notifications proposed through **Clause 114, 115, 118 and 121** of Finance bill 2022, which will come into effect on the date of its enactment.

- **Section 29** is proposed to be amended so as to provide that the registration of a person **is liable for cancellation**, where –
 - A person under composition scheme has not furnished the return for a financial year beyond three months from the due date;
 - A person, other than under composition scheme, has not furnished returns for such continuous tax period as may be prescribed
- **Section 47** is proposed to be amended so as to provide for **levy of late fee for delayed filing of GSTR-8 return** by persons deducting TCS under section 52
- **Section 49** is proposed to be amended to provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

Trade Facilitation Measures

- **Section 49** of the CGST Act is proposed to be amended **to allow transfer of amount available in electronic cash ledger** under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a **distinct person**.
 - It will help in improving the liquidity of all those taxpayers who have got multiple registrations in different states.
- **Section 50(3)** is proposed to be amended retrospectively, **w.e.f. 01.07.2017**, to provide that **interest** would be charged on the ineligible input tax credit, only when such credit has been **availed as well as utilized**.
- **Also, the rate of interest** notified under **Section 50(3)** is proposed to be reduced retrospectively, **w.e.f. 01.07.2017 to 18% per annum** from the existing rate of 24% per annum.
 - It will help in the removal of ambiguity and legal disputes on the issue, thus benefiting taxpayers at large.

- **Section 54** is proposed to be amended to :
 - **Increase the time limit for claiming refund** of tax paid on inward supplies of goods or services by a specialized agency of the United Nation/Diplomatic missions, etc. to two years from the last day of the quarter in which the said supply is received.
 - To **provide clarity regarding the relevant date for filing refund claim** in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone Unit.
 - To **provide clarity** regarding the manner of availing **refund of balance in electronic cash ledger**.
- It will help in removing doubts and legal disputes, and also for aligning the provisions of sub-section (2) with sub-section(1) of Section 54

- The **time limit** for the following compliances in respect of a particular FY has been proposed to be **extended and fixed to 30th November**, of the next financial year:
 - **Section 16(4)** : Claiming of ITS in respect of any invoice or debit note
 - **Section 34(2)** : Issuance of credit note and declaration of details thereof
 - **Section 37(3)** : Rectification of particulars in details of outward supplies
 - **Section 39(9)** : Rectification of particulars furnished in a return
 - **Section 52(6)** : Rectification of particulars in the statement furnished by TCS operator
- It will help in-
 - Making the **timelines synchronous** across various sections of the Act, and
 - would provide **additional time to taxpayers** for rectification of errors in GSTR-1/GSTR-3B/GSTR-8 or for availing ITS, etc.

Proposals to Streamline return filing under GST

- Amendments are proposed in CGST Act to align the legal provisions relating to return filing in GST with the present **GST-1/GSTR-3B** return filing system.
 - **Section 37** of the CGST Act is proposed to be amended.
 - ✓ To provide for tax period-wise sequential filing of GSTR-1
 - ✓ To do away with two-way communication process in return filing
 - **Section 38** of the CGST Act is proposed to be substituted for;
 - ✓ Communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement.
 - ✓ Such auto-generated statement to contain the details of inward supplies in respect of which input tax credit may be availed and the details of supplies on which input tax credit cannot be availed by the recipient.

Proposals to Streamline return filing under GST (Contd)

- **Section 16** of the CGST Act is being amended to provide that input tax credit with respect to a supply can be availed only if such credit has not been restricted in the details communicated to the taxpayer under Section 38
- **Section 39** is proposed to be amended.
 - ✓ To provide for the mandatory requirement of filing of GSTR-1 before filing of GSTR-3B return for a tax period
 - ✓ To change the due date of filing of return of a month by Non-Resident Taxable person to 13th of the following month

Proposals to Streamline return filing under GST (Contd)

- **Section 41** of the CGST Act is proposed to be substituted so as:
 - ✓ To do away with the concept of “claim” of eligible input tax credit on a “provisional” basis
 - ✓ To provide for availment of self-assessed input tax credit subject to such conditions and restrictions as may be prescribed
 - ✓ To provide for a mechanism for reversal of input tax credit if tax thereon has not been paid by the supplier.
- **Section 42,43, and 43A** of the CGST Act are being omitted so as to do away with –
 - ✓ The concept of “claim” of eligible input tax credit on a “provisional” basis and subsequent matching, reversal and reclaim of such credit.
 - ✓ Concept of matching, reversal and reclaim of reduction in output tax liability
 - ✓ Two-way communication in return filing.



GST Portal Updates

(www.gst.gov.in)

- **Deployment of Interest Calculator in GSTR-3B**
- This functionality will facilitate & assist the taxpayers in doing self-assessment.
- This functionality arrives at the system computed interest on the basis of the tax liability values declared by the taxpayers, along with the details about the period to which it pertains.
- The interest applicable, if any, will be computed after the filing of the said GSTR-3B and will be auto-populated in Table-5.1 of the GSTR-3B of the next tax period.
- The facility would be similar to the collection of Late fees for GSTR-3B, filed after the Due date, posted in the next period's GSTR-3B.
- This functionality will inform the taxpayers about the manner of system computed interest for each tax-head and hence will assist the taxpayers in doing correct computation of interest for the tax liability of any past period declared in the GSTR-3B for the current tax period.

- **Aadhaar authentication made mandatory for filing of Revocation application in Form REG-21 by Normal Taxpayers**
- Normal taxpayers will now not be able to file Revocation application in Form REG-21 if they have not got their Aadhaar authentication done/e-KYC verified with Aadhaar enrolment ID.
- **Submission of Aadhaar enrolment ID for e- KYC verification for Existing and New registrations**
- Existing taxpayers as well as persons/entities applying for new registration, are now mandatorily required to provide Aadhaar enrolment ID no. for e-KYC verification.

- **Triggering of alerts to Returns Module in case of change in status/ category of Taxpayer**
- Now, an appropriate alert will be displayed in the Returns Module to the taxpayers whenever the status of the taxpayer or taxpayer category is changed due to following actions by tax officer at BO in Registration Module:
 - Registration restoration happens through Restoration of Registration functionality in back-office portal for registration applications, revocation applications and cancellation applications
 - Compulsory withdrawal from composition Levy.

Revocation of cancellation of registration

- **Filing of application for revocation of cancellation of registration**
- The taxpayers can file an application for revocation of cancellation of registration done by the Tax Official suo moto, within 30 calendar days from the date on which Cancellation Order was passed.
- Vide Notn No. 15/2021- CT dated 18.05.2021, Rule 23 of CGST Rules was amended. The amended provisions provide for extension of time limit for applying for revocation of cancellation of registration on sufficient cause.
- The taxpayers is now able to file revocation application even after 30 calendar days (but within 90 calendar days) from the date on which Cancellation Order was passed. To do so they require to fill additional fields such as Reason for Condonation for delay and can also add supporting documents.
- In such cases their application will be forwarded to the Competent Authority for condonation of delay and post approval of the competent authority will get assigned to respective Jurisdictional Authority for processing after condonation of delay.

- **Reduction in the frequency of filing of statement in Form ITC-04, based on aggregate turnover**
- Earlier, the taxpayers sending the goods for job work were required to file details of goods, sent and received back or disposed of from the business place of the job worker, in Form GST ITC-04 on a quarterly basis.
- The Law Committee, in its meeting held on 30-06-2021, decided to make the frequency of filing Form GST ITC-04 either half yearly or annual, based on aggregate turnover of preceding financial year.
- Now the taxpayers having aggregate turnover exceeding Rs. 5 Cr in the preceding year will be required to file Form ITC04 on a half yearly basis whereas all other taxpayers would be required to file it on annual basis.

Returns

- **Blocking filing of statement of outward supplies in Form GSTR1 in case of non-filing of returns in Form GSTR-3B for the preceding tax period**
- Changes have been implemented on the portal in terms of Notification No 35/2021-CT, dated 24th Sept., 2021, amending rule 59 (6) (a) & (b) of the CGST Act.
- Consequently, w.e.f. 1st January 2022, GSTR-1/IFF filing for a particular period will now be allowed for normal taxpayers (including monthly and quarterly filers) only if the taxpayers have filed the return in FORM GSTR-3B for the preceding tax period.

- **Changes in the messages displayed to the taxpayer after applying for Refund Form RFD-01**
- Important changes in messages displayed to taxpayers in the “Track Application Status” utility for Refund applications are:
- For NIL refund filers, the new message reads “No Further processing is required since it is NIL refund application”.
- Once the taxpayer has updated bank account details, the Update Bank account button is disabled. The user receives an error message, “The bank account has already been updated by you. Kindly wait till it is validated”.
- Now, under basic details, the tax period is also shown in pre-login (after Category row), depending on the category of refund; And the GSTIN will also be displayed in both pre and post-login (just before ARN).
- The transmission date on the track page will show timestamp.
- The status of refund order issued in Form RFD-06 will give statuses as ‘Refund Sanctioned in RFD-06’, or ‘Refund Partially Sanctioned in RFD-06’ or ‘RFD-06 issued, Refund rejected’

Refund

- **Aadhaar authentication made mandatory for filing of refund of IGST paid on export of goods and filing of refund application in Form RFD-01 in other cases**
- Now, GST System will transmit the export invoice details of taxpayer to ICEGATE for processing the IGST refund only if Aadhaar authentication or uploading of e-KYC documents have been successfully done. Therefore, system will not transmit export invoice details to ICEGATE if taxpayer has not undergone Aadhaar authentication or uploaded e-KYC documents (to mandatorily include Aadhaar enrolment ID).
- Similarly, the taxpayer will now not be able to file applications for refund in Form RFD-01, in case they have not undergone Aadhaar authentication or uploaded e-KYC documents (to mandatorily include Aadhaar enrolment ID). In case such taxpayers initiate an application for refund, they will be displayed suitable error messages.



THANK YOU