

GST Update

Weekly Update
07.08.2021

Background

- This Presentation covers the GST changes / observations/ press releases released by CBEC since the last update on 10.07.2021. 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 July 2021

- **PIB Press release dated 1st August 2021.**
- The gross GST revenue collected in the month of **July 2021** is ₹ **1,16,393 crore** of which **CGST** is ₹ **22,197 crore**, **SGST** is ₹ **28,541 crore**, **IGST** is ₹ **57,864 crore** (including ₹ **27,900 crore** collected on import of goods) and Cess is ₹ **7,790 crore** (including ₹ **815 crore** collected on import of goods).
- The GST collection for the returns filed between 1st July to 5th July 2021 of ₹ 4,937 crore had also been included in the GST collection in the press note for the month of June 2021 since taxpayers were given various relief measures in the form of waiver/reduction in interest on delayed return filing for 15 days for the return filing month June 21 for the taxpayers with the aggregate turnover up to Rs. 5 crore in the wake of covid pandemic second wave.

GST Revenue for June 2021

- The revenues for the month of **July 2021** are **33% higher** than the GST revenues in the same month last year. During the month, revenues from import of goods was 36% higher and the revenues from domestic transaction (including import of services) are 32% higher than the revenues during the same month last year.
- GST collection, after posting above Rs. 1 lakh crore mark for eight months in a row, dropped below Rs. 1 lakh crore in June 2021 as the collections during the month of June 2021 predominantly related to the month of May 2021 and during May 2021, most of the States/UTs were under either complete or partial lock down due to COVID. With the easing out of COVID restrictions, GST collection for July 2021 has again crossed ₹1 lakh crore, which indicates that the economy is recovering at a fast pace.

Changes in Annual Return and Reconciliation Filings

(Amendment to section 35 and 44 of CGST Act, 2017;
Notification No. 29 to 31 of 2021- Central Tax dated
30th July 2021)

- **Notification No. 29/2021 – Central Tax dated 30th July 2021**
- In section 35 of the CGST Act, sub-section (5) omitted w.e.f 1st August 2021
- Compliance obligation of mandatory requirement of getting annual accounts audited and submitting reconciliation statement by specified professional removed to allow self-certification.
- Before removal of Section 35(5), every registered person whose turnover during a financial year exceeded the prescribed limit of Rs. 2 crore, was required to get his accounts audited by a chartered accountant or a cost accountant and submit a copy of the audited annual accounts, the reconciliation statement under section 44(2) and such other documents in such form and manner as prescribed in CGST Rules.

Audit of accounts by Professionals (Contd)

- **Notification No. 29/2021 – Central Tax dated 30th July 2021**
- Section 44 - Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed:
- Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section:

- **Notification No. 31/2021 – Central Tax dated 30th July 2021**
- Effective w.e.f 1st August 2021
- Exempts taxpayers having annual aggregate turnover up to Rs. 2 crores from the requirement of furnishing annual return for FY 2020-21.
- **Notification No. 30/2021 – Central Tax dated 30th July 2021**
- The existing Rule 80 replaced for making the requisite amendments in Form GSTR-9 & Form GSTR-9C. The default due date as per rule 80 shall be 31st December following the FY. Rule 80 provides for exemption from GSTR-9C to taxpayers having AATO up to Rs. 5 crores.
- Any person paying tax under composition scheme under section 10 shall furnish the annual return in GSTR-9A

Changes in annual return mechanism (Contd)

- **Notification No. 30/2021 – Central Tax dated 30th July 2021**
- Ecommerce operator required to collect tax at source under section 52 shall furnish annual statement in FORM GSTR - 9B.
- Every registered person, other than those referred to in the second proviso to section 44, an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, whose aggregate turnover during a financial year exceeds five crore rupees, shall also furnish a self-certified reconciliation statement as specified under section 44 in FORM GSTR-9C along with the annual return, on or before 31st December following the end of such FY, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

IGST on goods re-imported after being exported for repairs

(Circular No. 16/2021-Customs dated 19th July 2021; Notification Nos. 45/2017-Customs and 46/2017-Customs, both dated 30th June 2017; Notifications No. 36 & 37- Customs dated 19th July 2021)

IGST on repair cost, insurance and freight, on goods re-imported after being exported for repairs

- The GST Council, at the time of roll out of GST decided to continue the concession as were available under the said notification No. 94/96-Cus, with only consequential amendment, i.e, replacing additional duties of customs with IGST and Compensation cess, as discussed in the 14th Meeting of the GST Council.
- Accordingly, under GST, IGST and Compensation cess were made applicable on the value of repairs, plus insurance and freight on re-import of goods sent abroad for repair.

CESTAT Order



- Recently, in the matter of M/s Interglobe Aviation Limited versus Commissioner of Customs, in its Final Order Nos. 51226-51571/2020 dated the 2nd November 2020 {2020 (43) G.S.T.L. 410 (Tri. - Del.)}, the Hon'ble CESTAT Principal Bench, New Delhi on analysis of notification No. 45/2017-Customs, has interpreted that intention of legislation was only to impose basic customs duty on the fair cost of repair charges, freight and insurance charges on such imports of goods after repair. The Hon'ble CESTAT has thus concluded that integrated tax and compensation cess on such goods would be wholly exempt.
- An appeal has been preferred by the Department before the Hon'ble Supreme Court against the said Order.

GST Council clarification



- Accordingly, as recommended by the GST Council, in its 43rd meeting, it is clarified that notification Nos. 45/2017-Customs and 46/2017-Customs, both dated the 30th June 2017 were issued to implement the decision of the GST Council taken earlier, that re-import of goods sent abroad for repair attracts IGST on a value equal to the repair value, insurance and freight.
- Further, in the light of the recommendations of the GST Council in its 43rd Meeting, a clarificatory amendment has been made in the said notifications, vide notification Nos. 36/2021-Customs and 37/2021- Customs, both dated 19th July 2021, without prejudice to the leviability of IGST, as above, on such imports as it stood before the amendment.

Clarificatory amendment

- **Notifications Nos. 36/2021-Customs and 37/2021- Customs, both dated 19th July 2021**
- Following clause (d) inserted in Notifications No. 45 & 46 – Customs
- (d) on the recommendation of the GST Council, for removal of doubt, it is clarified that the goods mentioned at serial number 2 & 3 of the table, are leviable to Integrated tax and cess, as leviable under the Customs Tariff Act, besides the Customs duty as specified in the said First schedule, calculated on the value as specified in column (3), and the exemption, under said serial numbers, is only from the amount of said tax, cess and duty over and above the amount so calculated.

IGST on repair cost, insurance and freight, on goods re-imported after being exported for repairs

- Thus, Integrated tax and Compensation cess shall be leviable on goods re-imported after being exported for repairs at a value-
- The fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways



GST Portal Updates

(www.gst.gov.in)

Filing of Annual returns by composition taxpayers. - Negative Liability in GSTR-4

- **Filing of Annual returns by composition taxpayers. - Negative Liability in GSTR-4** Instances have come to notice where taxpayers are reporting negative liability appearing in their GSTR-4
- **Background:** Since FY 2019-20, composition taxpayers has to pay the liability through Form GST CMP-08 on quarterly basis while GSTR-4 Return is required to be filed on annual basis after end of a FY.
- **Reason of Negative Liability in GSTR4:** The liability of the complete year is required to be declared in GSTR-4 under applicable tax rates. Taxpayers should fill up table 6 of GSTR-4 mandatorily. In case, there is no liability, the said table may be filled up with '0' value. If no liability is declared in table 6, it is presumed that no liability is required to be paid, even though, taxpayer may have paid the liability through Form GST CMP-08. In such cases, liability paid through GST CMP-08 becomes excess tax paid and moves to Negative Liability Statement for utilization of same for subsequent tax period's liability.

Filing of Annual returns by composition taxpayers. - Negative Liability in GSTR-4 (Contd)

- **What the taxpayer did wrongly:** Liability paid through Form GST CMP-08 is auto-populated in table 5 of the GSTR-4 for convenience of the taxpayers. Taxpayers who do not fill up table 6 of GSTR-4 i.e. no liability is declared, even though, taxpayer may have paid the liability through Form GST CMP-08; since the 'Tax payable' in GSTR-4 is computed after reducing the liability declared in GST CMP-08 and then auto-populated in table 5. Thus, if nothing is declared in table 6, then the negative liability entry appears in GSTR-4.
- **How to proceed in case of negative liability:** If table 6 of GSTR-4 has not been filled due to oversight, a ticket may be raised to nullify the amount available in negative liability statement. If there is no liability to be paid during the year, the liability paid through Form GST CMP-08 shall move to negative liability statement and the same excess amount can be utilised to pay the liability of future tax periods.

New functionality on Annual Aggregate Turnover (AATO)

GSTN has implemented a new functionality on taxpayers' dashboards with the following features:

- The taxpayers can now see the exact Annual Aggregate Turnover (AATO) for the previous FY, instead of just the two slabs of Above or Upto Rs. 5 Cr.
- The taxpayers can also see the Aggregate Turnover of the current FY based on the returns filed till date.
- The taxpayers have also now been provided with the **facility of turnover update** in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records.
- This facility of turnover update shall be provided to all the GSTINs registered on a common PAN. All the changes by any of the GSTINs in their turnover shall be summed up for computation of Annual Aggregate Turnover for each of the GSTINs
- The taxpayer can amend the turnover **twice within** a period of **one month** from the date of roll out of this functionality. Thereafter, the figures will be sent for review of the Jurisdictional Tax Officer who then can amend the values furnished by the taxpayer.



THANK YOU