

# GST Update

Weekly Update  
10.10.2020

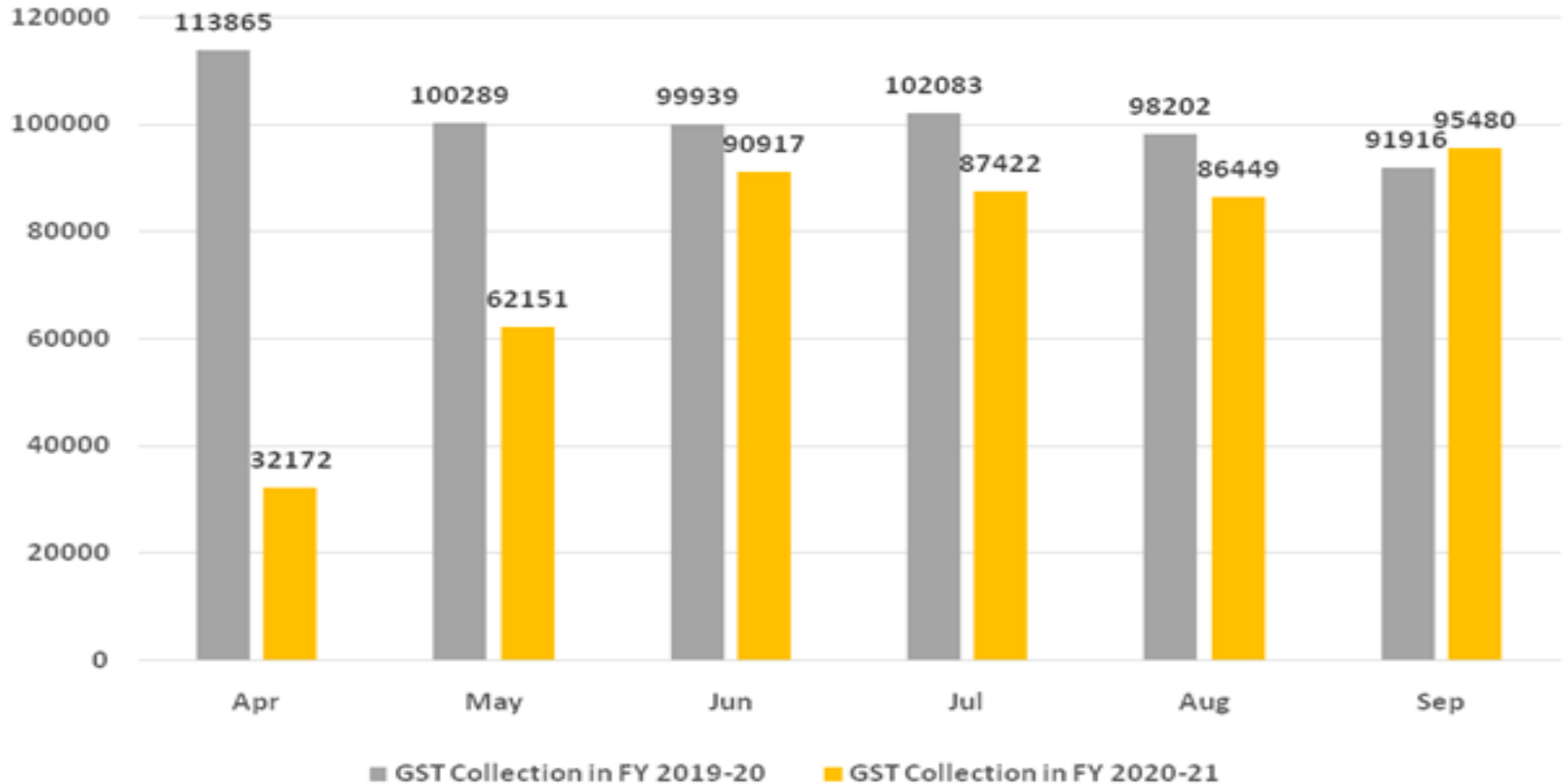
- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 05.09.2020. It supplements the earlier GST Updates. No Updates were released on 12.09.2020, 19.09.2020, 26.09.2020 and 03.10.2020
- This presentation is based 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 collection for September 2020

- <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1660608#:~:text=The%20gross%20GST%20revenue%20collected,collect ed%20on%20import%20of%20goods>).
- The gross GST revenue collected in the month of September 2020 is ₹ 95,480 crore of which CGST is ₹ 17,741 crore, SGST is ₹ 23,131 crore, IGST is ₹ 47,484 crore (including ₹ 22,442 crore collected on import of goods) and Cess is ₹7,124 crore (including ₹ 788 crore collected on import of goods).
- The revenues for the month are 4% higher than the GST revenues in the same month last year. During the month, the revenues from import of goods were 102% and the revenues from domestic transaction (including import of services) were 105 % of the revenues from these sources during the same month last year.

# GST Revenue collection for September 2020 (Contd)

Trends in GST Collection in Rs. crore



# Recommendation of 42<sup>nd</sup> GST Council Meeting

- <http://www.gstcouncil.gov.in/sites/default/files/Press-Dynamic/PIB1661827.pdf>
- Levy of Compensation Cess to be extended beyond the transition period of five years i.e. beyond June, 2022, for such period as may be required to meet the revenue gap.
- Refund to be paid/disbursed in a validated bank account linked with the PAN & Aadhaar of the registrant w.e.f. 01.01.2021. To encourage domestic launching of satellites particularly by young start-ups, the satellite launch services supplied by ISRO, Antrix Corporation Ltd. and NSIL would be exempted.

# Recommendation of 42<sup>nd</sup> GST Council Meeting (Contd)

- Revised Requirement of declaring HSN for goods and SAC for services in invoices and in FORM GSTR-1w.e.f. 01.04.2021 as under:
  - HSN/SAC at 6 digits for supplies of both goods and services for taxpayers with aggregate annual turnover above Rs. 5 crores;
  - HSN/SAC at 4 digits for B2B supplies of both goods and services for taxpayers with aggregate annual turnover upto Rs. 5 crores;
  - Government to have power to notify 8 digit HSN on notified class of supplies by all taxpayers

# Recommendation of 42<sup>nd</sup> GST Council Meeting (Contd)

- Council recommended / decided the following on return filing:
  - Due date of furnishing quarterly GSTR-1 by quarterly taxpayers to be revised to 13th of the month succeeding the quarter w.e.f. 01.1.2021;
  - Roadmap for auto-generation of GSTR-3B from GSTR-1s by:
    - Auto-population of liability from own GSTR-1 w.e.f. 01.01.2021; and
    - Auto-population of ITC from suppliers' GSTR-1s through the newly developed facility in FORM GSTR-2B for monthly filers w.e.f. 01.01.2021 and for quarterly filers w.e.f. 01.04.2021;
  - In order to ensure auto population of ITC and liability in GSTR 3B as detailed above, FORM GSTR 1 would be mandatorily required to be filed before FORM GSTR3B w.e.f. 01.04.2021.
  - The present GSTR-1/3B return filing system to be extended till 31.03.2021 and the GST laws to be amended to make the GSTR-1/3B return filing system as the default return filing system.

# Annual Return (GSTR-9) and Reconciliation Statement (GSTR 9C) for FY 2018-19

- **Notification No. 69/2020 – Central Tax dated 30.09.2020 & CBIC Press release dated 9<sup>th</sup> October 2020**
- Due date for furnishing of the Annual return for the FY 2018-19 has been extended till 31.10.2020.
- It is clarified that the taxpayers are required to report only the values pertaining to Financial Year 2018-19 and the values pertaining to Financial Year 2017-18 which may have already been reported or adjusted are to be ignored.
- No adverse view would be taken in cases where there are variations in returns for taxpayers who have already filed their GSTR-9 of Financial Year 2018-19 by including the details of supplies and ITC pertaining to Financial Year 2017-18 in the Annual return for FY 2018-19.



# Annual Return (GSTR-9) and Reconciliation Statement (GSTR 9C) for FY 2018-19 (Contd)

- **Notification No. 69/2020 – Central Tax dated 30.09.2020 & CBIC Press release dated 9<sup>th</sup> October 2020**
- All the taxpayers are requested to avail the benefit of the extended due date and file their Annual Return (FORM GSTR-9) at the earliest to avoid last minute rush.
- It may be noted that furnishing of the Annual return in FORM GSTR-9 is mandatory only for taxpayers with aggregate annual turnover above Rs. 2 Cr. while reconciliation statement in FORM GSTR9C is to be furnished only by the registered persons having aggregate turnover above Rs. 5 Cr.

- **Notification No. 73/2020 – Central Tax dated 1<sup>st</sup> October 2020**
- **Special procedure for taxpayers for issuance of e-Invoices in the period 01.10.2020 - 31.10.2020**
- Registered persons required to prepare the tax invoice in the manner specified under rule 48(4) of the CGST Rules, 2017, who have prepared tax invoice in a manner other than the said manner, as the class of persons who shall, during the period from the 1<sup>st</sup> October, 2020 to 31<sup>st</sup> October, 2020, follow the special procedure such that the said persons shall obtain an Invoice Reference Number (IRN) for such invoice by uploading specified particulars in FORM GST INV-01 on the Common GST Electronic Portal, within thirty days from the date of such invoice, failing which the same shall not be treated as an invoice.

# Extension of implementation of QR Code

- **Notification No. 71/2020 – Central Tax dated 30<sup>th</sup> September 2020**
- Amends Notification No.14/2020 – Central Tax, dated 21<sup>st</sup> March 2020
- Date of implementation of the Dynamic QR Code for B2C invoices
  - Extended till 01.12.2020.

# Recovery of Interest on Net Cash liability

- Provisions of Section 100 of the Finance Act 2019 ( Interest on delayed payment) shall come into force w.e.f 1<sup>st</sup> September 2020
- In Section 50(1) of the CGST Act, the following proviso inserted, namely:—
- *“Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.”*

# Recovery of Interest on Net Cash liability (Contd)

- **F. No. CBIC/20/10/08/2019-GST, Dated 18.09.2020**
- Administrative instruction for Recovery of Interest on Net Cash liability retrospectively from July 1, 2017
- The provision of section 50 amended vide section 100 of the Finance Act, 2019 to provide for charging Interest on the net cash tax liability, which was based on the recommendations of the 35th meeting of the GST Council has come into effect from September 1, 2020.
- The GST Council, in its 39th meeting, held on 14th March 2020 recommended interest to be charged on the net cash tax liability w.e.f. 01.07.2017 and accordingly recommended the amendment of section 50 of the CGST Act retrospectively w.e.f. July 1, 2017.

# Recovery of Interest on Net Cash liability (Contd)

- In order to implement the decision of the Council in its true spirit, and at the same time working within the present legal framework, it has been decided to address the issue through administrative arrangements as a temporary make-shift arrangement.
  - For the period July 1, 2017 to August 31, 2020 recovery of interest will be restricted only on the net cash tax liability i.e. that portion of the tax that has been paid by debiting the electronic cash Ledger or is payable through cash ledger.
  - Wherever SCNs have been issued on gross tax payable, the same may be kept in the Call Book till the retrospective amendment in section 50 of the CGST Act is carried out.

# Time Limit under section 31(7)

- **Notification No. 66/2020 – Central Tax dated 21<sup>st</sup> September 2020**
- **Time Limit provided under Section 31(7) of the CGST Act 2017**
- Any time limit for completion or compliance of any action, by any person, specified in, or prescribed or notified section 31(7) of the CGST Act in respect of **goods being sent or taken out of India on approval for sale or return**, which falls during the period from the 20th day of March, 2020 to the 30th day of October, 2020, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall stand **extended up to the 31<sup>st</sup> October, 2020**

# Waiver/ reduction in late fee ( GSTR-4)

- **Notification No 67/2020 – Central Tax dated 21<sup>st</sup> September 2020**
- Grants waiver / reduction in late fee for not furnishing FORM GSTR-4 for 2017-18 and 2018-19, subject to the condition that the returns are filled between 22.09.2020 to 31.10.2020.
- The late fee payable under section 47 of the CGST Act waived in excess of Rs. 500/- ( Rs. 250/- each as CGST and SGST) and fully waived where the total amount of central tax payable in the said return is nil, for the registered persons who failed to furnish the return in FORM GSTR-4 for the quarters from July, 2017 to March, 2020 by the due date but furnishes the said return between the period from 22<sup>nd</sup> September 2020 to 31<sup>st</sup> October



# Waiver/ reduction in late fee ( GSTR-4)

- **Notification No 67/2020 – Central Tax dated 21<sup>st</sup> September 2020**

Form	For any Tax period of the FY	Late fees, if Tax liability is NIL	Late fees, in case of any Tax Liability
GSTR-4 (Quarterly Return)	2017-18 & 2018-19	No late Fee	Rs 500 per return (Rs 250 for CGST & Rs 250 for SGST)

**Condition:** GSTR-4 to be filed by 31<sup>st</sup> October 2020

# Waiver/ reduction in late fee ( GSTR-10)

- **Notification No. 68/2020 – Central Tax dated 21<sup>st</sup> September 2020**
- Grants waiver / reduction in late fee for not furnishing FORM GSTR-10, subject to the condition that the returns are filled between 22.09.2020 to 31.12.2020.
- The late fee payable under section 47 of the CGST Act waived which is in excess of Rs. 500/- ( Rs. 250/ each as CGST and SGST), for the registered persons who fail to furnish the return in FORM GSTR-10 by the due date but furnishes the said return between the period from 22<sup>nd</sup> September 2020 to 31<sup>st</sup> December 2020.

# Extension of CGST exemption on transportation services

- **Notification No. 04/2020 – Central Tax( Rate) dated 30<sup>th</sup> September 2020**
- CGST exemption on services by way of transportation of goods by air or by sea from customs station of clearance in India to a place outside India-
  - Extended by one year i.e. up to 30.09.2021.

# Restrictions for availment of ITC under Rule 36(4)

- **Circular No. 142/12/2020- GST dated 9<sup>th</sup> October 2020**
- Earlier, in view of COVID-19 pandemic, Notification No. 30/2020-CT dated April 3, 2020, was issued, which prescribed that the condition made under rule 36(4) of the CGST Rules- provisional tax credit (without invoices on GSTR-2A) can be claimed in the GSTR-3B only to the extent of 10% of eligible ITC reflected in the GSTR-2A) shall apply cumulatively for the tax period February, March, April, May, June, July and August, 2020 and that the return in FORM GSTR-3B for the tax period September, 2020 shall be furnished with the cumulative adjustment of the input tax credit for the said months.

# Restrictions for availment of ITC under Rule 36(4) (Contd)

- **Circular No. 142/12/2020- GST dated 9<sup>th</sup> October 2020**
- Now it has been advised that all taxpayers shall ascertain the details of invoices uploaded by their suppliers under section 37(1) of the CGST Act for the periods of February, March, April, May, June, July, and August, 2020, till the due date of furnishing of the statement in FORM GSTR-1 for the month of September, 2020 as reflected in GSTR-2As.
- Then the taxpayers shall reconcile the ITC availed in their FORM GSTR-3Bs for the period February 2020 to August 2020 with the details of invoices uploaded by their suppliers of the said months, till the due date of furnishing FORM GSTR-1 for the month of September 2020.

# Restrictions for availment of ITC under Rule 36(4) (Contd)

- **Circular No. 142/12/2020- GST dated 9<sup>th</sup> October 2020**
- Thereafter, the availability of 110% of the cumulative value of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under section 37(1) of the CGST Act shall be arrived.
- The excess ITC availed arising out of reconciliation during this period, if any, shall be required to be reversed in Table 4(B)(2) of FORM GSTR-3B, for the month of September 2020.
- Failure to reverse such excess availed ITC on account of the cumulative application of rule 36(4) of the CGST Rules would be treated as availment of ineligible ITC during the month of September 2020.



# GST Portal Updates

# GSTR-2B Functionality

- **Form GSTR 2B**
- Form GSTR-2B is an **auto-drafted Input Tax Credit (ITC) statement** generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1 & 5 and Form GSTR-6 filed by ISD.
- Taxpayers can now **reconcile data** generated in Form GSTR-2B, with their own records and books of accounts. Using this reconciliation, they can now file their Form GSTR 3B and they can ensure that no credit is taken twice, credit is reversed as per law, & tax on reverse charge basis is paid.



## GSTR-2B ( Contd)

- It is a **static** statement, generated **once** on 12<sup>th</sup> of **following** month
- It consists of all documents filed by suppliers/ISD in their Form GSTR-1, 5 & 6, between 00:00 hours on 12<sup>th</sup> day of preceding month to 23:59 hours, on 11<sup>th</sup> day of current month. Thus, statement generated on 12<sup>th</sup> of August will contain data from 00:00 hours of 12<sup>th</sup> July to 23:59 hours of 11<sup>th</sup> August.
- The details filed in GSTR-1 & 5 (by supplier) & GSTR-6 (by ISD) would reflect in the next open GSTR-2B of the recipient irrespective of supplier's/ISD's date of filing. For e.g., if a supplier files a document INV-1 dt. 15.07.2020 on 11th August, it will get reflected in GSTR-2B of July (generated on 12th August). If the document is filed on 12th August 2020 the document will be reflected in GSTR-2B of August (generated on 12th September).

- <https://www.gst.gov.in/newsandupdates/read/399>
- All the taxpayers who were having aggregate turnover of Rs. 500 Cr. (from 2017-18 onwards) have been enabled on e-invoice portal <https://einvoice1.gst.gov.in/>. The listing is based on GSTR-3B data, as available in GST System.
- In case any registered person, is **required to prepare invoice** in terms of Rule 48(4) but not enabled on the portal, they may request for enablement on portal: **'Registration -> e-Invoice Enablement'**.
- In case any registered person, **who doesn't have the requirement** to prepare invoice in terms of Rule 48(4) but still enabled on the e-invoice portal, the same may be brought to the notice at [support.einv.api@gov.in](mailto:support.einv.api@gov.in)

# Blocking of E-Way Bill generation facility for taxpayers with AATO over Rs 5 Cr. (Contd)

- <https://www.gst.gov.in/newsandupdates/read/406>
- In terms of Rule 138 E (b) of the CGST Rules, 2017, the E- Waybill generation facility of a person is liable to be restricted, in case the person fails to file their GSTR-3B returns, for a consecutive period of two months or more.
- The GST Council in its last meeting has decided that this provision will be made applicable for the taxpayers whose Aggregate Annual Turnover (AATO, PAN based) is more than Rs 5 Crores.
- Thus, if the GSTIN associated with the respective PAN (with AATO over Rs 5 Cr.) has failed to file their GSTR-3B Return for 2 or more tax periods, up to the month of tax period of August 2020, their EWB generation facility will be blocked on the EWB Portal. The EWB generation facility for such GSTINs (whether as consignor or consignee or by transporter) will be blocked on EWB Portal after 15<sup>th</sup> October 2020.



**THANK YOU**