GST Update

Weekly Update
24.02.2018

Background

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 17.02.2018. It supplements the earlier GST Updates.

- This presentation is based on CGST Act/Rules/ Notifications. Similar parallel provisions in State Laws may be referred to as required

Notifications and Circulars

- One CGST Circular issued during the week giving directions under Section 168 of the CGST Act.

- One Customs Circular issued giving alternative mechanism on refund of IGST on export of goods with Officer Interface

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Non-utilization of Disputed Credit carried forward

- http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-33-cgst.pdf;jsessionid=AADF46A5DC22173864330DC10D1D8193

- **Non-utilization of Disputed Credit carried forward**

- **Disputed Credit-** a show cause notice was issued under rule 14 of the CENVAT Credit Rules, 2004, which has been adjudicated and where in the last adjudication order or the last order-in-appeal, as it existed on 1st July, 2017, and it was held that such CENVAT credit is not admissible,

- Such CENVAT credit ("disputed credit"), credited to the electronic credit ledger **shall not be utilized** by a registered taxable person, till the order-in-original or the last order-in-appeal, as the case may be, holding that disputed credit as inadmissible is in existence.

- If the said disputed credit is utilised, it shall be recovered from the tax payer, with interest and penalty as per the provisions of the Act.

Non-transition of Blocked Credit

- In terms of Section 140(1)(i) of the CGST Act, a registered person shall not take in his electronic credit ledger, amount of CENVAT credit as is carried forward in the return relating to the period ending as on 30.06.17 which is not eligible under the Act in terms of section 17(5) (blocked credit), such as, telecommunication towers and pipelines laid outside the factory premises.

- If the said blocked credit is carried forward and credited to the electronic credit ledger in contravention of section 140 of the Act, it shall not be utilized by a registered taxable person to discharge his tax liability under CGST/IGST Act, 2017, and shall be recovered from the tax payer with interest and penalty

Undertaking Requirement

- In all cases where the disputed credit or blocked credit is higher than Rs. ten lakhs,

- the taxpayers shall submit an undertaking to the jurisdictional officer of the Central Government that such credit shall not be utilized or has not been availed as transitional credit, as the case may be.

- In other cases of transitional credit of an amount lesser than Rs. ten lakhs, the directions as above shall apply but the need to submit the undertaking shall not apply.

Refund of IGST on Export of goods

- http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ05-2018cs.pdf

- Invoice mis-match (Error code- SB0005) is the major reason for held up of refunds

- Alternative mechanism to give exporters an opportunity to rectify such errors committed in the initial stages

- Officer interface on the Customs EDI System through which a Customs officer can verify the information furnished in GSTN and Customs EDI system and sanction refund in those cases where invoice details provided in GSTR 1/ Table 6A are correct though the said details provided in the shipping bill were at variance.

- All refunds shall continue to be credited electronically through the PFMS system, and no manual payment / cheque should be issued.

- **Procedure** for processing of IGST refund claims in these cases:

  - **Concordance Table**: The exporter shall provide a concordance table indicating mapping between GST invoices and corresponding Shipping Bill invoices, as annexed in support of the refund claim to the designated officer in the Custom house. A scanned copy of concordance table may also be sent to dedicated email address of Customs location from where exports took place.

- Customs EDI system shall display list of all the invoices pertaining to such SBs vis-a-vis the invoice data received from GSTN. The officer shall verify the following:

  i.   Duly certified concordance table submitted by the exporter as per Annexure A indicating mapping between GST invoice and corresponding Shipping Bill invoice;

  ii. IGST taxable value and IGST amount declared in the Shipping Bill.

  iii. IGST details declared in the Shipping Bill should be in proportion to the goods actually exported.

- After determining the correct refund amount, the officer need to enter the same into the Customs EDI system. The officer has the facility to edit the IGST paid details in case of short shipment or incorrect calculation by the exporter. The officer shall complete the verification by accepting or rejecting or amending the same.

- Once all the invoices pertaining to Shipping Bill are verified by the officer, the system shall calculate the scroll amount against a shipping bill, after subtracting the drawback amount for each invoice where applicable, and display the refund amount to the officer for approval

- Invoices in any particular GSTR 1 where refund is sanctioned shall be disabled in the system to prevent refund against same invoice in future.

- Once refund is sanctioned by the officer, the shipping bills would be available for generating scroll as per normal process.

- This procedure is available only for Shipping Bills filed till 31st December 2017.

GST Portal Updates

New Functionalities

- **Block/Unblock of Credit by Tax official**

- The tax officer of Model II states has been provided with a functionality in their dashboard, whereby, they could search a particular GSTIN and block or unblock the credit available in the electronic credit ledger of such taxpayer.

- They have been provided with a field to capture the reason behind such blocking and unblocking.

- Such blocked credit will be shown separately in the ledger view page of the taxpayer.

Changes in
Form GSTR 3B and Advisory Issued

- **Filing of GSTR 3B Return made further simple and user friendly.**

- System shows best utilization of ITC, based on law, which can be edited as per requirement by the taxpayer.

- The amount to be paid in cash after taking into account ITC, gets displayed.

- The amount can be paid in cash, after taking into consideration ITC (which is displayed in a table), by clicking on "Create Challan Button". This reduces chances of payment of tax under wrong head.

- Submit button is now removed and submit functionality is now clubbed with Make Payment.

Advisory on changes in GSTR-3B

- Fill either CGST or SGST/UGST amount, other tax will get auto filled.

- Form GSTR 3B can be previewed or downloaded, for cross verifying saved details

- Once taxpayer proceeds to payment, the details of balances as available in cash and credit ledgers can be seen at one place.

New Functionalities

- In GSTR-1 & GSTR-5, on addition of records (Invoices/ Dr. Notes/ Cr. Notes), an option has been provided to taxpayer to select a lower tax rate for motor vehicle leasing businesses, as per Notification No. 37/2017-Central Tax (Rate), dated 13-10-2017. On selection of this check-box option as "Yes", system calculates the tax amount on the 65% value of the tax rate. The rate template remains un-changed.

- A field for providing "Reason for Issuing Note" was available in Credit/Debit note table, in Form GSTR 1, which was to be selected by the Taxpayer, on addition of Credit/Debit note. This dropdown for providing reason, which was a mandatory field, has now been removed from Form GSTR 1.

- As per current implementation, Cess field/column is available in Table 6B and Table 6C of GSTR-1 and Table 4 of GSTR-1A. There was no column/field for Cess amount in table for Exports (Table 6A) of GSTR-1, which has now been provided.

- Taxpayers has been provided with facility to give details of supplies made to merchant exporters at rate of 0.1 %, in all returns.

Form GST ITC 03

- An Offline facility for declaration of ITC Reversal/ Payment of tax on inputs held in stock or in semi-finished goods or in finished goods and capital goods, under sub-section (4) of section 18, of the CGST Act, 2017, has been provided to taxpayers (who opts to pay tax under Section 10 or where goods or services both supplied by him becomes wholly exempt), on GST Portal (refer Rule 44(4) of the CGST Rules, 2017).

Modification in Search results of Pre-login Search Taxpayer

- Search results of Pre-login Search Taxpayer has been modified to show last 10 Returns Transaction Status to be displayed. Last column (Mode of Filing) of search result is now removed. The status which will be shown now are
  - For Filed-Valid – Status to be shown as Filed
  - For Valid But Not Filed – Status to be shown as Not Filed

GSTN
GOODS AND SERVICES TAX NETWORK

FILING PAYMENT RELATED GRIEVANCES (PMT-07)

Q. For which issues can a grievance be raised?

A. Grievance can be raised in case of following issues:
- Amount debited from the bank account, Cash Ledger not updated
- NEFT/RTGS related issues

Grievances cannot be raised under the following conditions:

- Before 24 hours of debit of amount from the bank account
- If payment status is PAID and amount is updated in Cash Ledger.
- In case of E-payment, payment not initiated from the GST Portal.
- If Memorandum of Error (MoE) is raised against the CPIN.
- Payment status is Failed and amount is not debited from bank account
- In case of OTC Payment, status is AWAITING BANK CLEARANCE and cheque/ Demand Draft is not realized.

23 Feb '18   https://tutorial.gst.gov.in/userguide/payments/index.htm   3/9

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REFUND ON ACCOUNT OF SUPPLIES MADE TO SEZ UNIT/ SEZ DEVELOPER (WITHOUT PAYMENT OF TAX)

Q. Can I file multiple refund applications during a single tax period ?

A. Only one Refund application (form RFD-01A) can be filed for each Refund type in a given tax period. For example, a Taxpayer may choose to file the refund on account of supplies made to SEZ unit / SEZ developer (without payment of tax), as well as on account of being a recipient of deemed exports for the single tax period. However, the Taxpayer cannot file two refund applications for supplies made to SEZ unit / SEZ developer (without payment of tax) during a single tax period.

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REFUND ON ACCOUNT OF SUPPLIES MADE TO SEZ UNIT/ SEZ DEVELOPER (WITHOUT PAYMENT OF TAX)

Q. Which amounts are eligible for refund on account of supplies made to SEZ unit / SEZ developer (without payment of tax)?

A. Refund application on account of supplies made to SEZ unit / SEZ developer (without payment of tax) can be filed for the amount that is lowest of the following:

1. ITC Ledger balance as on date (Matched ITC)
2. ITC availed for the selected tax period
3. Formula value of refund amount, calculated as "(((Turnover of Zero Rated Supply of Goods and Services) x (Net Input Tax Credit)) ÷ Adjusted Total Turnover)"

For more details, please refer the User Manual that provides step-by- step instructions on filling-out form RFD-01A and filing the refund application for claim on account of supplies made to SEZ unit / SEZ developer (without payment of tax).

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REFUND ON ACCOUNT OF SUPPLIES MADE TO SEZ UNIT/ SEZ DEVELOPER (WITHOUT PAYMENT OF TAX)

Q. What are the preconditions for filing a refund application on account of supplies made to SEZ unit / SEZ developer (without payment of tax)?

A. The following conditions must be met for being eligible to file the form RFD-01A to claim refund on account of supplies made to SEZ unit / SEZ developer (without payment of tax):

1. The Taxpayer is registered with GST Portal and holds an active GSTIN during the period for which refund is being applied for.

2. GSTR-3B must have been filed for the relevant tax period.

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REFUND OF ITC ACCUMULATED DUE TO INVERTED TAX STRUCTURE (RFD-01A)

Q. When is debit entry of refund amount claimed is made in ledger, while filing refund due to inverted duty structure?

A. A debit entry shall be made in the Electronic Credit Ledger for the amount claimed as Refund after ARN is generated on submission of the refund application.

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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

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THANK YOU

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