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# TAX TALK

GST

A Monthly Goods & Services Tax Bulletin

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## Editorial...

India's biggest indirect tax reform, Goods and Services Tax has completed second year of its challenging journey. Replacing many Indirect taxes, GST transformed India into 'One Nation, One Tax' in real sense. The government celebrated July 1, 2019 as 'GST Day' to mark the second anniversary of the new indirect tax regime. The major achievement this year is the implementation of the simplified single return system, e-invoicing system, rationalisation of cash ledger system and a single refund-disbursing mechanism.

At the time of introduction of GST, the law provided for three returns namely GSTR-1, GSTR-2 and GSTR-3. However, government had to defer GSTR-2 and GSTR-3 and introduced GSTR-3B instead. Also, the council decided for a new GST return system to be introduced to facilitate taxpayers. The transition plan for the proposed GST new return system has been released. The same will be introduced on a trial basis from July 2019, and will be implemented phase-wise from October 2019. There are three forms in the new return system- one main return (FORM GST RET-1) and two annexures (FORM GST ANX-1 and FORM GST ANX-2).

The GST Council has till date held 35 meetings to take important decisions and has been continuously addressing the concerns of the taxpayers. The taxpayers have faced countless difficulties in filing the annual returns due to technical issues. The GST council considering the various representations from the taxpayers has extended the due date for furnishing the Annual Return and Reconciliation Statement to 31st August, 2019. The various decisions of the 35th council meeting along with recent notifications & circulars have been compiled on Page 2 & 3 of this issue.

The taxpayers were facing certain difficulties due to defects on the portal. The government has fixed some of them to ease the taxpayers. The refund amount entered for filing refund application for excess payment of tax will now be rounded off and also correct financial period will be displayed in ARN receipt. Moreover, shipping bill details in FORM GSTR-1 will now accept only numeric characters. Issues while registering or signing DSC on the GST Portal have also been resolved. GSTN has also enabled a new functionality for normal and composition taxpayers. These taxpayers can now apply for GST registration, while applying for incorporation of the company on MCA portal in SPICe-AGILE form by furnishing additional information.

A new procedure has been prescribed to be followed by the taxpayers for making Central Excise and Service Tax arrears payments from 1st July, 2019. The taxpayer has to create a Challan first on the integrated CBIC portal, and then post creation of the Challan, by clicking on Make Payment, the taxpayer will be directed to CBIC-ICEGATE portal for initiating payment. GSTN has issued clarifications to address the problems faced by the taxpayers while filing the GST Annual Return and reconciliation statement which has been discussed in Page- 4 of this issue.

We hope this newsletter will add some value and prove to be beneficial to the readers. We highly solicit suggestion/ opinions of the readers. Please feel free to convey your views at gst@goyalstax.com. You may refer all earlier issues of Tax Talk on my facebook wall.

## DUE DATES

| Particulars | Return | Period | Due date |
|---|---|---|---|
| Regular Taxpayers (annual turnover > Rs 1.5 crore ) | GSTR-1 | June, 2019 | 11th July, 2019 |
| Input Service Distributors | GSTR-6 | June, 2019 | 13th July, 2019 |
| Composite Dealers | GSTR-4 | April-June, 2019 | 18th July, 2019 |
| Regular Taxpayers | GSTR-3B | June, 2019 | 20th July, 2019 |
| Regular Taxpayers (annual turnover < Rs 1.5 crore ) | GSTR-1 | April-June, 2019 | 31st July, 2019 |

# GST UPDATES

## GST Council Recommendations

The 35th GST council meeting was the first meeting of the council after the formation of the government in May 2019. Some of the important decisions taken in the meeting are summarized below:

**1. Location of State and Area Benches for Goods and Services Tax Appellate Tribunal (GSTAT):** GST Council decided for setting of state & area benches for GST Appellate Tribunal (GSTAT) for various States and Union Territories with legislature. However, a common State Bench would be established for the States of Sikkim, Nagaland, Manipur and Arunachal Pradesh.

**3. Tenure of National Anti-Profiteering Authority:** The tenure of National Anti-Profiteering Authority has been extended by 2 years.

**5. Other Decisions:**

a. The issue relating to GST concessions on electric vehicle, charger and hiring of electric vehicle and valuation of goods and services in a solar power generating system and wind turbine will be placed before the next Fitment Committee

b. The GST Council recommended for obtaining a legal opinion of Learned Attorney General for various issues relating to the rates and destination principle of taxation.

The recommendations on the above issues will be brought before the council in the next meeting.

**2. Electronic Invoicing System:** The council has decided to introduce the new electronic invoicing system for B2B transactions. The electronic invoicing system will be rolled out in phased manner from January, 2020. Phase I of the system will be voluntary.

**4. Extension of due date for GSTR-9/9A/9C:** The due date for furnishing the Annual Return in FORM GSTR-9, FORM GSTR-9A and reconciliation statement in FORM GSTR-9C has been extended till 31st August, 2019.

**6. Other Extensions:** The due dates for the following have also been extended-

a. The due date for furnishing the declaration in FORM GST ITC – 04, relating to job work for the period July 2017 to June 2019 has been extended till 31 August, 2019.

b. The due date to avail the option of payment of tax under notification No. 2/2019- Central Tax (Rate) dated 07.03.2019 (option to pay @6%) in FORM GST CMP-02 has been extended to 31st July, 2019.

c. The due date for FORM GSTR-7 for the months from October, 2018 to July, 2019 has been extended to 31st August, 2019.

**7. New Return System:** The 31st GST council meeting finalised the implementation of new GST return form. It was decided to implement the same from April, 2019 onward on trial basis and from July, 2019 onwards on compulsory basis. However, implementation could not be made in such manner.

The new return system will be introduced in phased manner from July, 2019. There are three forms in the new return system- one main return (FORM GST RET-1) and two annexures (FORM GST ANX-1 and FORM GST ANX-2).

The transition plan has been worked out as follows:

| Taxpayers | Period | New Return System | | Old Return System | |
|---|---|---|---|---|---|
| | | FORM | Mandatory / Trial | FORM | Continue/ Discontinue |
| All taxpayers | July-Sept | ANX-01 and ANX-02 | Trial | GSTR-3B and GSTR-1 | Continue |
| Large Taxpayers (Turnover> Rs. 5 Crore) | Oct-Nov | ANX-01 | Mandatory | GSTR-3B | Continue |
| | Dec | ANX-01 and RET-01 | Mandatory | GSTR-3B and GSTR-1 | Discontinue |
| Small Taxpayers (Turnover<= Rs. 5 Crore) | Oct-Dec | PMT-08 (Monthly) and RET-01& ANX-01(Quarterly) | Mandatory | GSTR-3B and GSTR-1 | Discontinue |

**Note:** ANX-02 will be available only for viewing purpose for both large and small taxpayers for October, November and December.

## E-WAY BILL

CBIC has extended the date for blocking of generation of e-way bill from 21st June, 2019 to 21st August, 2019 for taxpayers who has not filed returns for two consecutive periods as per Rule 138E of the CGST Rules, 2017. This means that no person (consignor or consignee or transporter) shall be allowed to furnish information in Part A of the EWB-01 as supplier or recipient, if the taxpayer has not filed the return for two consecutive periods. Therefore, the facility of blocking and unblocking on e-Waybill has been further extended by 2 months.

*(Notification No. 25/2019-Central Tax)*

# GST UPDATES

## AMENDMENTS

**Transfer of amount from one account head to another account head in electronic cash ledger**

A registered person may now make inter-head transfer of any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger in FORM GST PMT-09. However, this functionality will be made available on a future date.

**Refund of taxes to the retail outlets**

A new rule 95A has been inserted which has come into force from 1st, July 2019. Government exempts any supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist. Such retail outlet making tax free supply of goods shall be entitled to claim refund of inward supply of such domestic goods through FORM GST RFD-10B on a monthly or quarterly basis along with self-certified information of invoices and copy of purchase invoices. However, refund is only for goods and not for services.

The refund is available only if,

(a) the inward supplies of goods were received from a registered person against a tax invoice;

(b) the said goods were supplied by the said retail outlet to an outgoing international tourist against foreign exchange without charging any tax;

(c) name and Goods and Services Tax Identification Number of the retail outlet is mentioned in the tax invoice for the inward supply; and

(d) such other restrictions or conditions, as may be specified, are satisfied.

*(Notification No. 31/2019 CT dt. 28.06.19)*

## PROCESSING OF REFUND APPLICATION

The refund applications are submitted on the common portal and the common portal forwards it to the jurisdictional proper officer of the tax authority to whom the taxpayer has been administratively assigned. Doubts have been raised for processing of refund application where the refund application has been wrongly transferred by the portal. CBIC has clarified that in case where the refund application has been wrongly mapped on the common portal and the re-assignment of refund applications in FORM GST RFD-01A to the correct jurisdictional tax authority is not possible, the processing of the refund claim should not be held up and it should be processed by the tax authority to whom the refund application has been electronically transferred by the common portal.

After the processing of the refund application is complete, the refund processing authority may inform the common portal about the incorrect mapping with a request to update it suitably on the common portal so that all subsequent refund applications are transferred to the correct jurisdictional tax authority.

*(Circular No. 104/23/2019-GST dt 28.06.2019)*

## EXEMPTION

Government has provided exemption from furnishing of GSTR-9 (Annual Return) and GSTR -9C (Reconciliation Statement) for suppliers of Online Information Database Access and Retrieval Services (OIDAR services).

*(Notification No. 30/2019 CT dt. 28.06.19)*

## SECONDARY DISCOUNTS OR POST-SALES DISCOUNT

**CBIC has clarified the treatment of secondary or post-sales discounts under GST as follows:-**

**Discount without obligation:** Where the supplier gives any post-sale discount to the dealer without any further obligation or action required at the dealer's end, then such discount will be related to the original supply of goods and it would not be included in the value of supply subject to the fulfillment of provisions of Valuations of the CGST Act.

**Discount without obligation:** Where the supplier gives any additional discount to the dealer as post-sale incentive requiring the dealer to do some activities like undertaking special sales drive, advertisement campaign, exhibition etc., then such additional discount will be the consideration for undertaking such activity. The dealer would be required to charge applicable GST on the value of such additional discount and the supplier of goods will be eligible to claim an input tax credit of the GST so charged.

**Discount with offer of reduced price:** If the additional discount is given by the supplier of goods to offer a special reduced price by the dealer to the customer to increase the sales volume, then such additional discount would represent the consideration flowing from the supplier of goods to the dealer for the supply made by the dealer to the customer. This additional discount as consideration, payable by any person, supplier of goods in this case would be liable to be added to the consideration payable by the customer, for the purpose of arriving value of supply, in the hands of the dealer. The customer, if registered, would be eligible to claim ITC of the tax charged by the dealer only to the extent of the tax paid by the said customer to the dealer.

**ITC for Financial/Commercial credit note:** The supplier of goods can issue financial/commercial credit notes in such cases but he will not be eligible to reduce his original tax liability. It is further clarified that the dealer will not be required to reverse ITC attributable to the tax already paid on such post-sale discount received through issuance of financial / commercial credit notes by the supplier of goods. As long as the dealer pays the value of the supply as reduced after adjusting the amount of post-sale discount in terms of financial/commercial credit notes received by him from the supplier of goods plus the amount of original tax charged by the supplier.

*(Circular No. 105/24/2019-GST dt 28.06.2019)*

# ANNUAL RETURN AND GST AUDIT

Goods and Services Tax Network (GSTN) has issued clarifications to address the problems faced by the taxpayers while filing the GST Annual Return in Form GSTR-9 and GST Audit Report in Form GSTR-9C. The clarifications for GSTR-9 and GSTR-9C are as follows-

**GSTR-9**

1. Taxpayers had reported that figures of Input Tax Credit (ITC), as pre-populated in table 8A of Form GSTR-9, do not match with the figures as appearing in their Form GSTR-2A. Certain reasons have been specified for the same such as-
   - Figures in GSTR-2A are auto populated based on filed/ saved / submitted Form GSTR-1 of the supplier taxpayer. But figures in table 8A of Form GSTR-9 are auto-populated only on the basis of filed Form GSTR-1 by the supplier taxpayer.
   - Figures in table 8A of Form GSTR 9 are auto populated only for those Form GSTR-1, which are filed by the supplier taxpayer by due date of its filing. Thus, ITC on supplies of the financial year 2017-18, if reported beyond the due date of filing, will not get auto-populated in table 8A of Form GSTR-9.
   - In table 8A of Form GSTR-9, only latest values have been auto-populated based on filed Form GSTR-1, taking into account all the amendments made, if any.
   - In table 8A of Form GSTR-9, ITC related to all such invoices have been excluded in which place of supply lies in supplier's taxpayers State, instead of State of the receiver taxpayer. These figures will be shown in Form GSTR-2A of the recipient.
   - The Figures in table 8A of Form GSTR-9 do not contain ITC for the period during which the recipient taxpayer was under composition scheme.
2. Taxpayers must note that while filing Form GSTR 9 'Proceed to File' button will be enabled only if 'Compute Liability' is clicked. This button is meant for computation of late fees only.
3. Form GSTR-9 once filed cannot be revised.

**GSTR-9C**

1. It has been clarified that Form GSTR-9C is to be filed by all those taxpayers whose aggregate turnover has exceeded Rs 2 crore in a financial year. Turnover of complete year i.e. from 1st April, 2017 to 31st March, 2018 has to be taken into account for calculating the turnover.
2. Taxpayers are also been advised to use Microsoft excel version higher than 2007 while preparing Form GSTR 9C.
3. While filing Part B of Form GSTR-9C, Auditors are advised to give their membership number without prefixing '0' in their membership number.





**BOOK POST**


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