95

TAX TALK

GST

A Monthly Goods & Services Tax Bulletin

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Editorial...

Finance Minister Nirmala Sitharaman presented her second Union Budget.She announced that a simplified return shall be implemented from the 1st April, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filling, improved input tax credit flow and overall simplification.

For improving compliance, several measures have been taken. Aadhaar based verification of taxpayers is being introduced which will help in weeding out dummy or non-existent units. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code. A system of cash reward is envisaged to incentivise customers to seek invoice. Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system. Invoice and input tax credit matching is being done wherein returns having mismatch more than 10 percent or above a threshold are identified and pursued. Significant policy level changes have also been made. GST rate structure is also being deliberated so as to address issues like inverted duty structure. Budget highlights has been discussed at Page 2.

Last date of filing declarations in Sabka Vishwas Legacy Dispute Resolution Scheme was extended to 15th January 2020. We hope that everyone has utilised this one time opportunity. We need to wait and see the quantum of disputes which are fully and finally settled by the issuance of discharge certificate.

Considering the difficulty faced by trade and industry in filling of returns, the government has introduced staggering of filing of returns. From now on, there will be three dues dates for different groups of States/ Union Territory. Same has been discussed at Page 4. Due dates for filing of GSTR9 and GSTR 9C for the financial year 2017-18 had also been extended in staggered manner for different groups of States. Revisional Authority has been appointed by CBIC. Standard Operating procedures to be followed by exporter has been clarified by CBIC.

GSTN portal has recently added an option to pre-fill an application form for the tax refund of the tax filed for the taxpayers. The pre-fill application is supposed to be assisting all the tax claim refund to be quicker and easier to process as per the applicant request. This means that the taxpayer will be able to screen the tax claim for a genuine request and therefore making it accessible for all the taxpayers to claim the tax refund as soon as possible. Further, Taxpayers while filing refund application will now be given an alert, if they wish to file NIL refund application or not, so that they do not inadvertently file NIL refund claim. It may be noted that once refund is filed, taxpayers can't change the particulars of the refund application, even if they have some refund amount to be claimed, in the same refund category for the selected month. Therefore, the message for filing NIL refund is made clearer, so that mistakes are reduced. Correct Form number will be shown to UIN/Embassy Taxpayers in Draft and Final copy of Form GST RFD-10. Debited amount (while filing refund application) will be credited back to Taxpayer's ITC ledger, when deficiency memo is issued second time by the tax officer.

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 at www.gstpeople.com.

CA Sushil Kr Goyal

DUE DATES

Particulars	Return	Period	Due date
Regular Taxpayer (Aggregate Turnover > 1.5 cr)	GSTR-1	January, 2019	11th February, 2020
Monthly GST Return (Aggregate Turnover >5 cr)	GSTR-3B	January, 2019	20th February, 2020
Monthly GST Return (Aggregate Turnover <5 cr)	GSTR-3B	January, 2019	22th / 24th February, 2020
Monthly ISD Return Annual Return	GSTR-6	January, 2019	13th February, 2020
Annual Return	GSTR-9 / GSTR-9A	2017-18	3rd / 5th / 7th February, 2020
Reconciliation Statement	GSTR-9C	2017-18	3rd / 5th / 7th February, 2020

GST UPDATES

Standard Operating Procedure (SOP) to be followed by exporters

Several cases of monetisation of credit fraudulently obtained or ineligible credit through refund of Integrated Goods & Service Tax (IGST) on exports of goods have been detected in the past few months. On verification, several such exporters were found to be non-existent in a number of cases. In all these cases it has been found that the Input Tax Credit (ITC) was taken by the exporters on the basis of fake invoices and IGST on exports was paid using such ITC.

To mitigate the risk, the Board has taken measures to apply stringent risk parameters-based checks, based on which certain exporters are taken up for further verification. Overall, in a broader time frame the percentage of such exporters selected for verification is a small fraction of the total number of exporters claiming refunds. The refund scrolls in such cases are kept in abeyance till the verification report in respect of such cases is received from the field formations. Further, the export consignments/shipments of concerned exporters are subjected to 100% examination at the customs port. Exporters whose scrolls have been kept in abeyance for verification would be informed at the earliest possible either by the jurisdictional CGST or by Customs.

Exporters on being informed in this regard or on their own volition should fill in information in the prescribed format and submit the same to their jurisdictional CGST authorities for verification by them.

Verification shall be completed by jurisdictional CGST officer within 14 working days of furnishing of information in proforma by the exporter. If the verification is not completed within this period, the jurisdictional officer will bring it to the notice of a nodal cell to be constituted in the jurisdictional Pr. Chief Commissioner/Chief Commissioner Office.

After a period of 14 working days from the date of submission of details in the prescribed format, the exporter may also escalate the matter to the Jurisdictional Pr. Chief Commissioner / Chief Commissioner of Central Tax by sending an email to the Chief Commissioner concerned.

The Jurisdictional Pr. Chief Commissioner / Chief Commissioner of Central Tax should take appropriate action to get the verification completed within next 7 working days.

In case, any refund remains pending for more than one month, the exporter may register his grievance at **www.cbic.gov.in/issue** by giving all relevant details like GSTIN, IEC, Shipping Bill No., Port of Export & CGST information where the details in prescribed format had been submitted etc.. All such grievances shall be examined by a Committee headed by Member GST, CBIC for resolution of the issue.

(Circular No. 129/48/2019-GST dated 24/12/2019)

RCM on RENT-A-CAB

The Government had brought renting of motor vehicle services under the Reverse Charge Mechanism vide Notification No. 22/2019 dated 30th September, 2019. As per the said notification, In case of Services provided by way of renting of a motor vehicle to a body corporate by ***any person*** other than a body corporate, the recipient body corporate located in the taxable territory shall be liable to pay tax under the Reverse Charge Mechanism.

The above Notification created confusion regarding the applicability of RCM for supplier of service. When a service is covered under RCM, taxes would be paid by the recipient of services and not by the supplier of services whereas the phrase used in the said notification is "Any person paying central tax". This phrase created ambiguity and was interpreted as if supplier need to pay tax on RCM.

The Government has clarified the above notification vide Circular No. 354/189/2019-TRU dated 31.12.2019 and has amended the above entry vide Notification No. 22/2019 dated 31st December, 2019. As per the said Notification, RCM shall be applicable on the service by way of renting of any ***motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged*** from the service recipient only if the supplier fulfils all of the following conditions:–

(a) Is other than a body-corporate;

(b) Does not issue an invoice charging GST @12% ; and

(c) Provides the service to a body corporate.

(Notification 22/2019 Dated 30/09/2019)

BUDGET 2020 HIGHLIGHTS – GST

1) The date of debit note shall now be considered to calculate the last date of availment of ITC.
2) Persons who have voluntarily obtained registration under GST shall now be eligible for cancellation of same under Section 29.
3) Any beneficiary of fake invoicing, incorrect invoicing, no invoicing, utilisation ITC without supply or false distribution/availment of ITC shall now be liable to penalty.
4) Any person party to fraud or any beneficiary thereof shall also be liable to penalty.
5) The States shall now be eligible Compensation for five years instead of earlier three years.
6) Retrospective exemption for supply in relation to fishmeal upto 30.09.2019.
7) Retrospective levy of GST @ 12% on suppy of pulley, wheels etc. used as parts of agricultural machinery upto 31.12.2018.
8) Removal of Difficulty order shall now be issued upto30.06.2022.

GST UPDATES

REVISIONAL AUTHORITY NOTIFIED

Revisional Authority means an authority appointed or authorised for revision of decision or orders as referred to in section 108 of the CGST Act.

CBIC authorises the following as Revisional Authority:

a) the Principal Commissioner or Commissioner of Central Tax for decisions or order passed by the Additional or Joint Commissioner of Central Tax.

b) the Additional or Joint Commissioner of Central Tax for decisions or order passed by the Deputy or Assistant Commissioner or Superintendent of Central Tax.

(Notification No. 05/2020-Central Tax dated 13/01/2020)

COMOSITION SCHEME FOR SMALL TAX PAYERS NOTIFIED

The Central Government appointed 1st day of January, 2020 as the date on which the recent amendment in Composition Scheme shall come into effect.

Earlier the Composition Scheme was so far available to Traders and Manufacturers of goods and only to those service providers indulged in restaurant services.Recently several inclusions weremade under this scheme to provide relaxations to small taxpayers involved in providing either services or goods and services both.

Major relaxation is that, now a person who opts to pay tax under Composition Scheme may supply services other thanRestaurant service along with the goods, of value not exceeding 10% of turnover in a State or Union territory in preceding financial year or Five lakh rupees, whichever higher.

The Finance Bill, 2020 has amended the eligibility for composition scheme to now include supply of services compared to supply of goods only.

A new provision has also been inserted regarding applicability of composition scheme to registered person supplying service,having aggregate turnover in the preceding financial year not exceeding fifty lakh rupees, may opt to pay an amount of tax at the rate of 6% under such scheme except the following:

(a) engaged in making any supply of goods or services which are not leviable to tax;

(b) engaged in making any inter-State outward supplies of goods or services;

(c) engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source;

(d) a manufacturerof goods or supply services as notified by government on the recommendations of the Council; and

(e) a casual taxable person or a non-resident taxable person;

Person having more than one registration with same Permanent Account Number, shall have to opt for this scheme regardingall such registrations.

Few clarifications were issued regarding computation of turnover-

- For determining eligibility for Composition Scheme, **"Aggregate turnover"** shall include the value of supplies made from the 1st day of April of a financial year up to the date when he becomes liable for Registration, but shall not include the value of exempt supply represented by way of interest or discount.
- For determining the tax liability of a person under this scheme, **"Turnover in State or Union Territory"** shall not include thebelow specified:

(i) supplies from the first day of April of a financial year up to the date when such person becomesliable for registration; and

(ii) exempt supply of services provided by way of extending deposits, loans or advances represented by way of interest or discount.

(Notification No. 01/2020 – Central Tax dated 01/01/2020)

GST UPDATES

GST RETURNS CAN NOW BE FILED IN A STAGGERED MANNER

Presently the last date of filing GSTR-3B returns for every taxpayer is 20th of every month. The government has decided to introduce several measures to ease the process of filing Returns considering the difficulties faced by trade and industry.

The taxpayers having annual turnover less than Rs.5 crore in previous financial year will be divided further in two categories. The tax filers from 15 States/ UTs, i.e., Chhattisgarh, Madhya Pradesh, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh will now be having the last date of filing GSTR-3B returns as 22nd of the month without late fees. This category would have around 49 lakh GSTR-3B filers who would now have 22nd of every month as their last date for filing GSTR-3B returns.

For the remaining 46 lakh taxpayers from the 22 States/UTs of Jammu and Kashmir, Laddakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha having annual turnover below Rs.5 crore in previous financial year will now be having last date of filing the GSTR-3B as 24th of the month without late fees.

The last date for filing of GSTR-3B for the taxpayers having annual turnover of Rs.5 crore and more in the previous financial year would remain unchanged (20th of the month).

In past, glitches in return filing system of GST Network were reported on the last date of filing of returns and several technical issues in GSTN filing portal. In order to resolve this prolonged distress the tax administration has finally decided to provide some relief in the form of extended due dates to reduce pressure on the IT systems and ensure smooth return filing.

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