# Covid-19 Impact on Goods and Services Tax

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# KEY TOPIC IN NEWS:

- Govt. unlikely to exempt GST on masks, ventilators, and PPEs. Ventilator& Test kit & PPE cost more than 1000 per piece is 12%; on mask& PPE cost up to 1000 is 5 %, on sanitizer is 18%)
- 6-month GST payment freeze for worst-hit sectors, a lower rate for realty among Covid options mulled.
- Government To Refund GST To Businesses For Order Cancellations Due To Covid-19.
- CBIC clears Rs 10,700 cr. GST, customs duty refund in 16 days.

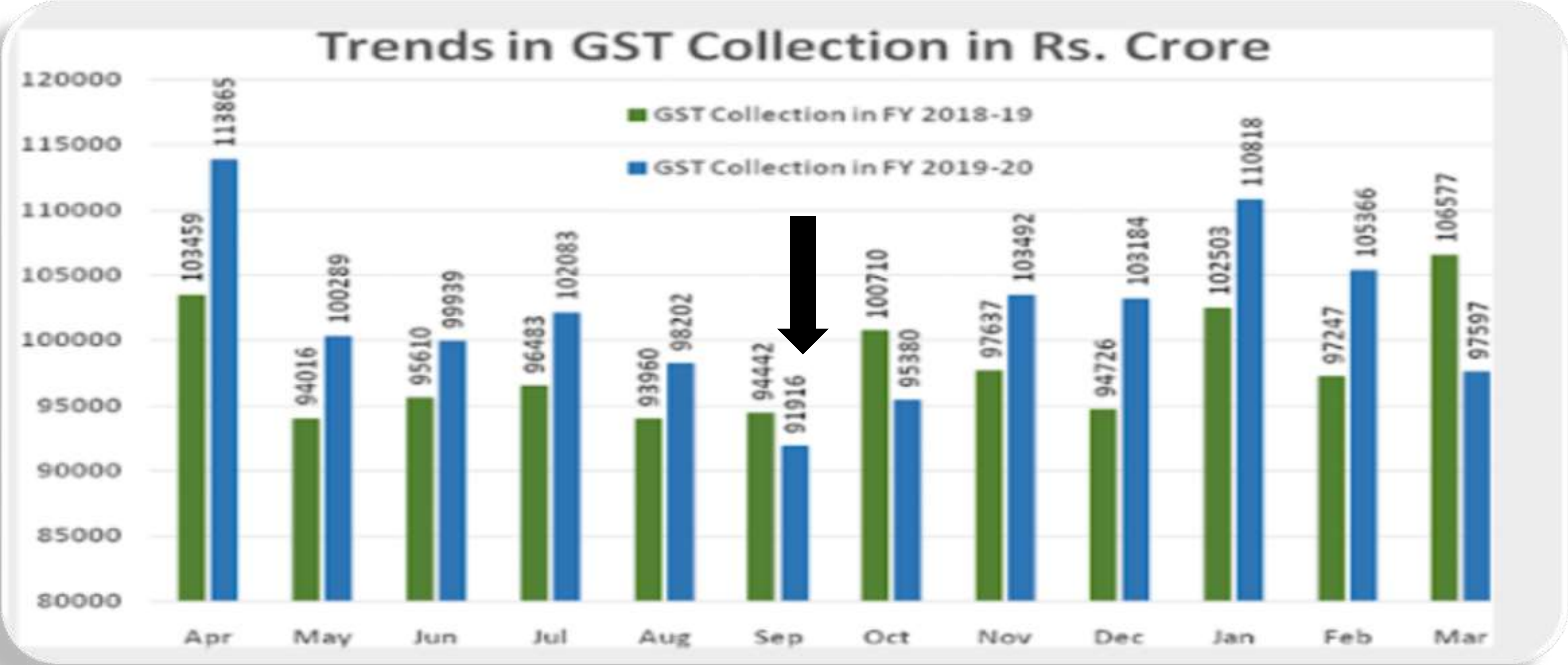
# WHAT ARE THE AREAS IN GST THAT COVID 19 IMPACT ?

REVENUE

COMPLIANCE

PROPOSED
MAJOR CHANGES

# REVENUE COLLECTION



# IMPACT ON PROPOSED MAJOR CHANGES

| PARTICULARS | EARLIER PROPOSED DATE | DUE DATES EXTENDED | DUE DATE AFTER COVID -19 |
|---|---|---|---|
| ANNUAL RETURN 18-19 | 31.03.2020 | 30.06.2020 | |
| NEW RETURN FILING SYSTEM | 01.04.2020 | 01.10.2020 | |
| E-INVOICING & QR CODE | 01.04.2020 | 01.10.2020 | |

GST MEETING 14-03-2020

# SUMMARY OF ANNUAL RETURN AND ANNUAL AUIDITS

## (NOTIFICATION NO 16/2020 CT NR)

| SUPPLIER PAN INDIA TURNOVER | GSTR -9 - ANNUAL RETURN | GSTR -9C GST AUDIT |
|---|---|---|
| TURNOVER LESS THEN 2CR | OPTIONAL | N.A |
| TURNOVER EXCEEDING 2CR UTPO 5CRS. | MANDATORY | OPTIONAL |
| TURNOVER EXCEEDING 5CRS. | MANDATORY | MANDATORY |

# COMPLIANCE- FILING OF RETURN IN GSTR 3B

## (NOTIFICATION NO 31/2020 AND 32/2020 CT NR)

| MONTHS | FEB ,2020 | MAR,2020 | APR ,2020 |
|---|---|---|---|
| **TYPE -1 SUPPLIERS TURNOVER MORE THAN 5CR** | | | |
| WITHOUT INTEREST/LATES FEES | 04,APRIL,2020 | 05,APRIL,2020 | 4,JUNE,2020 |
| WITH INTEREST @9% BUT WITHOUT LATES FEE | 24,JUNE,2020 | 24,JUNE,2020 | 24,JUNE,2020 |
| WITH INTEREST@18% AND LATES FEES | AFTER 24-JUNE,2020 | AFTER 24-JUNE,2020 | AFTER 24-JUNE,2020 |
| **TYPE -2 SUPPLIERS TURNOVER MORE 1.5CR BUT UPTO 5CR** | | | |
| WITHOUT INTEREST/LATES FEES | 29,JUNE,2020 | 29,JUNE,2020 | 29,JUNE,2020 |
| WITH INTEREST@18% AND LATES FEES | AFTER 29-JUNE,2020 | AFTER 29-JUNE,2020 | AFTER 29-JUNE,2020 |
| **TYPE -2 SUPPLIERS TURNOVER LESS THAN 1.5CR** | | | |
| WITHOUT INTEREST/LATES FEES | 30,JUNE,2020 | 03,JULY,2020 | 06,JULY,2020 |
| WITH INTEREST@18% AND LATES FEES | AFTER 30,JUNE,2020 | AFTER 03,JULY,2020 | AFTER 06,JULY,2020 |
| NOTE:1 TURNOVER OF PRECEDING YEAR SHALL BE CONSIDERED | | | |

# COMPLIANCE- FILING OF RETURN IN GSTR 3B

**(NOTIFICATION NO 31/2020 AND 32/2020 CT NR)**

**IMPORTANT POINT TO BE NOTED** :–

- THE DUE DATE OF FILING OF GSTR -3B IS NOT EXTENDED.
- HOWEVER,THERE IS RELAXATION IN,
  - INTEREST VIDE NOTIFICATION NO 31/2020 CT NR AND
  - LATE FEES VIDE NOTIFICATION NO 32/2020 CT NR
- IN OTHER WORD IF THE RETURN IS NOT FILED WITHIN THE STIPULATED TIME ,INTEREST @18% AND LATE FEES AS APPLICABLE SHALL BE PAYBALE FROM THE ORIGINAL DUE DATE AS IF THERE IS NO RELAXATION.
- TO ILLUSTRATE A MONTHLY SUPPLIER WHO IS REQUIRD TO FILE HIS GSTR -3B FOR MARCH 2020 WILL BE DEALT AS UNDER :
  - IF HE FILES HIS GSTR -3B BY 5,APRIL ,2020 ,THEN NO LATES FEES OR INTEREST SHALL BE PAYABLE.
  - IF HE FILE BETWEEN 5 ,MAY TO 24,JUNE,2020 THEN INTEREST SHALL BE PAYABLE @9% BUT NO LATE FEES SHALL BE APPLICABLE.
  - IF HE FILES RETURN AFTER 24 TH JUNE ,2020 THEN INTEREST @18 AND LATE FEES SHALL BE PAYABLE AS IF THERE IS NO REALAXATION I.E INTEREST AND LATES FEES WILL BE APPLICABLE FROM 21,APRIL 2020.

# FILING OF FORM GSTR -3B
## (NOTIFICATION NO-36/2020)

| TYPE OF SUPPLIER | MAY 2020 DUE DATE | |
|---|---|---|
| | NO INTEREST AND LATES FEES UTPO | INTEREST@18% AND LATES FEES |
| TURNOVER >5CR | 27,JUNE,2020 | AFTER 27,JUNE,2020 |
| TURNOVER<5CR | | |
| -GROUP 1 STATES | 12 ,JULY 2020 | AFTER 12,JULY2020 |
| -GROUP 2 STATES | 14,JULY,2020 | AFTER 14 ,JULY ,2020 |
| | GROUP WISES STATES | |
| GROUP-1 | CHHATISHGARH,MP,GUJRAT,MAHARASTRA,KARNATAKA,GOA,KERELA, TAMIL NADU,ARUNACHAL PRADESH ,DAMAN&DIU,DADRA AND ANGAR HAVELLI,ANDAMAN & NICOBAR ISLAND,LAKSHDWEEP | |
| GROUP-2 | HP,PUNAJB,UK,HARYANA,UP,BIHAR,SIKKIM,ANDHARA PRADESH,NAGLAND,MANIPUR,MIZORAM,TRIPURA,MEGHALYA,ASSAM, WEST BENGAL, JHARKHAND,ODDISHA,J&K,LADAKH,CHANDIGARH,DELHI. | |

# FILING OF RETURN FORM GSTR -1
## (NOTIFICATION NO 33/2020 CT NR

| TYPE OF SUPPLIER | RETURN PERIOD | ORIGINAL DUE DATE | WAIVER OF LATE FEE UPTO |
|---|---|---|---|
| QUARTELY | JAN TO MAR ,2019-20 | 30,APRIL,2020 | 30,JUNE,2020 |
| MONTHLY | MARCH ,2020 | 11,APRIL,2020 | |
| | APRIL,2020 | 11,MAY,2020 | |
| | MAY,2020 | 11,JUNE,2020 | |

# STATUS OF COMPLIANCE WITH RULE 36(4)

## NOTIFICATION NO 30/2020

- THE CONDITION STIPULATED UNDER RULE 36 (4)
- SHALL APPLY **CUMULATIVELY**
- FOR THE PERIOD **FEB,MAR,APR,MAY,JUN,JUL AND AUG** 2020 AND
- THE RETURN IN FORM **GSTR -3B FOR THE TAX PERIOD SEPTEMBER 2020 SHALL BE FURNISHED WITH CUMMULATIVE ADJUSTMENT FOR THE INPUT TAX CREDIT** FOR THE SAID MONTH ACCORDANCE WITH IN CONDTION OF RULE 36(4)
- IN OTHER WORDS WHILE FILING GSTR -3B FOR FEB 2020 TO AUG 2020 RULE 36(4) **WILL NOT APPLY ON MONTHLY BASIS**, HOWEVER ITS **CUMMULATIVE IMPACT SHALL BE TAKEN IN THE MONTH OF SEP 2020 RETURN.**

# FILING OF OTHER GST RETURN

| TYPE OF SUPPLIER | RETURN FORM | RETURN PERIOD | ORIGINAL DUE DATE | WAIVER OF LATE FEE UPTO |
|---|---|---|---|---|
| NON-RESIDENT TAXPAYER | GSTR-5 | MAR,APR,MAY2020 | 20TH OF SUCCEEDING MONTH | 30,JUNE,2020 |
| INPUT SERVICE DISTRIBUTOR | GSTR-6 | MAR,APR,MAY2020 | 13TH OF SUCCEEDING MONTH | |
| TAX DECUTOR | GSTR-7 | MAR,APR,MAY2020 | 10TH OF SUCCEEDING MONTH | |
| TAX COLLETOR | GSTR-8 | MAR,APR,MAY2020 | 10TH OF SUCCEEDING MONTH | |

# COMPOSTION RELATED CHANGES

| TYPE OF FORM | RETURN FORM | RETURN PERIOD | ORIGINAL DUE DATE |
|---|---|---|---|
| INTIMATION TO PAY TAX UNDER SEC -10 | GST CMP02 | 2020-2021 | 30TH ,JUNE,2020 |
| DECLARATION FOR INTIMATION OF ITC REVERSAL/PAYMENT OF TAX ON INPUTS HELD IN STOCK, INPUTS CONTAINED IN SEMI-FINISHED AND FINISHED GOODS HELD IN STOCK AND CAPITAL GOODS UNDER SUB-SECTION (4) OF SECTION 18 | GST ITC-03 | AS ON 31-03-2020 | 31TH ,JULY,2020 |
| STATEMENT FOR PAYMENT OF SELF-ASSESSED TAX | GST CMP-08 | JAN TO MAR 2020 | 7TH ,JULY 2020 |
| QUARTERLY RETURN FOR REGISTERED PERSON OPTING FOR COMPOSITION LEVY | GSTR-4 | FY 2019-20 | 15TH JUL, 2020 |

# OTHER MAJOR CHAGES

- E-way bills [Point ii Notification No 35/2020 CT NR]

whose expiry date lies between 20th March, 2020, and 15th Apr, 2020, would also be deemed to be valid till 30th April, 2020.

- General [Point i Notification No 35/2020 CT NR]
  - where, **any time limit for completion or compliance of any action**,
  - by any **authority or by any person**,
  - has been specified in, or prescribed or notified under the said Act,
  - which falls during the period from the
  - 20th day of March, 2020 to the 29th day of June, 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 be extended upto the 30th day of June, 2020, including for the purposes of-----------------

# OTHER MAJOR CHAGES

- General [Point i Notification No 35/2020 CT NR]
  - ✓ Adhoc extension upto 30th Jun, 2020 shall not be applicable for the following cases-

| S.NO | PROVISION | PARTICULARS |
|---|---|---|
| A. | Chapter IV | Time and value of supply |
| B. | Sec 10(3) | Lapse of composition Scheme |
| C. | Sec 25 | Procedure for registration. |
| D. | Sec 27 | Special provisions relating to casual taxable person & N.R.T.P |
| E. | Sec 31 | Tax invoice. |
| F. | Sec 37 | Furnishing details of outward supplies [GSTR-1] |
| G. | Sec 39<br>[except sub section (3), (4) & (5)] | Furnishing of returns.<br>[Execpt TDS, ISD, Non-resident taxable person] |
| H. | Sec 47 | Levy of late fee. |
| I. | Sec 50 | Interest on delayed payment of tax. |
| J | Sec 69 | Power to arrest. |
| K. | Sec 90 | Liability of partners of firm to pay tax. |
| L. | Sec 122 | Penalty for certain offences. |
| M. | Sec 129 | Detention, seizure and release of goods and conveyances in transit. |

**MINISTRY OF LAW AND JUSTICE**

**(Legislative Department)**

*New Delhi, the 31st March, 2020/Chaitra* 11, 1942 (*Saka*)

# THE TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISIONS) ORDINANCE, 2020

No. 2 of 2020

**(a) "specified Act" means-**

**(i) the Wealth-tax Act, 1957;** 27 of 1957.

**(ii) the Income-tax Act, 1961;** 43 of 1961.

**(iii) the Prohibition of *Benami* Property Transactions Act, 1988;** 45 of 1988.

**(iv) Chapter VII of the Finance (No. 2) Act, 2004;** Securities Transaction Tax .

**(v) Chapter VII of the Finance Act, 2013;** Commodities Transaction Tax 2013.

**(vi) the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;** 22 of 2015.

**(vii) Chapter VIII of the Finance Act, 2016; or** Equalization levy 016.

**(viii) the Direct Tax *Vivad se Vishwas* Act, 2020;** 3 of 2020.

## AMENDMENT TO THE CENTRAL GOODS AND SERVICES TAX ACT, 2017

Insertion of new section 168A in Act 12 of 2017.

**8.** After section 168 of the Central Goods and Services Tax Act, 2017, the following section shall be inserted, namely:-

Power of Government to extend time limit in special circumstances.

'168A. (1) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, by notification, extend the time limit specified in, or prescribed or notified under, this Act in respect of actions which cannot be completed or complied with due to *force majeure*.

(2) The power to issue notification under sub-section (1) shall include the power to give retrospective effect to such notification from a date not earlier than the date of commencement of this Act.

*Explanation.*— For the purposes of this section, the expression "*force majeure*" means a case of war, epidemic, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature or otherwise affecting the implementation of any of the provisions of this Act.'.

# Circular clarifying issues in respect of challenges faced by registered persons in implementation of provisions of GST issued

## Circular No: 137/07/2020 dated 13 April 2020

- The circular refers to the **advance payments** made to the **service providers** for any future services that later got cancelled **due to the lockdown**. Let's understand this with an illustration:

Two parties have agreed for a service, and the buyer has paid an advance amount to the service provider. But later on, the contract gets cancelled for **any reason**, **including the lockdown**. The service provider could have acted in either of the two ways.

- (a) The service provider may have issued **a tax invoice** for the entire transaction value and **deposited the GST amount with the department before the lockdown**.
- Now, he must issue a **credit note** to the recipient for the same value, including GST. The credit note **must be declared in GSTR-1 of the month in which the credit note was issued** and **subsequently adjusted in GSTR-3B**.
- If there is **no sufficient outward tax liability** in GSTR-3B against which the **credit note can be adjusted.** In such cases, **form RFD-01 can be filed to claim this GST by selecting "Excess payment of tax** if any".
- (b) The service provider may have issued a receipt voucher acknowledging the advance amount received by him, without raising any tax invoice. He would have also deposited the GST amount with the department.
- In such a case, after the contract gets cancelled, he **must issue a refund voucher** to the recipient for negating the transaction effect. Subsequently, he can claim the **GST refund by filing form RFD-01** under the category "Refund of Excess Payment of Tax".

- The circular clarifies the GST treatment of **sales returns**, where the tax invoice **has already been issued**. Similar to the first case mentioned above, the **supplier must issue a credit note**, declare the same in GSTR-1 and GSTR-3B of the relevant month in which the credit note was issued. **Any tax adjustment which is not possible in GSTR-3B** shall be claimed as a refund in Form RFD-01 by choosing the category as "Excess Payment of Tax if any".
- The circular clarifies that the validity of **the Letter of Undertaking (LUT)** stands extended for the FY 2019-20 until a fresh LUT is filed for the FY 2020-21. In other words, **the exporters who intend to export without paying Integrated GST (IGST) can continue to do so in the current financial year.** They must quote the **LUT reference number of the FY 2019-20 in their export documents**. The time limit to file LUT for the **FY 2020-21, which previously expired on 31 March 2020**, has been deferred up to **30 June 2020.**
- The Tax Deducted at Source (TDS) under Section 51 of the CGST Act is due to be deposited between **20 March 2020 and 29 June 2020 can be deposited with the government by 30 June 2020**. No interest shall be charged if the TDS is deposited and **Form GSTR-7 is filed on time**. The same rule applies for Tax Collected at Source (TCS) under Section 52 of the CGST Act. Hence, even the e-commerce operators get an extended time limit to deposit TCS with the government and **file the return in Form GSTR-8**.
- The circular spoke of the extension of the two-year time limit for claiming GST refund that expired on 31 March 2020. The circular explicitly states that such taxpayers **may apply in Form RFD-01 by 30 June 2020** and not 29 July 2020.

# REMUNERATION PAID TO DIRECTORS ATTRACT GST IN THE CASE OF CLAY CRAFTS INDIA PVT LTD.

## Extract of Notification No 13/2017 CT Rate

| Sl. No. | Category of Supply of Services | Supplier of service | Recipient of Service |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 6 | Services supplied by a director of a company or a body corporate to the said company or the body corporate. | A director of a company or a body corporate | The company or a body corporate located in the taxable territory. |

## Extract of Schedule III

SCHEDULE III

[*See* section 7]

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.

## Charge under GST – Sec 9

**Supply of goods or services or both**

# Understanding the phrase

"Services supplied by a director of a company or a body corporate to the said company or the body corporate."

1. Mr. Mukesh Ambani is using Jio number and is paying charges for the same. Whether the above service by Jio company is service to a director or service to a consumer?

2. Indane CEO uses Indane cylinders for his household purposes in this case whether the transaction by Indane is supply to a director or supply to a consumer?

3. Mr. A is owner of a big commercial space, assuming it has 10 offices and he has let out 10 offices to different companies and one of the office is given to a company in which he is a Director. Whether in this case it is a supply by a Landlord to a company or Director to a company?

4. Mr. X a CA of a company has reached the level of CFO and now to give him a promotion he was inducted in the board of directors and his role has not changed whether merely because he is Director now will he not be considered as an employee of the company.

## Summarized conclusion of presenter only

A. No GST on salary to any person including director (Sec 9 read with Sec 7 and Schedule 3)

B. Forward charge in case director is providing any service in the capacity other than director.

C. RCM on all amount paid to director except A and B above paid to him which is in relation to his directorship example sitting fees, professional charges for professional director and like items.

# Thank You