

# **GSTUPDATES**

#GSTUPDATES/2019-20/06

## **39<sup>TH</sup> GST Council Meeting Updates**

**SHAH TEELANI & ASSOCIATES**

CHARTERED ACCOUNTANTS



# 39<sup>th</sup> GST Council Meeting Updat

### Rate Rationalization

1. **Increased Rates of Mobile Phones** and specified parts **from 12% to 18%**.
2. To deliberate the issue of calibrating the rate structure on other items such as footwear, textiles and fertilizers in future meetings with further consultation and examination.
3. **GST Rate on Handmade Matches increased from 5% to 12%** and reduced on Other Matches from 18% to 12%. Thus, now all types of matchboxes fall in one single rate of 12%.
4. **GST Rate reduced from 18% to 5% with full Input Tax Credit on Maintenance, Repairs & Overhaul (MRO) services** in relation to an aircraft. Further, the **place of supply in respect of such services will also be changed to the location of recipient**. This will pave way for setting up the MRO services in India. At present, since these services are provided by aircraft companies, they are covered in the definition of import of services. Reducing GST rate from 18% to 5% will give boost to the aircraft industry.

### Trade Facilitation Measures

1. **Interest to be charged on Cash component retrospectively w.e.f 1<sup>st</sup> July, 2017**

A Major relief has been provided by government by clarifying that **interest on delayed payment of tax will be charged on the cash component only and not on the input tax credit already available with the taxpayers**. At present, large numbers of taxpayers have been issued

notice to pay interest on delayed payment of tax on gross amount, which is not in the true spirit of law. Further, Section 50(1), levying interest on delayed payment has already been amended to charge interest on net, but the amended section has not yet been notified by the government. But now, it has been categorically made cleared that this **amendment will be made effective retrospectively from 1<sup>st</sup> July, 2017**. This will put an end to a huge number of litigations.

### 2. **Extension of period for revocation of application for restoration**

In case of cancellation, where the number has been cancelled till 14<sup>th</sup> March, 2020, application for revocation of cancellation of registration can be filled up to 30<sup>th</sup> June, 2020.

### 3. **Changes relating to Annual Return**

- **Turnover limit of requirement of GST Audit raised from 2 Crores to 5 Crores for FY 18-19.** Hence, taxpayers having annual turnover below Rs. 5 Crores are not required to be audited under GST Laws.
- **Due Date for filling of Annual Return (GSTR 9) and Reconciliation Statement (GSTR 9C) will be extended from 31<sup>st</sup> March, 2020 to 30<sup>th</sup> June, 2020.**
- **For taxpayers having turnover up to Rs. 2 Crores, no late fees will be levied** for delayed filling of Annual Return (GSTR 9) and Reconciliation Statement (GSTR 9C) for FY 17-18 and FY 18-19.

### 4. **Know Your Supplier (KYS):**

**New facility called Know Your Supplier will be introduced**, wherein basic information about suppliers with whom taxpayers are doing business will be made available on the portal.

### 5. **Deferment of E Invoicing System & QR Code**

- **Date for implementation of E Invoicing Systems to be extended from 1<sup>st</sup> April, 2020 to 1<sup>st</sup> October, 2020.**
- **Insurance Companies, Banking Companies, Financial Institutions, NBFCs, GTAs, passenger transportation service providers to be exempted from issuing E Invoices or capturing Dynamic QR Code.**

## 6. Deferment of E Wallet Scheme

- Extension of time limit to finalize e-wallet scheme up to 31<sup>st</sup> March, 2021.
- Extension of present exemptions from IGST and Cess on imports made under AA/EPCG/EOU Schemes up to 31<sup>st</sup> March, 2021.

## 7. Continuation of existing Return filling system (GSTR 3B and GSTR 1) till September 2020. New Return Filling System (ANX 1 & ANX 2) to be introduced from October 2020.

## 8. Restriction on ITC in case of new Registrations

- In case of new registrations, **restrictions to be imposed** on passing of ITC **before physical verification of premises and financial KYC of the registered person.**
- Seeking information return from banks to curb the fake invoicing and fraudulent passing of ITC.

## 9. Clarificatory Circulars to be issued for following issues

- Apportionment of ITC in cases of business reorganization under Section 18(3) of the CGST Act read with Rule 41(1) of CGST Rules.
- Appeals during non-constitution of the Appellate Tribunal
- Refund related issues
- Special procedure for corporate debtors as per Insolvency and Bankruptcy Code, 2016 and who are undergoing Corporate Insolvency Resolution Process, so as to enable them to comply with the provisions of GST Laws during the CIRP period.

## 10. Amendments to CGST Rules

- Procedure for reversal of ITC in respect of capital goods partly used for taxable supplies and partly for exempt supplies under Rule 43(1)(c).
- Ceiling to be fixed for the value of export supply for the purpose of calculation of refund on zero rated supplies
- To allow refund to be sanctioned in both cash and credit in respect of excess payment of tax

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- To provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA
- To operationalize Aadhar authentication for new taxpayers.

### 11. Other Measures:

- Requirement of filling GSTR 1 has been waived off for those taxpayers who could not opt for special composition scheme as specified by Notification No 2/2019-Central Tax (Rate) dated 7<sup>th</sup> March, 2019, for FY 2019-20.
- Consequent to the merger of Union Territories of Dadra & Nagar Haveli and Daman & Diu, w.e.f. 26<sup>th</sup> January, 2020, Special procedure to be introduced for taxpayers of these Union Territories (UTs). Their transition will be completed by 31<sup>st</sup> May, 2020.
- For Registered persons having principal place of business in the Union Territory of Ladakh, Due dates of GSTR 3B from the month of July 2019 to January 2020 has been extended till 24<sup>th</sup> March, 2020. Similar extension will also be given for GSTR 1 and GSTR 7 in respect of these taxpayers.
- Refund Claims can now be clubbed across different financial years so as to facilitate exporters.

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