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L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

L&S GST Update No. 5 of 2020
16th March, 2020

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39th GST Council Meeting decisions

39th GST Council Decisions

A. Interest on net cash liability w.e.f. 01.07.2017

Interest for delay in payment of GST to be charged on the net cash tax liability w.e.f. 01.07.2017. Law to be amended retrospectively.

B. E-invoice and QR Code from 01.10.2020

- i. Implementation of e-invoicing and QR Code to be extended to 01.10.2020.
- ii. Insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc. to be exempted from issuing e-invoices or capturing dynamic QR code.

C. New Returns and Existing Returns

- i. Continuation of existing system of GSTR-1 & GSTR-3B till Sept-2020.
- ii. Suggestion of Infosys for smooth roll out of new returns-
 - Transition to the new return system in an incremental manner.
 - Start the linking of the details in GSTR-1 to the liability in GSTR-3B.
 - Followed by the linking of ITC in GSTR-3B with GSTR-2A.

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D. Annual Return

- i. Due date for filing GSTR-9 and GSTR-9C for FY 2018-19 to be extended to 30-06-2020 from 31-03-2020.
- ii. Relaxation from furnishing of GSTR-9C, for the FY 2018-19, for taxpayers having aggregate turnover below Rs. 5 crores.
- iii. Late fees not to be levied for delayed filing of GSTR-9/GSTR-9C for FY 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores

E. Know your supplier

A new facility called 'Know Your Supplier' to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.

F. Restriction on passing of ITC

Restrictions to be imposed on passing of the ITC in case of new GST registrations, before physical verification of premises and Financial KYC of the registered person

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G. Application of Revocation of Cancellation of Registration

Where registrations have been cancelled till 14-03-2020, application for revocation of cancellation of registration can be filled up to 30-06-2020 as one-time measure to facilitate those who want to conduct business.

H. Return related

- i. GSTR-1 for 2019-20 to be waived for specified taxpayers.
- ii. Extension of due dates for GSTR-3B for the month of July, 2019 to January, 2020 till 24th March, 2020 for registered persons having principal place of business in Ladakh. Similar extension for GSTR-1 & GSTR-7.

I. Other

- i. Refund claims allowed across financial years to facilitate exporters.
- ii. Extension of the present exemptions from IGST and Cess on the imports made under the AA/EPCG/EOU schemes up to 31-03-2021.
- iii. Special procedure for corporate debtors under the provisions of the IBC, 2016 who are undergoing the corporate insolvency resolution process, so as to enable them to comply with the provisions of GST Laws during the CIRP period.
- iv. Finalization of e-Wallet scheme up to 31-03-2021.

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J. Issuance of Circulars on below issues

- i. Apportionment of ITC in cases of business reorganization under Section 18(3) of CGST Act read with Rule 41(1) of CGST Rules.
- ii. Appeals during non-constitution of the Appellate Tribunal.
- iii. Refund related issues.
- iv. Special procedure for corporate debtors under the provisions of the IBC, 2016, undergoing the corporate insolvency resolution process.

K. Amendment in CGST Rules

- i. Procedure for reversal of ITC in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under Rule 43(1)(c).
- ii. Ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies.
- iii. To allow for sanction of refund in both cash and credit in case of excess payment of tax.
- iv. To provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA.
- v. To operationalize Aadhaar authentication for new taxpayers.

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J. GST Rate Changes

Goods/Services	Existing Rate	Propose Rate
1. Mobile Phones and specified parts	12%	18%
2. Matches		
Handmade Matches	5%	12%
Other than Handmade	18%	12%
3. Maintenance, Repair and Overhaul (MRO) services in respect of aircraft <i>[The place of supply of B2B MRO services will be changed to the location of recipient]</i>	18%	5% with full ITC

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