

Highlights of Union Budget 2020-21

The Hon'ble Finance Minister, Smt. Nirmala Sitharaman has presented Union Budget 2020-21 on 1st February 2020 in the Parliament. While referring to GST, it was mentioned that the introduction of GST has been a game changer for the Indian economy as it has replaced multi-layered, complex indirect tax structure with a simple, transparent and technology-driven tax regime. GST has integrated India into a single common market by breaking barriers to inter-state trade and commerce. By eliminating cascading of taxes and reducing transaction costs, it has enhanced Ease of Doing Business and has provided an impetus to 'Make in India' campaign. Thus, GST is gradually maturing into a tax that has integrated the country economically.

She added that during the phase of attaining maturity, GST did face certain challenges. This was natural as transition was daunting. GST Council has been proactive in resolving issues during transition as there has been extensive engagement with stakeholders at various levels.

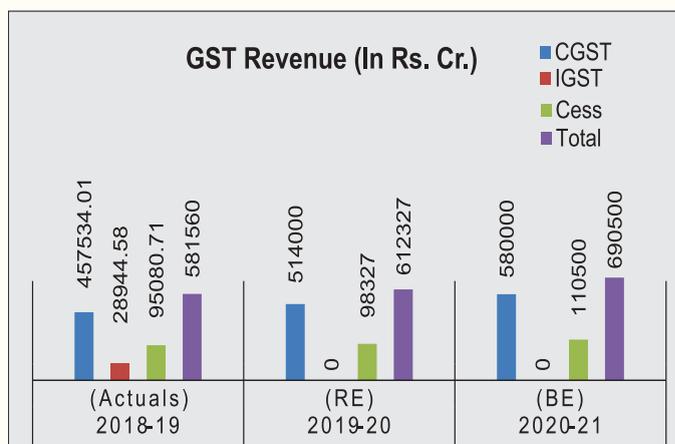


Brief highlights of the significant benefits arising out of implementation of GST

- Savings of about 4 per cent of monthly spending for an average household
- Benefit to MSMEs through enhanced threshold and composition limits
- 20 per cent reduction in turnaround time for trucks
- In last two years, 60 lakh new taxpayers added, 800 crore invoices uploaded and 105 crore E-way bills generated

She presented GST Revenue performance, revised revenue estimate of FY 2019-20 and budget estimate of FY 2020-21. Total indirect tax collections were estimated to be 10,96,520 Cr. in 2020-21. It has been estimated to raise 6,90,500 Cr. from GST. Out of that, 5,80,000 Cr. (84%) is expected to come from CGST and 1,10,500 Cr. (16%) from the GST Compensation Cess. It is expecting 12.8% growth in GST revenue compared to the revised budget estimate of FY 2019-20. As per the revised estimate, the GST revenue for the FY 2019-20 is expected at 6,12,327 Cr. out of which 5,14,000 Cr. from CGST and 98,327 Cr. from the GST Compensation Cess. Actual revenue from GST in FY 2018-19 was 5,81,560 Cr. including CGST of 4,57,534 Cr, IGST 28,945 Cr. and Compensation Cess 95,081 Cr.

Note: CGST and IGST figures after settlement



Budget Announcements on Various Measures to Streamline GST

The Hon'ble Union Finance Minister brought into the notice various measures being taken by the Government for streamlining GST, which are briefly given below:

Compliance Measures

Aadhaar based verification of taxpayers is being introduced. This 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 purchase is made through the QR-code. A system of cash reward is envisaged to incentivize customers to seek invoice. Deep data analytics and Artificial Intelligence (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 percentage 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. She also highlighted that a simplified return will be implemented from 1st April, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification. This is under pilot run.

A target of significant numbers of voluntary uploads of ANX-1/ ANX-2 has been set by the Government with an idea that the taxpayers get adequate testing experience of the proposed new return system and gain confidence in the new system before it is rolled out. A daylong National Feedback Session was also organized so that on the basis of the feedback received from the taxpayers, issues reported by the taxpayers would help in fine tuning the system, thus avoiding any glitches before roll out itself. Source: Budget document, 2020-21

Testing of New Return

ANX-1 and ANX-2 of New Return have been launched by GSTN for pilot run in testing, which is being trailed by taxpayers. Besides ANX-1/2, the form RET-1 of New Return has also been provided for pilot run in testing by all those taxpayers, who are participating in trial and who opted for monthly return filing. The functionality of RET-1 generation for easy reference is as below:

- The return will be auto-drafted, based on the details uploaded in ANX-1 and the action taken in ANX-2 by the taxpayer.
- Table 3, Table 4, and Table 6 have been enabled in RET-1 for the taxpayers, for viewing and saving details, in the used input cells.
- Taxpayer can also view the summary, download the draft RET-1 in PDF format and preview RET-1 online, on click of 'Proceed to file' button.

Source: GSTN

E-invoicing

It is proposed to introduce electronic invoicing system for all B2B invoices in a phased manner. First phase would be voluntary and its pilot run has been rolled out from January, 2020. It has been notified to become mandatory for those having annual turnover of more than 100 crores w.e.f. 01.04.2020. This would help in seamless flow of credit and invoice matching as envisaged in the GST regime and help in real-time updation of data on the GSTN system and thereby, drastically reducing the time taken in filing the returns. Source: Budget document, 2020-21

Fully Electronic Refund Process

Refund process has been simplified and made fully automated with no human interface, in which all steps of submission and processing shall be undertaken electronically, have been deployed on the common portal with effect from 26.09.2019. Further, separate disbursement of refund amounts under different tax heads by different tax authorities, i.e. disbursement of Central tax, Integrated tax and Compensation Cess by Central tax officers and disbursement of State tax by State tax officers, was causing undue hardship to the refund applicants. In order to facilitate refund applicants on this account, both sanction order and the corresponding payment order for the sanctioned refund amount, under all tax heads, is issued by one officer only. Source: Budget document, 2020-21

Upon implementation of fully automatic refund through single disbursement, the status of refund sanctioned and disbursed since 26.09.2019 to 07.02.2020 are as under:

	Status	Count	In Rs. Crore
1	Total RFD-05 issued since 26.09.2019 (in RFD-01)	59360	16371.79
2	Out of 1 above, sent to PFMS for disbursement	48145 (81.11%)	13575.88 (82.92%)
3	Out of 2 above, disbursed by PFMS	47734 (99.15%)	13522.03 (99.60%)
4	Balance yet to be sent to PFMS (out of 1)	11215 (18.89%)	2795.91 (17.08%)

Further, following new functionalities vis-à-vis refund were also recently added on GST portal as illustrated below:

FORM/Heading	FORM Components/Details
Refund pre-application form	A form capturing Income Tax details, export data and expenditure information etc., of the taxpayers, has been made available on GST Portal. All taxpayers claiming refund would be required to fill up this simple form.
Intimation on account of refund not received by taxpayer	Taxpayers can now file an application on GST portal post login, giving details of the refund application for which refund is not received by them so far.

Source: GSTN

Rationalization of Cash Ledger

With regards to single cash ledger, rationalization of the ledger in such a manner that earlier 20 heads are merged into 5 major heads is on the anvil.

Document Identification Number (DIN)

In keeping with the Government's objective of transparency and accountability in indirect tax administration through widespread use of information technology, CBIC with effect from 08.11.2019 has introduced Document Identification Number (DIN), for all communications sent by its officers to taxpayers and other concerned persons. Presently DIN is applicable for such authorization, summons, arrest memos, inspection notices and letters issued in the course of any enquiry.

Source: Budget document, 2020-21

Budget Proposals for Amendments in GST Law

The Amendments proposed in the CGST Act, 2017 through Finance Bill, 2020 are given below:

Sec-tions	Subject	Rationale
2 (114)	Definition of UTs in line with J&K Reorganization Act, 2019	It seeks to amend Section 2(114) of the CGST Act so as to align the definition of "Union territory" in line with the J&K Reorganization Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu, (Merger of Union Territory) Act, 2019
10 (2)	Composition levy	It seeks to amend, so as to exclude from the ambit of the Composition scheme certain categories of taxable persons, engaged in making: (i) supply of services not leviable to tax under the CGST Act, or (ii) inter-State outward supply of services, or (iii) outward supply of services through an e-Commerce operator
16 (4)	Input Tax Credit (ITC)	It is being amended to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing ITC.
29 (1) (C)	Cancellation or suspension of Registration	It is being amended to provide for cancellation of registration which has been obtained voluntarily under sub-section (3) of section 25.
30 (1)	Revocation of cancellation of Registration	It is being inserted to empower the jurisdictional tax authorities to extend the date for application of revocation of cancellation of registration in deserving cases.
31	Tax invoice	It is being amended to provide enabling provision to prescribe the manner of issuance of invoices in case of supply of taxable services.
51	Tax Deduction at Source (TDS)	It is being amended to remove the requirement of issuance of TDS certificate by the deductor; and to omit the corresponding provision of late fees for delay in issuance of TDS certificate.

109	Constitution of Appellate Tribunal	It is being amended to bring the provision for Appellate Tribunal under the CGST Act in the Union Territory of Jammu and Kashmir and Ladakh.
122	Penalty for certain offences	It is proposed to amend Section 122 by inserting a new sub-section to make the beneficiary of the transactions of passing on or availing fraudulent ITC liable for penalty similar to the penalty leviable on the person who commits such specified offences.
132	Punishment for certain offences	Amendment has been made in Section 132 of the CGST Act to make the offence of fraudulent availment of ITC without an invoice or bill a cognizable and non-bailable offence; and to make any person who commits, or causes the commission and retains the benefit of transactions arising out of specified offences liable for punishment.
140	Transitional arrangements for ITC	It is being amended with effect from 1 st July 2017, to prescribe the manner and time limit for taking transitional credit. Refunds due to inverted tax prevalent for tobacco products is barred with a retrospective effect from 1 st July 2017. Also, the retrospective effect has been given for transition provisions from 1 st July 2017 to nullify the decision of Gujarat High Court in the case of Siddhartha Enterprises.
168	Power to issue instructions or directions	It is being amended to make provisions for enabling the jurisdictional commissioner to exercise powers under sub-section (5) of section 66 and second proviso to sub-section (1) of section 143.
172	Removal of Difficulties (RoD)	It is being amended to make provision for enabling issuance of removal of difficulties order for another 2 years, i.e. till five years from the date of commencement of the said Act. Similar changes are also being made in the IGST Act, 2017 (Sec.25), the UTGST Act, 2017 (Sec.26) and the GST (Compensation to States) Act, 2017 (Sec.14).
Entries at 4(a) & 4(b) Schedule II	Transfer of business asset	Entries at 4(a) and 4(b) in Schedule II of the CGST Act is being amended with effect from 1 st July 2017 to make provision for omission of supplies relating to transfer of business assets made without any consideration from Schedule II of the said Act.

Source: Budget document 2020-21

Measures and Mechanism to Prevent Tax Evasion and Increase Inter-departmental Coordination

In order to plug revenue leakage and enhance inter-departmental coordination, a mandate to examine and suggest measures and mechanism on certain issues emerged out of discussion in the 2nd GST National Conference on 7th January, 2020 has been given to the existing Committee of Officers on Risk based Management.

- (1) Measures and mechanism to curb evasion and augment revenue collection.
- (2) Measures and mechanism to curb fraudulent refund claims including the inverted tax structure refund claims and evasion of GST.
- (3) Linking foreign exchange remittance with IGST refund for risky and new exporter, considering fraudulent IGST refund claims.
- (4) Proper profiling of entity involved in fraudulent practice by sharing data of cases involving evasion and fraudulent refund claims detected by CBIC with CBDT and vice-versa.
- (5) Access to GST system of banking transactions including the bank account transaction detail and also PAN based

banking transaction and aligning GST system with FIU for desired purpose.

- (6) Mechanism to prescribe use of single bank account for payments, receipts (foreign remittance or otherwise) and for refund disbursement.
- (7) Introducing intervention for recovery of unmatched and ineligible ITC during relevant period checks; applying restrictions on refund where ITC/IGST on account of profiling based on various parameters available in the system/third party data and decide criteria of taxpayers for such checks/restrictions.
- (8) Prepare in-house list of undesirable contacts indulging in abetting and conspiring evasion or fraudulent refund to alert among tax officers similar to other agencies.
- (9) Prescribing addition of a declaration for self-assessment in FORM GSTR-10 in case of closure of business.

Source: OM vide F. No. 33/Committee on GST Evasion/GSTC/2020 dated 24.01.2020

Sharing Information between Central and State Tax Administration for Enforcement Action

A new App has been unveiled by CBIC (Directorate of Data Management) for exchanging of information between Centre and States. This application is for sharing information between Centre and States for targeted enforcement action against GST evasion. This is a big leap in intelligence sharing and cooperative federalism.

Source: CBIC Tweet dated 07.02.2020

Blocking of ITC availing in the Electronic Credit Ledger

A new rule 86(A) has been inserted in the CGST Rules, 2017 vide notification No.75/2019-Central Tax dated 26.12.2019 empowering the Commissioner or an officer authorized by him in this behalf, not below the rank of an Assistant Commissioner, to impose additional condition/restriction on use of amount of ITC available in the electronic credit ledger.

To operationalize this provision a pictorial illustration is given below:

1. Empower → CGST Officer to block ITC under certain circumstances.
2. Facility → All zonal chief commissioner have facility to block/unblock ITC
availed in a situation covered under rule 86(A)(1)(a) of the CGST Rules 2017 i.e. against fake invoices or against invoices without receipts of goods or services or both.
3. Operationalize → (a) each Pr. Chief commissioner/ Chief commissioner should appoint an officer of the rank of Dy. Commissioner/A.C., as a nodal officer, assisted by few more officers who should undertake this activity.
(b) will submit daily report.

Grievance Redressal Committee (GRC)

Consequent upon decision in 38th GST Council meeting to establish a structured grievance redressal mechanism to tackle grievances of taxpayers on GST related issues of specific/ general nature; modalities and mechanism of GRC at Central Zone/State level, consisting of both Central Tax and State Tax officers, representatives of trade and industry and other GST stakeholders has been issued by CBIC vide F. No.20/10/16/2018-GST(Pt. 1) dated 24.12.2019 and GST Council Secretariat's OM dated 30.12.2019 (F. No. 820/GRC/GSTC2019). Accordingly, functions and mandate of the committee have been described as:

- (i) Examining and resolving all the grievances and issues be-

ing faced by the taxpayers, including procedural difficulties and IT related issues pertaining to GST, both of specific and general nature,

- (ii) Referring any issue requiring a change in Act/Rules/Notification/ Form/Circular/ Instruction, etc., to the GST Council Secretariat and the relevant Policy Wing of the CBIC,
- (iii) Referring any matter related to IT related issue pertaining to GST Portal, to GSTN.

The link has been provided to access the contact details of GRC at Central/States level, contact details of nodal officers of GSTN and GST Council Secretariat:

Contact Details	FORM Components
GSTN	The contact details of Grievance Nodal Officers of CBIC Zones/States can be accessed on the GST Portal under Help Section at link: https://services.gst.gov.in/services/grievanceNodalOfficer .
GST Council Secretariat	The details of Grievance Redressal Committees at Central/State level, Nodal Officers of GSTN/GST Council Secretariat can be accessed on the GST Council Website under Help Section at link: http://www.gstcouncil.gov.in/grievance-redressal-committees-central-zonestate-level .

Source: GSTN

GST Help Desk Functionality

The GST help desk has been revamped for better facilitation to the taxpayer. The new functionality of GST help desk at GSTN portal is now available and accessed as illustrated below:

FORM/Heading	FORM Components/Details
GST Help Desk transition for tax payers and availability of new services	<ul style="list-style-type: none"> ➤ GST Help Desk has now become multi-lingual and supports 12 regional languages ➤ Grievance Redressal Portal has been realigned with contemporary look and feel. ➤ GST Helpdesk will be available 7 days a week from 9am to 9pm ➤ GST Helpdesk call -in-number 1800 103 4786 is now toll free ➤ Old number 0120-4888999 is discontinued from 26.02.2020

Source: GSTN

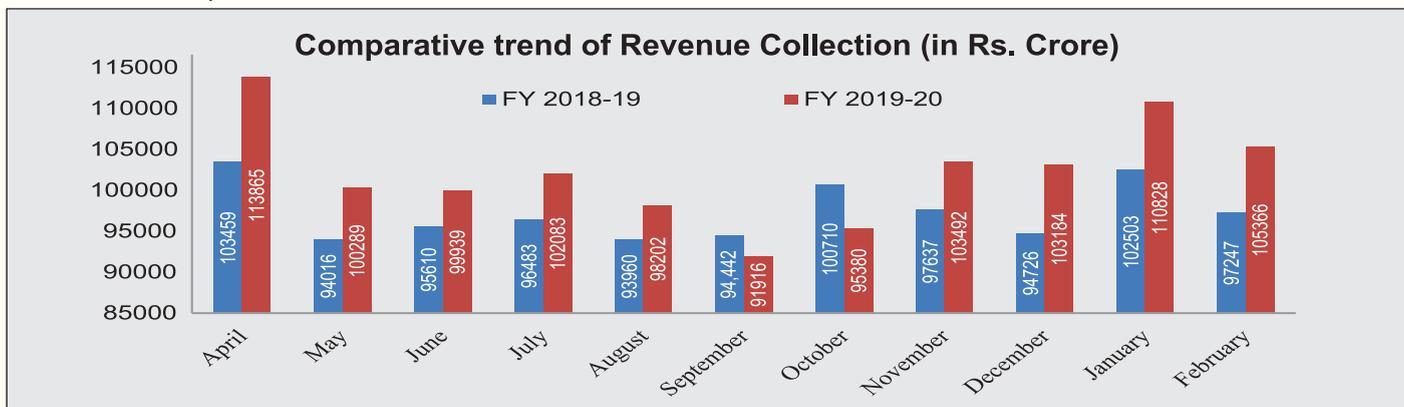
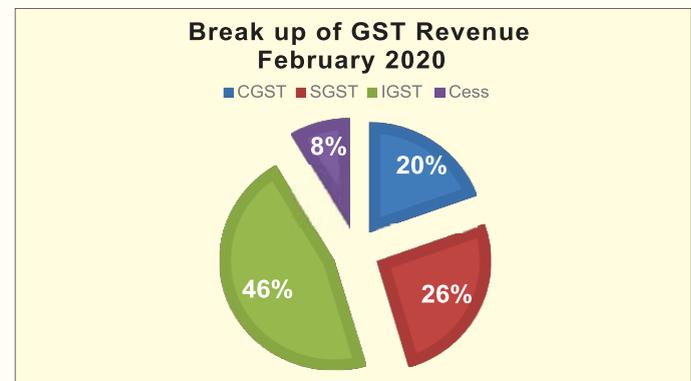
Uniform Rate of GST on Lottery

The CBIC has notified that a uniform rate of 28% for Lottery being applicable from 1st March 2020. There is no distinction for lottery authorized by State Governments and lottery run by State Governments for the purpose of taxability and, hence, the standard rate of 28% shall apply.

Source: Notification No. 1/2020-Central Tax (Rate) dated 21.02.2020

GST Revenue Collection

Gross GST revenue collected in the month of February, 2020 was Rs. 1,05,366 crore, including CGST Rs. 20,569 crore, SGST Rs. 27,348 crore, IGST Rs. 48,503 crore and Cess of Rs. 8,947 crore. The break up is depicted in the pie chart. The total revenue earned by Central Government and the State Governments after regular settlement in the month of February, 2020 was Rs. 43,155 crore for CGST and Rs. 43,901 crore for the SGST. The total number of GSTR-3B returns filed for the month of January up to 29th February, 2020 is 83.53 lakh. The GST revenues during February, 2020 from domestic transactions has shown a growth of 12% over the revenue during the month of February, 2019.



Source: PIB Press Release dated 01.03.2020

Snap shot of Gross GST Collection (FY 2019-20)

Month	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Total	113865	100289	99939	102083	98202	91916	95380	103492	103184	110828	105366

Source: Department of Revenue

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