

### Economic stimulus package

Hon'ble Prime Minister, Sh. Narendra Modi announced a stimulus package of Rs. 20 lakh crore for 'Atmanirbhar Bharat Abhiyaan' or Self-Reliant India Movement in an effort to revive economy under the current Covid-19 crisis. This relief package puts bold reforms across various sectors to make India self-reliant. In furtherance of above announcement, the Hon'ble Finance Minister Smt. Nirmala Sitharaman provided road map with details of the package consecutively over five days, having fiscal & monetary support, ease of doing business, and some fundamental reforms.

For the benefits of our readers, a synopsis of the financial package announced by Govt of India has been submitted as below:

### 1<sup>st</sup> Tranche: Business including MSMEs

#### Micro, Small & Medium Enterprises (MSME)

- ◆ Definition of MSMEs revised without distinction between manufacturing and services sector. A comparative of the existing and revised definition of MSMEs would be as below:

Existing classification (based on Investment in Plant & Machinery)			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment <Rs.25 lac	Investment <Rs.5 cr.	Investment <Rs.10 cr.
Service Enterprises	Investment <Rs.10 lac	Investment <Rs.2 cr.	Investment <Rs.5 cr.
Revised classification (based on Investment and Annual Turnover)			
Manufactures & Services	Investment <Rs.1 cr. & Turnover<Rs.5 cr.	Investment <Rs.10 cr. & Turnover<Rs.50 cr.	*Investment <Rs.50 cr. & Turnover<Rs. 250 cr.

\* Updated as per PIB issued by CCEA on 01.06.2020.

- ◆ The turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.
- ◆ Collateral free automatic loan of Rs 3 lakh crores upto four years with moratorium of 12 months on principal repayment.
- ◆ 100% credit guarantee cover to Banks and NBFCs on principal and interest.
- ◆ Subordinate debt provision of Rs 20,000 crore for 2 lakh stressed MSMEs.
- ◆ Rs 50,000 crore equity infusion via Mother fund-Daughter fund for MSMEs.
- ◆ To set up a fund of funds with corpus of Rs 50,000\* crore to help expanding capacity and list on markets if they choose. \* Updated as per PIB issued by CCEA on 01-06-2020.
- ◆ To disallow Global tenders upto Rs 200 crore for government contracts.
- ◆ E-market linkages are provided across the board in the absence of non-participation in trade fairs due to Covid-19.
- ◆ To clear receivables by the Central Government and PSUs within 45 days.

#### Non-Banking Financial Institutions

- ◆ Rs 30,000 crore special liquidity scheme for investing in investment grade debt paper of NBFCs, HFCs and MFIs, that are funding MSMEs and this will be fully guaranteed by government.
- ◆ Rs 45,000 crore partial credit guarantee scheme 2.0 for NBFCs, the first 20% loss will be borne by the government.
- ◆ For distribution companies, a one-time emergency liquidity injection of Rs . 90,000 crore against all their receivables, the states will guarantee it.

#### For Employees

- ◆ Liquidity relief of Rs. 2,500 crore support to all EPF establishments. The EPF contribution will be paid by the government till August, 2020 which will benefit around 72 lakh employees.
- ◆ To reduce statutory EPF contribution for all private organisations and their employees covered by EPFO to 10% from 12% for next 3 months, which will help infuse Rs 6,750 crore of liquidity, applicable for workers not eligible for 24% EPF support under PM Garib Kalyan Package and its extensions.

#### For Taxpayers

- ◆ A reduction of 25% of existing rates of Tax Deducted at Source (TDS) & Tax Collection at Sources (TCS) till 31<sup>st</sup> March, 2021, this will release Rs 50,000 crores.
- ◆ Due date of all Income Tax Return filings extended from 31<sup>st</sup> July to 30<sup>th</sup> November, 2020.
- ◆ Vivad se Vishwas scheme extended till 31<sup>st</sup> December 2020.

### Power distribution companies

- ◆ Power distribution companies will get Rs 90,000 crore liquidity against receivables from state-owned Power Finance Corporations and Rural Electrification Corporations.

### Extension of Contracts

- ◆ An extension of up to 6 months to be provided by all Central Government agencies like Railways, Ministry of Road Transport & Highways, Central Public Works Department etc.

### Real Estate

- ◆ Real estate regulators can invoke force majeure, the regulators can suo moto extend completion/registration dates for six months for projects expiring on or after 25<sup>th</sup> March, 2020.

## 2<sup>nd</sup> Tranche: Poor- Migrant Labours & Farmers

**Migrant Labours:** Migrants who don't have NFSA cards or state cards, will be provided free food grains for next two months. States/UTs are advised to provide works to migrant workers as per the Provisions of the Act. Drive is being undertaken to enroll returning migrants.

**One Nation, One Ration Card:** National Portability Ration Cards can be used in any ration shops across the country which will be implemented by March 2021.

**Rental accommodation:** Under PM Awas Yojana, incentives will be offered to private manufacturing units and industrial units to develop affordable housing, converting govt funded houses into affordable renting accommodations for migrant workers.

**MUDRA Shishu loan:** Those who have availed loans up to Rs 50,000, an interest subvention of 2% for next 12 months after the moratorium period extended by RBI ends.

**Street Vendor:** Special scheme for street vendors to avail Rs 5,000 crore loan facility. They will be given Rs 10,000 of working capital.

**Affordable Housing:** Credit-linked subsidy scheme for middle income households in the income group Rs 6-18 Lakh extended to March 2021.

**Tribals:** Rs 6,000 crore worth of proposals have come from states under CAMPA funds. Tribal people will get employment in forest management, wildlife protection/management and other forest related activities.

**Small & Marginal Farmers:** Rs 30,000 crore additional capital emergency funds extending through NABARD for post-harvest Rabi and Kharif related activities for small and marginal farmers. Also providing Rs 2 lakh crore of concessional credit to 2.5 crore farmers through Kissan credit card.

## 3<sup>rd</sup> Tranche: Agriculture

### Agriculture Infrastructure

- ◆ One lakh crore fund for strengthening the farm gate infrastructure like cold chains, post harvest storage infrastructures etc.
- ◆ Rs 10,000 crore fund for micro food scheme will be executed with cluster based approach. .
- ◆ To launch Pradhan Mantri Matsya Sampada Yojana for development of marine and inland fisheries. Rs 20,000 crore will be spent to fill the gaps in value chains.
- ◆ Rs 13,343 crore for vaccination of livestock in India to eradicate foot and mouth disease under National Animal Disease Control Programme.
- ◆ To spent Rs 15,000 crore on ramping up the animal husbandry infrastructure, also investments will be made in cattle feed.
- ◆ Rs 4,000 crore for growing of herbal and medicinal plants, ten lakh hectares of land will be used for this.
- ◆ Rs 500 crore have been allocated for beekeeping.
- ◆ Rs 500 crore for scheme 'Operation Greens' that will be extended beyond tomatoes, potatoes and onion and will applicable to all vegetables.

### Policy Reforms

- ◆ Proposed amendment to Essential Commodities Act to enable better price realisation for farmers.
- ◆ Facilitative legal framework will be created to enable farmers for engaging with processors, aggregators, large retailers, exporters etc. in a fair and transparent manner.

### Marketing Reforms

A central law will be formulated to provide for adequate choices to sell produce at attractive price, barrier free inter-state trade, and framework for e-trading of agriculture produce.

## 4<sup>th</sup> Tranche: New Horizons of Growth

### Coal Sector

- ◆ Introducing the commercial mining of coal to reduce import of substitutable coal and increase self-reliance in coal production.
- ◆ The investment of Rs. 50,000 crores are for the evacuation of enhanced Coal India Ltd's target of 1 billion tons of coal production by 2023-24.

### Minerals

- ◆ Enhancing private investment in mineral sector.
- ◆ Rationalisation of stamp duty payable at the time of award of mining leases.
- ◆ 500 mining blocks would be offered through an open and transparent auction process, a joint auction of Bauxite & Coal mineral blocks will be introduced to enhance Aluminum industry's competitiveness.

## Defence

- ◆ Indigenization of imported spares, separate budget provisioning for domestic capital procurement.
- ◆ FDI limit in defence manufacturing under automatic route is being raised from 49% to 74%.
- ◆ Corporatisation of Ordnance factory board was also announced.

## Civil Aviation

- ◆ Restrictions on the utilisation of Indian Air Space will be eased so that civilian flying becomes more efficient.
- ◆ Government is working hard to make India a global hub for aircraft maintenance, repair and overhaul.
- ◆ Airports Authority of India has awarded 3 airports out of 6 bids for operation & maintenance on PPP basis. Additional investment by private players in 12 airports in first & second rounds expected around Rs 13,000 crores.

## Power Sector Reforms

- ◆ Power Distribution Companies in Union Territories to be privatised in line with the new tariff policies.

## Space Sector

- ◆ Boosting private participation in space sectors, government is working on a liberal geo-spatial policy. Private sector to be co-traveler in India's space sector journey through launches, satellite services.

## Atomic Energy

- ◆ Technology Development cum Incubation Centers will be set up for fostering synergy between research facilities and tech entrepreneurs.
- ◆ Establishment of research reactor in PPP mode for production of medical isotopes.

## 5<sup>th</sup> Tranche: Government Reforms & Enablers

**MGNREGS:** Additional funding of Rs 40,000 crore to the scheme for MGNREGS over and above the budgetary estimate to boost rural economy through increased production.

**Health:** All districts will have infectious disease hospitals while at the block-level, public health labs will be set up.

**Education:** PM eVidya programme to be launched immediately, each classroom from 1 to 12 will have one TV channel. Special e-content for visually & hearing impaired. Top 100 universities will be permitted to start online courses by 30<sup>th</sup> May, 2020.

**IBC reforms:** Covid-19 related debt to be excluded from definition of default under the Insolvency and Bankruptcy Code, 2016. No fresh insolvency for next one year. Minimum threshold to initiate insolvency raised to Rs. 1 crore from Rs. 1 lakh earlier.

**Companies Act:** Violations under most of the Companies Act to be decriminalised. This will ease the burden on courts and tribunals. Seven compoundable offences under Companies Act being dropped, 5 offences to be dealt under alternative framework. Companies can now list securities directly in foreign jurisdictions.

**Ease of Doing Business:** Key reforms have been undertaken to improve India's ranking in EODB. This includes inter-alia direct listing of securities by Indian public companies in permissible foreign jurisdictions.

**Public Sector Policy:** All sectors are open to the private sector while public sector enterprises will play an important role in defined areas.

**Resources to States:** Government has increased borrowing limit of states from 3% to 5% of GDP for FY 2021. This will provide additional resources of Rs 4.28 lakh crore to states.

## New functionalities available on GST Portal

### Filing GSTR-3B through EVC

- ◆ The taxpayers who are required to mandatorily use DSC to file Form GSTR-3B, now have an option to file it using EVC. This is applicable to all categories of Companies, registered under Companies Act, 2013. This option is available for returns filed in Form GSTR-3B during the period from 21-04-2020 to 30-06-2020.

*(Proviso to sub-rule (1) of in rule 26 has been inserted vide Notification No. 38/2020 CT dated 5.5.2020)*

### Adjustment of negative ITC, while distributing credit to its units by ISD through GSTR-6

- ◆ Previously, ISD were not able to adjust negative ITC to its units, under a major head through ITC available under another major head. ISD would now be able to adjust negative ITC while distributing credit through Form GSTR-6.

### Creation of Electronic Cash ledger and Liability Register for UIN holders

- ◆ UIN holders can claim refund under section 55 of the GST Act. The facility of cash ledger and liability register was not provided to UIN holders earlier, as they were only claiming refunds. A cash ledger and a Liability Register, for UIN holders, has now been created on the GST portal. A facility to make payment through challan has also been created in the Payment module for UIN holders. The UIN would now be able to make payment of the amount of excess refund claimed, on voluntary basis, through Form GST DRC-03. It would also be possible for the Tax Officer to post the liability in Liability Register (Part-II), if the UIN holder does not pay the excess amount voluntarily.

### Transfer/shift money available in Electronic Cash ledger

- ◆ Form GST PMT-09 is now available on GST portal and it enables a taxpayer to make intra-head or inter-head transfer of amount available in Electronic Cash Ledger. A taxpayer can file GST PMT-09 for transfer of any amount of tax, interest, penalty, fee or others available under one (major or minor) head to another (major or minor) head in the Electronic Cash Ledger. Form GST PMT-09 provides flexibility to taxpayers to make multiple transfers from more than one Major/Minor head to another Major/Minor head if the amount is available in the Electronic Cash Ledger. To file Form GST PMT-09 taxpayers are required to login on GST portal with valid credentials and navigate to Services > Ledgers > Electronic Cash Ledger > File GST PMT-09 For Transfer of Amount option.

*(the provisions of Rule 87 (13) has been given effect from 21.04.2020 vide Notification No.37/2020-CT dated 28.04.2020)*

## Alert to Taxpayers on fake messages on GST Refund

- It has been observed that some fraudulent messages are being circulated on whatsapp, email and SMS, claiming to process GST refund. It clearly shows that some miscreants have started to take undue advantage of Covid-19 crisis, by sending out fake messages with phishing links. One such link takes to a portal claimed to have been developed by GSTN. The same is fake and Government has notified only www.gst.gov.in as the common portal, under the GST Laws.

## Facility for registration of IRP/RPs made available on the GST Portal

- Insolvency Resolution Professionals/ Resolution Professionals (IRPs/RPs), appointed to undertake corporate insolvency resolution proceedings for Corporate Debtors, in terms of Notification. No 11/2020-CT, dated 21st March, 2020 read with Notification No.39/2020-CT dt. 05-05-2020 can apply for new registration on GST Portal, on behalf of the Corporate Debtors, in each of the States or Union Territories, on the PAN and CIN of the Corporate Debtor, where the corporate debtor was registered earlier, within thirty days of their appointment as IRP/RP or by 30th June, 2020, whichever is later.

Source: GSTN

## Notifications & Circulars

### Amendment in Section 140 of CGST Act came into effect from 18<sup>th</sup> May, 2020

The amendment in transitional credit provisions (Section 140) of CGST Act has been done vide section 128 of the Finance Act, 2020. (Notification No. 43/2020-Central Tax dated 16<sup>th</sup> May, 2020, effective from 18<sup>th</sup> May, 2020). There are eight sub-sections to section 140 which deals with the transition of various types of credits pertaining to the existing law into the GST regime.

On the transitional credit, the following two judgments have come in favour of Revenue:

- Hon'ble Bombay High Court judgement dated 20.03.2020 in the matter of M/s Nelco Limited in WP No.6998 of 2018 has concluded that: *the time limit stipulated under Rule 117 of the Rules is not ultra vires of the Act. This Rule is traceable to the power conferred under section 164(2) of the Act. The time limit stipulated in Rule 117 is in consonance with the transitional nature of the enactment, and it is neither arbitrary nor unreasonable. Availment of input tax credit under section 140(1) is a concession attached with conditions of its exercise within the time limit. The IT Grievance Redressal Cell is set up by the GST Council to examine the existence of technical difficulties on the common portal. Sufficient guidance is provided in the definition of technical difficulty in Rule 117(1A). Examining the system log to ascertain the existence of technical difficulties on the common portal for registered persons, is not arbitrary, nor does it lead to a fettering of discretion by the authorities. Those registered persons who could not submit the declaration by the due date because of technical difficulties on the common portal as can be evidenced from the system logs are given an extension on the recommendation of the Council. Where no such evidence is forthcoming, no recommendation is made. In the Petitioner's case, no such proof emerges and, therefore, no direction as sought for can be issued.*
- M/s Shree Motors filed another SB Civil Appeal No.440/2020 before Hon'ble High Court of Rajasthan, Jodhpur Bench alleging various system errors/glitches at the portal. They have claimed that they have vested right to seek credit once the taxes have been paid by them. Hon'ble Court held that the directions provided in the order dated 21.11.2019 were explicit and also, perusal of the representation made by the petitioner revealed that except for claiming the credit, the petitioners did not indicate any material to show that the petitioners had failed to upload their form Tran-1 on account of technical glitches on the common portal and such an attempt was made during the currency of the transitional period, as required by the judgement in the case of Jodhpur Truck Pvt. Ltd. Therefore, Hon'ble High Court passed an order dated 18.03.2020, dismissing the appeal and decided the case in favor of the Department *holding that in view of Hon'ble Supreme Court Judgement in the case of Osram Surya (P), the plea of the petitioner pertaining to the denial of vested rights on account of portioners failing to submit/file Form GST TRAN-1 in time cannot be countenanced.*

Notifications	
No.	Subject
38/2020- Central Tax, dt. 05-05-2020	Seeks to make fifth amendment (2020) to CGST Rules.
39/2020- Central Tax, dt. 05-05-2020	Seeks to make amendments to special procedure for corporate debtors undergoing the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.
40/2020- Central Tax, dt. 05-05-2020	Seeks to extend the validity of e-way bills till 31.05.2020 for those e-way bills which expire during the period from 20.03.2020 to 15.04.2020 and generated till 24.03.2020.
41/2020- Central Tax, dt. 05-05-2020	Seeks to extend the due date for furnishing of FORM GSTR 9/9C for FY 2018-19 till 30th September, 2020.
42/2020- Central Tax, dt. 05-05-2020	Seeks to extend the due date for furnishing FORM GSTR-3B, Jan-March, 2020 returns for the taxpayers registered in Ladakh.
43/2020- Central Tax, dt. 16-05-2020	Seeks to bring into force Section 128 of Finance Act, 2020 in order to bring amendment in Section 140 of CGST Act w.e.f. 01.07.2017.
Circular	
138/08/2020 dated 06-05-2020	Seeks to clarify 'issues in respect of challenges faced by the registered persons in implementation of provisions of GST Laws'.

Source: CBIC

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