

Highlights of 40th GST Council Meeting



The 40th GST Council meeting held under the Chairmanship of Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman through video conferencing on 12th June, 2020, which was attended by Shri Anurag Singh Thakur, Hon'ble Union Minister of State for Finance and Ministers in charge of Finance/Revenue from all States/UTs. The GST Council has made following recommendations:

i. Reduction in late fee for past GSTR-3B returns

As a trade facilitation measure to clean up pendency in return filing, late fee for non-furnishing FORM GSTR-3B for the tax period from July, 2017 to January, 2020 has been reduced /waived as under:

- 'NIL' late fee if there is no tax liability
- Maximum late fee capped at Rs. 500/- per return if there is any tax liability

The reduced rate of late fee would apply for all the GSTR-3B returns furnished between 01.07.2020 to 30.09.2020

ii. Relief for small taxpayers for late filing of GSTR-3B

It is recommended that small taxpayers (turnover upto 5 crore), for the supplies effected in the month of February, March and April, 2020, the rate

of interest for late furnishing of return for the said months beyond specified dates, staggered upto 6th July 2020 is reduced from 18% to 9% per annum till 30th September, 2020. In other words, for these months, small taxpayers will not be charged any interest till the notified dates for relief and thereafter 9% interest will be charged till 30th September 2020.

iii. Relief for small taxpayers in filing GSTR-3B for subsequent tax periods

In wake of COVID-19 pandemic, for taxpayers having aggregate turnover upto Rs. 5 crore, further relief provided by waiver of late fees and interest if the returns in FORM GSTR-3B for the supplies effected in the months of May, June and July, 2020 are furnished by September, 2020.

iv. One-time extension in period for seeking revocation of cancellation of registration

To facilitate taxpayers who could not get their cancelled GST registrations restored in time, an opportunity is being provided for filing of application for revocation of cancellation of registration up to 30.09.2020, in all cases where registrations have been cancelled till 12.06.2020. *Source: PIB Press Release, dated 12.06.2020*

Relaxation for failing GSTR-3B return

All taxpayers had been provided waiver of late fee and interest relaxation in filing returns as illustrated below:

Assessee having turnover more than Rs. 5 Crores

Month	Interest (Reduced interest under Notification No. 51/2020-Central Tax)	Late Fees (Waiver under Notification No. 52/2020-Central Tax)	Last date to file GSTR 3B to avail the waiver of late fee	Due Date
February, 2020	Nil for first 15 days from the date, and 9% p.a. thereafter till 24.06.2020. Post 24.06.2020, interest @18% p.a. shall be applicable for the further period of delay.	Nil	June 24, 2020	March 20, 2020
March, 2020		Nil	June 24, 2020	April 20, 2020
April, 2020		Nil	June 24, 2020	May, 20, 2020
May, 2020		Nil if central tax payable is Nil.	September 30, 2020	June 27, 2020
June, 2020		In other cases, late fees which is in excess of an amount of Rs. 250 (CGST + SGST = 500) shall stand waived.	September 30, 2020	July 20, 2020
July, 2020			September 30, 2020	Aug 20, 2020
Aug, 2020				Sept 20, 2020

Assessee having turnover upto Rs. 5 Crores Category I States

Month	Interest (Notification No. 51/2020 Central Tax)	Late Fees (Waiver under Notification No. 52/2020-Central Tax)	Waiver Date	Due Date
February, 2020	Nil till waiver date, and 9% thereafter till 30.09.2020 and at 18% thereafter	Nil	June 30, 2020	March 22, 2020
March, 2020		Nil	July 3, 2020	April 22, 2020
April, 2020		Nil	July 6, 2020	May 22, 2020
May, 2020		Nil	Sept. 12, 2020	July 12, 2020
June, 2020		Nil	Sept. 23, 2020	July 22, 2020
July, 2020		Nil	Sept. 27, 2020	August 22, 2020
August, 2020	Date Extended by Notification No.54/2020			October 1, 2020
Category I States - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep				
Conditional Waiver of Late fee for Feb July 2020, vide Not. No. 57/2020 CT dated 30-06-2020 restricting late fee upto Rs. 500 if return is filed on or before 30.09.2020. Nil late fee if tax payable is Nil.				

Assessee having turnover upto Rs. 5 Crores Category II States

Months	Interest (Notification No. 51/2020 Central Tax)	Late Fees (Waiver under Notification No. 52/2020- Central Tax)	Waiver Date	Due Date
February, 2020	Nil till waiver date, and 9% thereafter till 30.09.2020 and at 18% thereafter	Nil	June 30, 2020	March 24, 2020
March, 2020		Nil	July 5, 2020	April 24, 2020
April, 2020		Nil	July 9, 2020	May 24, 2020
May, 2020		Nil	Sept. 15, 2020	July 14, 2020
June, 2020		Nil	Sept. 25, 2020	July 24, 2020
July, 2020		Nil	Sept. 29, 2020	August 24, 2020
August, 2020	Date Extended by Notification No.54/2020			October 3, 2020
Category II States - Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi				
Conditional Waiver of Late fee for Feb July 2020, vide Not. No. 57/2020 CT dated 30-06-2020 restricting late fee upto Rs. 500 if return is filed on or before 30.09.2020. Nil late fee if tax payable is Nil.				

Assesses who have not filed their returns for any period between July 2017 and January, 2020

Period	Interest	Late fee (Waiver under No. 52/2020- Central Tax)	Waiver date	Can ITC of such tax period be availed in return
July 2017 March 2018	Normal interest @ 18% p.a applicable	Nil if central tax payable is Nil. In other cases, late fees which is in excess of an amount of Rs.500 (CGST+SGST) shall stand waived	When such return is filed between 01.07.2020 but on or before 30.09.2020	No entire output tax payable in cash
April 2018-March 2019				No entire output tax payable in cash
April 2019 January 2020				No entire output tax payable in cash
				Yes
Late fee is waived only if return is furnished before the Waiver date. If the GSTR-1 is not filed upto the Waiver date, late fee shall be applicable from the due date				

GSTR 1 - All Assesses

Months	Late Fees (Waiver under Notification No. 53/2020- Central Tax)	Waiver date	Quarter	Late fee (Waiver under No. 53/2020- Central Tax)	Waiver date
	Notification				
March, 2020	Nil	July 10, 2020	January March, 2020	Nil	July 17, 2020
April, 2020	Nil	July 24, 2020			
May, 2020	Nil	July 28, 2020	April June, 2020	Nil	August 3, 2020
June, 2020	Nil	August 5, 2020			
July, 2020		August 11, 2020			
August, 2020		Sept. 11, 2020			
Late fee is waived only if GSTR-1 is furnished before the Waiver date. If the GSTR-1 is not filed upto the Waiver date, late fee shall be applicable from the due date.					

Sl.No.	Category of taxpayer	GST rate	New rate
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	½ per cent of the turnover in the State/UTs	No change
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	2 ½ per cent of the turnover in the State/UTs	No change
3	Any other supplier eligible for composition levy under subsections (1) and (2) of section 10 (Earlier - Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter)	½ per cent of the turnover of taxable supplies of goods and services in the State/UTs	No change
4	Registered persons not eligible under the composition levy under sub-sections (1) and (2), but eligible to opt to pay tax under sub-section (2A), of section 10	N.A. (earlier it was by way of rate notification)	3 per cent of the turnover of supplies of goods and services in the state/UTs

Source: Notification No.50/2020 Central Tax, dated 24/06/2020

3. Amendments in Finance Act, 2020

Amendments made in Finance Act, 2020 to give the effect of section 118,125,129 and 130 of CGST Act 2017 and Section 25 of IGST Act, 2017 with effect from 30.06.2020:

Section 118: Substitution of UTs of 'Dadra and Nagar Haveli and Daman and Diu' & 'Ladakh' in the definition of UTs.

Section 125: Amendment made to remove the notification of Bench of the Appellate Tribunal within J&K.

Section 129: Certain powers of Commissioner of Board amended.

Section 130: Period within which Government could issue 'Removal of Difficulty' order increased from 3 years to 5 years.

Section 25: Period within which Government could issue 'Removal of Difficulty' order increased from 3 years to 5 years.

Source: Notification No. 49/2020 Central Tax and Notification No. 04/2020 Integrated Tax, both dated 24.06.2020

Reduces interest rate for tax periods from February to July, 2020

Lowered interest rate for tax periods from February 2020 to July 2020 for delayed filing of GSTR-3B.

Source: Notification No. 05/2020 Integrated Tax, and Notification No. 02/2020 Union Territory Tax, both dated 24.06.2020

Other Notifications

GSTR-3B late fee restricted to Rs.500 for return filed till 30.09.2020

The maximum late fee for Form GSTR-3B has been capped at Rs.500 for tax period July 2017 to July 2020 subject to returns being filed before 30.09.2020. The late fee waiver was restricted for February to April 2020 provided the return was filed before 24.06.2020. It covers this class of taxpayers for May to July 2020 for late fee waiver, provided the return is filed before 30.09.2020 for this period.

Source: Notification No.57/2020-Central Tax, dated 30.06.2020

Period to pass order on GST refund application further extended

CBIC amended earlier Notification No. 46/2020 Central Tax, dated 09.06.2020. In cases where notice has been issued for rejection of refund claim and where the time limit for issuance of order in terms of provisions of section 54(5) read with section 54(7) of CGST Act, 2017 falls during the period from 20.03.2020 to the 30.08.2020, in such cases the time limit for issuance of the said order shall be extended to fifteen days after the receipt of reply to the notice from the registered person or the 31.08.2020, whichever is later.

Source: Notification No.56/2020-Central Tax, dated 27.06.2020 and Notification No.46/2020 Central Tax, dated 09.06.2020

Time limit for completion or compliance of any action, further extended

CBIC further extended the limit for completion or compliance of any action, by amending earlier Notification 35/2020-Central Tax, dated 03.04.2020, there by extending the due date of compliance, which falls during the period from 20.03.2020, to 30.08.2020, till 31.08.2020,

Source: Notification No.55/2020-Central Tax, dated 27.06.2020

Companies can verify GSTR-3B and GSTR-1 through EVC

Through Amendments in CGST (6th Amendment) Rules, 2020, companies incorporated under the Companies Act, 2013 can verify their FORM GSTR-3B and FORM GSTR-1 through Electronic Verification Code (EVC).

Source: Notification No. 48/2020- Central Tax, dated 19.06.2020

Extends validity of e-way bills to 30th June, 2020

Where an e-way bill has been generated on or before the 24th day of March, 2020 and whose validity has expired on or after the 20th March, 2020, the validity period of such e-way bill shall be deemed to have been extended till the 30st day of June, 2020.

Source: Notification No. 47/2020 Central Tax, dated 09.06.2020

Special procedure for merged UTs to continue till 31st July 2020

CBIC extends the date for transition under GST on account of merger of erstwhile UTs of Daman and Diu & Dadar and Nagar Haveli from existing 31.05.2020 to 31.07.2020.

Source: Notification No. 45/2020 Central Tax, dated 09.06.2020

Taxpayers can file NIL returns through SMS in Form GSTR-3B & GSTR-1

In a bid to make compliance easier, the Government allowed filing of Nil GSTR-3B return through SMS with immediate effect. This would substantially improve ease of GST compliance for over 22 lakh taxpayers who had to otherwise log into their account on the common portal and then file their returns every month. To initiate this taxpayers needs to send SMS to 14409 as NIL<space>3B<space>GSTIN<space>Tax period.

This facility have also been extended in filing FORM GSTR-1 from first week of July 2020, which would help over 12 lakh taxpayers who had to otherwise file their return through GST portal every month or each quarter. To initiate this facility, eligible taxpayers need to send SMS to 14409 as Nil<space>R1<space>GSTIN number<space>Tax period.

This is in accordance with Rule 67A of CGST Rules 2017 prescribing the manner of furnishing of a Nil return under section 39 in FORM GSTR-3B or a Nil details of outward supplies under section 37 in FORM GSTR-1 for a tax period, by short messaging service facility

Source: Notification No. 44/2020- Central Tax, dated 08.06.2020, Notification No. 58/2020- Central Tax, dated 01.07.2020 and MoF Press release, 08.06.2020 and 27.06.2020

Circulars/RoD

i. Manner of calculation of Interest and late fee

The GST Council, in its 40th meeting held on 12.06.2020, has recommended further relief to the taxpayers in view of spread of Novel Corona Virus (COVID-19). Clarification on the manner of calculation of interest and late fess in respect of these measures announced by the Government for providing relief to the taxpayers vide Notification Nos.51/2020 to 53/2020- Central Tax, dated 24.06.2020 has been issued.

Source: Circular No.141/11/2020-GST, dated 24.06.2020

ii. GST liability on Director's Remuneration

It is clarified that the part of Director's remuneration which are declared as 'Salaries' in the books of accounts of the company and are subject to TDS u/s 192 of IT Act are not taxable under GST law since the same is excluded vide Schedule III of CGST Act, 2017. That part of Director's remuneration declared separately other than 'Salaries' in the books of accounts of the companies and are subject to TDS u/s 194J of IT Act as fees for professional or technical services shall be treated as consideration for providing services and will be taxable under GST. Further, the company i.e. recipient of service under Reverse Charge Mechanism will discharge the tax liability of the same.

Source: Circular No. 140/09/2020, dated 10.06.2020

iii. Refund of accumulated ITC

In the wake of various representations that refund-sanctioning authorities have rejected the accumulated ITC in respect of ITC availed on imports, ISD invoices, RCM etc, due to non- availability of such invoices on Form GSTR-2A of the applicant. Therefore, it is clarified that the restrictions imposed by Circular No. 135/05/2020- GST dated 31st March, 2020, do not in any way impact the refund of ITC availed on the invoices / documents relating to imports, ISD invoices and the inward supplies liable to Reverse Charge (RCM supplies) etc.

Source: Circular No. 139/09/2020, dated 10.06.2020

iv. Filing application for revocation of cancellation of registration

The RoD Order seeks to extend the time limit for filing an application for revocation of cancellation of registration for specified taxpayers. It says that applications can be filed for revocation of cancellation of registration under Sec 30(1) the CGST Act for those registered persons who were served notice on portal /by e mail and where cancellation order was passed up to 12th June, 2020, before 31st day of August, 2020 or date of service of the said cancellation order which ever is later.

Source: Order No. 01/2020-Central Tax, dated 25.06.2020

Instructions

Payment of GST by real estate developer on shortfall value of inward supplies

An instruction has been issued that the payment of GST by real estate promoter/developer supplying construction of residential apartments etc, shall use the form DRC-03 to pay the tax electronically on the common portal by 30.06.2020, on the shortfall from the said threshold requirement of procuring input and input services (below 80%) from registered person at the end of Financial Year.

Source: DoR, Instruction No. 3/2/2020-GST, dated 24.06.2020

Petitions filed in various Courts on transitional provisions

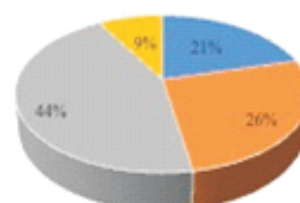
There are number of petitions being filed in various High Courts by taxpayers who were not able to carry forward or transition the credit under the CENVAT to GST due to several reasons. The GST policy wing has prepared a detailed note on policy matters concerning this issue, which may help to counter the arguments contained in the petitions. Hence the CBIC field officers and States are advised to refer these inputs/comments while filing counter affidavit on petitions related to transitional provisions.

Source: F.No. CBIC-20/10/11/2019-GST/1001 dated 22.06.2020 & GSTC OM.F.No.423/OM/WPTRAN-1/2/GSTC/2020/ 2987 dated 26.06.2020.

GST Revenue Position

Gross GST revenue collected in the month of June, 2020 is Rs. 90,917 crore, of which CGST Rs. 18,980 crore, SGST Rs. 23,970 crore, IGST Rs. 40,302 crore and Cess of Rs. 7,665 crore. The total revenue earned by Central Government and the State Governments after regular settlement in the month of June is 32,305 crore for CGST and Rs. 35,387 for the SGST. The revenues for June are 91% of the GST revenues in June last year (Rs. 99940 crore). The GST collections for the month of April was Rs.32,294 and May was Rs.62,009. There is a sign of recovery in GST revenues compared to the April and May figures, which were impacted due to economic effect of the pandemic and due to relaxations in filing returns and payment of taxes. Source: PIB Press release, dated 01.07.2020

Break up of GST Revenue June 2020



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