

Trade facilitation measures in respect of GST in wake of COVID-19

During this critical time when the whole world is struggling to contain corona virus, GST Council Secretariat wishes health and safety to all. We dedicate this Newsletter to the determined spirit and efforts of the country to come out of this difficult time by following reasonable restrictions.

In view of COVID-19 pandemic, the Central Government has taken various statutory and regulatory trade facilitation measures to ease its impact on trade and industry vis-a-vis GST compliance. The measures extending due dates are briefly as below:

- Filing GSTR -3B, by registered persons having aggregate annual turnover less than Rs. 5 crore, for the month of March, April and May 2020 extended till the end of last week of June 2020.
- Filing GSTR -3B, by registered persons having aggregate annual turnover of more than Rs. 5 crore, for the month of March, April and May 2020 extended till the end of last week of June 2020 subject to payment of interest @ 9 % instead of 18%. However, there will not be recovery of any penalty and late fees for such taxpayers for this period.
- Composition scheme option could be extended till the last week of June, 2020. Date for tax payments and filing of return for the quarter ending 31st March, 2020 by the Composition dealers extended till the last week of June, 2020.
- Filing of GST Annual Returns of FY 2018-19 extended till the last week of June 2020, which was otherwise due on 31st March, 2020.
- Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between 20th March, 2020 to 29th June, 2020; extended to 30th June, 2020.
- Necessary legal circulars and legislative amendments to give effect to the aforesaid GST relief shall follow with the approval of GST Council.

In order to give effect to these announcements among other taxation matters, an Ordinance, namely, The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 has been promulgated on 31st March, 2020 by the President whereby relaxation of certain provision of specified Acts enacted. Accordingly, a new Section 168A has been inserted in the CGST Act, 2017 to extend time limit in specified circumstances.

Source: Press Release by Ministry of Finance dated 24.03.2020 and 31.03.2020

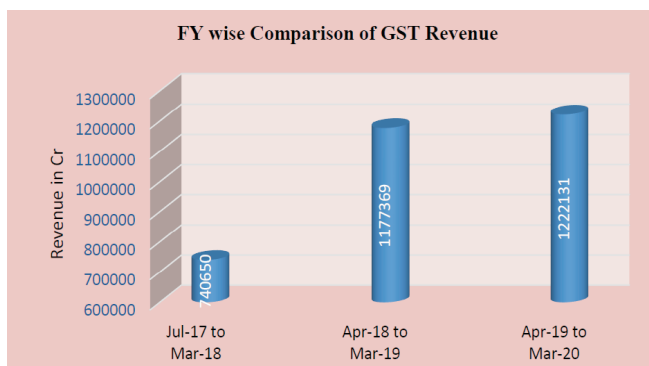
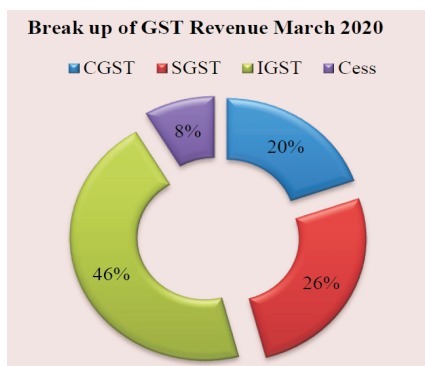
GST Revenue Collection

Rs. 97,597 crore was gross GST revenue collection in the month of March, 2020. This includes CGST of Rs. 19,183 crore, SGST of Rs. 25,601 crore, IGST of Rs. 44,508 crore and Cess of Rs. 8,306 crore. After regular settlement, the revenue in the month of March, 2020 arrived at Rs. 41,901 crore and Rs. 43,516 crore for the CGST and SGST, respectively. GST Revenue from Domestic transactions has shown 4% negative growth over the corresponding month of March, 2019. Whereas GST from domestic transaction in FY 2019-20 has shown 8% growth over last FY 2018-19. Overall, gross GST revenues witnessed 4% growth over the last year. The total number of GSTR-3B returns filed for the month of February up to 31st March, 2020 is 76.5 lakh. A snap shot of GST revenue collection since its inception till March, 2020 is shown below:

Snapshot of Gross GST Collection (In Rs. Crore)

FY	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2017-18				21572	95633	94064	93333	83780	84314	89825	85962	92167	740650
2018-19	103459	94016	95610	96483	93960	94442	100710	97637	94725	102503	97247	106577	1177369
2019-20	113865	100289	99939	102083	98202	91916	95380	103492	103184	110818	105366	97597	1222131

Source: Department of Revenue



Highlights of 39th GST Council Meeting

Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance and Corporate Affairs chaired the 39th meeting of the GST Council on 14th March, 2020 at New Delhi. The meeting was attended by Shri Anurag Singh Thakur, Union Minister of State for Finance and Corporate Affairs, Chief Minister of Puducherry, Dy.Chief Ministers of Bihar and Delhi, and Finance Ministers of other States/UTs. Officers from Department of Revenue, CBIC, State Tax Administration, GSTN and GST Council Secretariat also attended the meeting. The Council discussed various issues as per agenda. The recommendations of the Council on issues related to IT system, GST laws & Rules, GST procedure, GST rates and various other measures are briefly as under:



IT Roadmap

Shri Nandan Nilekani, Founder of M/s Infosys and service provider of GSTN, made a presentation on system related issues. Shri Sushil Kumar Modi, Chairman, Group of Ministers (GoM) on IT Challenges also gave a brief about system issues as had been observed by the GoM on IT.

Following the presentation, the Council decided and recommended the following measures:

- Shri Nandan Nilekani would attend the next 3 meetings of the GST Council and update the Council of the status of implementation of the decisions taken by the Council.
- To support the timely implementation of various initiatives, the Council gave its approval for the deployment of additional manpower on T&M basis and assured that both on procurement of additional hardware and hiring of manpower, expeditious approvals would be given.



- The return filing experience of the taxpayers and removal of technical glitches need to be carried out urgently.

Shri Nandan Nilekani will attend the GoM on IT for the next 6 months or till such time the initiatives are implemented.

Changes in GST Rates

For calibrating the GST rate structure to correct the inverted duty structure on various items, the Council had a detailed discussion on the matter and made following recommendations:-

- To raise the GST rate on Mobile Phones and specified parts presently attracting 12% to 18%.
- To deliberate the issue of calibrating the rate in other items for removing inversion in future meetings with further consultation and examination of issue.

Rationalization of GST Rates

- GST rate on all types of matches (Handmade and other than Handmade) rationalized to 12% (from 5% on Handmade matches and 18% on other matches).
- GST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft reduced from 18% to 5% with full ITC and place of supply for B2B MRO services changed to the location of recipient.

Changes in Law and Procedure

The GST Council made the following recommendations on Law and changes:

- Interest to be charged for delayed payment of tax on net cash liability retrospectively from 01.07.2017.
- Revocation of Cancelled GST Number allowed for revocation of cancellation of registration till 14.03.2020, for filing applications up to 30.06.2020.
- Threshold Limit increased for filing of GSTR-9C for the FY 2018-19 up to Rs. 5 crores from Rs. 2 Crores.
- Date for filing Annual Return (GSTR-9) and Reconciliation Statement (GSTR-9C) extended to 30.06.2020 from 31.03.2020.
- Late Fees for delayed filing of Annual Return (GSTR-9); Reconciliation Statement (GSTR-9C) for FY 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores waived.

- “Know your Supplier” scheme launched to identify the probable non-compliant suppliers.
- Requirement of furnishing FORM GSTR-1 for FY 2019-20 waived for taxpayers who could not opt special composition scheme.
- A special procedure is being prescribed for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016.
- Benching of refund claims allowed across financial years to facilitate exporters.
- Certain class of registered persons (insurance company, banking company, financial institution, nonbanking financial institution, GTA, passenger transportation service etc.) exempted from issuing E-invoices or capturing dynamic QR code.
- Dates for implementation of E-invoicing and QR Code to be extended to 01.10.2020.
- E-wallet Scheme deferred until 31.03.2021.
- Present exemptions from IGST and Cess on the imports made under the AA/EPCG/EOU schemes extended up to 31.03.2021.
- Existing system of furnishing FORM GSTR-1&FORM GSTR-3B continued till September, 2020.

Other new initiatives approved by GSTC:

- Seeking information return from Banks;
- To curb fake invoicing and fraudulent 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;
- Apportionment of ITC in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules to be clarified;

- iv. Clarification on limitation with respect to filing of appeals during non-constitution of the Appellate Tribunal;
- v. Refund related issues to be clarified;
- vi. Special procedure for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016, undergoing the corporate insolvency resolution process to be clarified.

Key amendments to the 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 refund to be sanctioned 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.

Highlights of 3rd National GST Conference

The 3rd National GST Conference of Commissioners of State Tax and Zonal Chief Commissioners of Central Tax was held on 6th March, 2020 at Vigyan Bhawan, New Delhi under the chairmanship of Dr. Ajay Bhushan Pandey, Union Finance Secretary. This was third all India Conference where both tax administrations came together formally to build synergy and to share their knowledge and best practices with intent to bring about uniformity in tax administrations, following 1st Conference on 25th November, 2019 and 2nd Conference on 7th January, 2020.



During the course, Hon'ble Union Finance Minister, Smt. Nirmala Sitharaman and Shri Anurag Singh Thakur, Union Minister of State for Finance and Corporate Affairs also joined the Conference. She intensively discussed the status and operation of GST Portal to address grievances of taxpayers relating to IT system.

The Conference witnessed extensive participation by all Chief Commissioners of Central Tax Zones, all Commissioners of State Taxes, Directors General of Revenue Intelligence, GST Intelligence, Analytics and Risk Management, Audit, System and Data Management, Taxpayer Services, NACIN. The Chairman along with all members of CBIC were present in the conference. Senior officers of the CBIC and Department of Revenue, team of GSTN, technical team of Infosys and officers from the GST Council Secretariat also participated. Primarily, the Conference deliberated various measures for streamlining the GST return filing process, enhancing revenue and focused compliance management with a purpose to create synergy among Central and State tax administrations.



At the outset, Shri Dheeraj Rastogi, Joint Secretary, GST Council Secretariat presented status of the decision during the 2nd National GST Conference and discussed pending actions by stake holders.

Following this, various presentations were made by Central and State officers on different measures and best practices being followed by them, which are briefed below:

GST Evasion and ITC Frauds

A presentation was made by Sh. O.P. Dadhich, Pr. DG., DGGI on tax evasion and enforcement measures by CBIC formations like DGARM, DGRI and DGGI. He highlighted various typologies of GST evasion and ITC frauds and presented strategies that include data sharing, data analytics, legal, procedural and administrative measures to counter these evasive and fraudulent means. The red flag reports generated by DGARM and results of these measures along with the associated modus operandi were also presented.

Bridging the Compliance Gap and Enhancing Revenue

Sh. Yogendra Garg, Pr. Commissioner, GST Policy Wing, CBIC presented various measures for bridging compliance gap and enhancing revenue. He updated on various measures in the pipeline such as Aadhaar authentication, Amending Section 16(2)(a) and 75(12) of the CGST Act, spike rule for new registrations, limiting the IGST refund route, linking refund to remittances, ceiling for export valuation, B2B E-invoicing, B2C QR Code, generating pre-filled returns, exploring third party data sources and Know your supplier scheme.

Consumer Incentivization Scheme

Sh. Yogendra Garg, Pr. Commissioner, GST Policy Wing, CBIC gave a separate presentation on Consumer Incentivization Scheme for promoting behavior of seeking invoices by cash rewards. The salient features of the scheme were presented by him in detail.

Best Practices by the States

Rajasthan presented best practices followed in their State for revenue augmentation. The measures included monitoring top taxpayers and restrict deemed registrations, monitoring of circular trading, fake billing and illegal ITC utilization. A case study of fraudulent cases in Kota and Jodhpur, Inter-State Request Protocol (ISRP) Mechanism established by them etc. were also presented.

West Bengal presented revenue trends in their State and comparison of effective SGST revenue with other States upto November 2019. In the presentation, best practices in the State including development of Knowledge Centre, Own backend system and work on data analytics, function based field formation, creation, and various modus operandi detected by them were presented besides suggestion for systematic changes in GST required to curb fraudulent activities.

Odisha presented best practices followed by their State towards revenue augmentation. Issues of non-filer management, management of wrong filers, post registration management, enforcement activities in Odisha including methodology for identification and booking of fake invoice cases were presented.

Gujarat presented regarding enforcement in GST regime, challenges and opportunities. Presenting a case study of an operations carried out by the State, they shared their experiences and some suggestions like spot verification of high-risk taxpayers, matching of invoices to claim refunds, verification of actual remittances and complete match of outward and inward supplies for claiming ITC were presented.

Punjab presented best practices on compliance management and revenue augmentation. It was highlighted that a SIT had been constituted to focus on big ticket evasion in their State, 100% verification of new registrations, risk scores based on

predetermined parameters based on SAS tool, development of Punjab GST Enforcement and Investigation Unit (PGEIU) Portal etc. A demonstration of an application of the portal that allows search based on vehicle number and GSTIN within and outside the State was also made, along with future prospects of the portal in compliance management.

Measures suggested in the Conference

As an outcome of in-depth deliberation, following measures were proposed for further examination.

- Immediate steps to curb passing on ITC by new taxpayers.
- Measures to check export valuation including capping of value for calculating export benefits/incentives.
- Standard Operating Procedure (SoP) for physical spot verification of risky taxpayers.
- SoP for blocking and unblocking of ITC.



Notifications & Circulars

Subject	Number and date	Subject	Number and date
MRO services of Aircraft with full ITC	Notification No. 02/2020-Central Tax (Rate), 02/2020-Integrated Tax (Rate), 02/2020-Union Territory Tax (Rate), dated 26.03.2020	Exemption and extension of implementation of QR code	Notification No. 14/2020-Central Tax, dated 21.03.2020
GST rate of handmade safety matches and other matches	Notification No.03/2020-Central Tax (Rate), 03/2020-Integrated Tax (Rate), 03/2020-Union Territory Tax (Rate), dated 25.03.2020	Exemption and extension of implementation of E-invoicing	Notification No. 13/2020-Central Tax, dated 21.03.2020
3 rd Amendment (2020) to CGST Rules	Notification No. 16/2020-Central Tax, dated 23.03.2020	Exemption from filing CMP-08/ GSTR-1 for FY 2019-20	Notification No. 12/2020-Central Tax, dated 21.03.2020
Extension of due date for furnishing Annual Return for FY 2018-19	Notification No. 15/2020-Central Tax, dated 23.03.2020	Special provisions under Insolvency and Bankruptcy Code, 2016	Notification No. 11/2020-Central Tax, dated 21.03.2020
Extension of due date for GSTR-3B	Notification No. 29/2020-Central Tax, dated 23.03.2020	Special procedure for Daman & Diu & Dadra & Nagar Haveli	Notification No. 10/2020-Central Tax, dated 21.03.2020
Extension of due date for furnishing GSTR-1 by taxpayers with aggregate turnover more than Rs.1.5 crore	Notification No. 28/2020-Central Tax, dated 23.03.2020	Exemption of foreign Airlines from furnishing GSTR-9C	Notification No. 09/2020-Central Tax, dated 16.03.2020
Extension of due date for furnishing GSTR-1 by taxpayers with aggregate turnover up to Rs.1.5 crore	Notification No. 27/2020-Central Tax, dated 23.03.2020	Amendment to CGST Rule, 2017 – Value of Lottery	Notification No. 08/2020-Central Tax, dated 02.03.2020
Extension of due date for GSTR-3B, GSTR-1, GSTR-7 for erstwhile J&K State	Notification No. 26/2020-Central Tax, 25/2020, 24/2020, 23/2020, 22/2020, 21/2020, 20/2020, dated 23.03.2020	Circular	
Aadhar authentication	Notification No. 19/2020-Central Tax, 18/2020, 17/2020, dated 23.03.2020	Clarification on refund related issues	Circular No. 135/5/2020 – GST, dated 31.03.2020
		Clarification in respect of issues under GST law for companies under Insolvency and Bankruptcy Code, 2016	Circular No. 134/4/2020 – GST, dated 23.03.20
		Clarification in respect of apportionment of ITC in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules	Circular No. 133/3/2020 – GST, dated 23.03.20
		Appeal regarding to non-constitution of Appellate Tribunal	Circular No. 132/2/2020 – GST, dated 18.03.2020

1st Anniversary of GST Newsletter

It is pleasure to inform that GST Council Secretariat has completed one year of publishing this Newsletter. This is the 12th edition. This Newsletter has become a single-point reference platform to collate various information and developments relating to GST and disseminate the same. We are thankful to all for the support and appreciation in our efforts.

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