

Highlights of 43rd GST Council Meeting

The 43rd GST Council was held under the Chairmanship of Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman through video conferencing on 28th May, 2021. The meeting was attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur, Finance Ministers of States & UTs and senior officers of the



Ministry of Finance & States/ UTs. The GST Council has made the following recommendations relating to GST rates and law and procedure as follows:

Changes in rates of Goods and Services

Reliefs on Goods in view of Covid-19

- ♦ As a COVID-19 relief measure, a number of specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and COVID-19 vaccines, etc., have been recommended for full exemption from IGST, even if imported on payment basis, for donating to the government or on recommendation of state authority to any relief agency.

This exemption shall be valid upto 31.08.2021. Hitherto, IGST exemption was applicable only when these goods were imported “free of cost” for free distribution. The same will also be extended till 31.8.2021. It may be mentioned that these goods are already exempted from Basic Customs duty. Further in view of rising Black Fungus cases, the above exemption from IGST has been extended to Amphotericin B.

(Notification: Ad hoc Exemption Order No. 05/ 2021-Customs, dated 31.05.2021)

A Group of Ministers (GoM) has been constituted to examine the issue of GST concession/exemption to COVID-19 relief materials including Covid-19 vaccines, drugs and medicines for Covid treatment and testing kits for Covid detection etc. The eight-member panel is convened by Chief Minister of Meghalaya Shri Conrad Sangma and the other members are Deputy Chief Minister of Gujarat Shri Nitinbhai Patel, Deputy Chief Minister of Maharashtra Shri Ajit Pawar, Minister for Transport of Goa Shri Mauvin Godinho, Finance Minister of Kerala Shri K N Balagopal, Finance Minister of Odisha Shri Niranjan Pujari, Finance Minister of Telangana Shri T Harish Rao and Finance Minister of UP Shri Suresh Kumar Khanna. The GoM shall give its report by 08.06.2021.

Source: F.No.S-31011/12/ 2021-DIR (NC)-DOR dated 29.05.2021

- ♦ To support the Lymphatic Filariasis (a disease endemic to India) elimination programme being conducted in collaboration with WHO, the GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% (from 12%).
- ♦ Certain clarifications/clarificatory amendments have been recommended in relation to GST rates. Major ones are, -
 - Levability of IGST on repair value of goods re-imported after repairs
 - GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) to apply even if these goods are sold separately.
 - Toy balloons made up of natural rubber latex

Reliefs on Services

- ♦ To clarify those services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid- day meals under any midday meals scheme, sponsored by Government is exempt from levy of GST irrespective of funding of such supplies from government grants or corporate donations.
- ♦ To clarify these services provided by way of examination including

entrance examination, where fee is charged for such examinations, by National Board of Examination (NBE), or similar Central or State Educational Boards, and input services relating thereto are exempt from GST.

- ♦ To make appropriate changes in the relevant notification for an explicit provision to make it clear that land owner promoters could utilize credit of GST charged to them by developer promoters in respect of such apartments that are subsequently sold by the land promotor and on which GST is paid. The developer promotor shall be allowed to pay GST relating to such apartments any time before or at the time of issuance of completion certificate.
- ♦ To extend the same dispensation as provided to MRO units of aviation sector to MRO units of ships/vessels so as to provide level playing field to domestic shipping MROs vis a vis foreign MROs and accordingly, -
 - GST on MRO services in respect of ships/vessels shall be reduced to 5% (from 18%).
 - PoS of B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service
- ♦ To clarify that supply of service by way of milling of wheat/paddy into flour (fortified with minerals etc. by millers or otherwise)/rice to Government/ local authority etc. for distribution of such flour or rice

- under PDS is exempt from GST if the value of goods in such composite supply does not exceed 25%. Otherwise, such services would attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS.
- ♦ To clarify that GST is payable on annuity payments received as deferred payment for construction of road. Benefit of the exemption is for such

- annuities which are paid for the service by way of access to a road or a bridge.
- ♦ To clarify those services supplied to a Government Entity by way of construction of a rope-way attract GST at the rate of 18%.
 - ♦ To clarify that services supplied by Govt. to its undertaking/PSU by way of guaranteeing loans taken by such entity from banks and financial institutions is exempt from GST.

Changes related to law and procedure

1. Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns:

To provide relief to the taxpayers, late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021 has been reduced / waived as under: -

- late fee capped to a maximum of Rs 500/- (Rs. 250/- each for CGST & SGST) per return for taxpayers, who did not have any tax liability for the said tax periods;
- late fee capped to a maximum of Rs 1000/- (Rs. 500/- each for CGST & SGST) per return for other taxpayers;

The reduced rate of late fee would apply if GSTR-3B returns for these tax periods are furnished between 01.06.2021 to 31.08.2021.

2. Rationalization of late fee imposed under section 47 of the CGST Act:

To reduce burden of late fee on smaller taxpayers, the upper cap of late fee is being rationalized to align late fee with tax liability/ turnover of the taxpayers, as follows:

A. The late fee for delay in furnishing of FORM GSTR-3B and FORM GSTR-1 to be capped, per return, as below:

- For taxpayers having nil tax liability in GSTR-3B or nil outward supplies in GSTR-1, the late fee to be capped at Rs 500 (Rs 250 CGST + Rs 250 SGST)
- For other taxpayers:
 - For taxpayers having Annual Aggregate Turnover (AATO) in

preceding year upto Rs 1.5 crore, late fee to be capped to a maximum of Rs 2000 (1000 CGST+1000 SGST);

- For taxpayers having AATO in preceding year between Rs 1.5 crore to Rs 5 crore, late fee to be capped to a maximum of Rs 5000 (2500 CGST+2500 SGST);
- For taxpayers having AATO in preceding year above Rs 5 crores, late fee to be capped to a maximum of Rs 10000 (5000 CGST+5000 SGST).

B. The late fee for delay in furnishing of FORM GSTR-4 by composition taxpayers to be capped to Rs 500 (Rs 250 CGST + Rs 250 SGST) per return, if tax liability is nil in the return, and Rs 2000 (Rs 1000 CGST + Rs 1000 SGST) per return for others.

C. Late fee payable for delayed furnishing of FORM GSTR-7 to be reduced to Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST) and to be capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST) per return.

All the above proposals to be made applicable for prospective tax periods.

3. COVID-19 related relief measures for taxpayers:

In addition to the relief measures already provided to the taxpayers vide the notifications issued in May, 2021 the following further relaxations are being provided to the taxpayers:

1. For small taxpayers (aggregate turnover upto Rs. 5 crore)

March & April 2021 tax periods

- NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, reduced rate of 9% thereafter for further 45 days and 30 days for March, 2021 and April, 2021 respectively.
- Waiver of late fee for delay in furnishing return in FORM GSTR-3B

for the tax periods March / QE March, 2021 and April 2021 for 60 days and 45 days respectively, from the due date of furnishing FORM GSTR-3B.

- NIL rate of interest for first 15 days from the due date of furnishing the statement in CMP-08 by composition dealers for QE March 2021, and reduced rate of 9% thereafter for further 45 days.

For May 2021 tax period

- NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, and reduced rate of 9% thereafter for further 15 days.

- Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for taxpayers filing monthly returns for 30 days from the due date of furnishing FORM GSTR-3B.

2. For large taxpayers (aggregate turnover more than Rs. 5 crore)

- A lower rate of interest @ 9% for first 15 days after the due date of filing return in FORM GSTR-3B for the tax period May, 2021.
- Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for the tax period May, 2021 for 15 days from the due date of furnishing FORM GSTR-3B.

3. Certain other COVID-19 related relaxations to be provided, such as

- Extension of due date of filing GSTR-1/ IFF for the month of May 2021 by 15 days.
- Extension of due date of filing GSTR-4 for FY 2020-21 to 31.07.2021.
- Extension of due date of filing ITC-04 for QE March 2021 to 30.06.2021.
- Cumulative application of rule 36(4) for availing ITC for tax periods April, May and June, 2021 in the return for the period June, 2021.
- Allowing filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till 31.08.2021.

- Relaxations under section 168A of the CGST Act: Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from 15th April, 2021 to 29th June, 2021, to be extended upto 30th June, 2021, subject to some exceptions.

[Wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply]

4. Simplification of Annual Return for Financial Year 2020-21:

- Amendments in section 35 and 44 of CGST Act made through Finance Act, 2021 to be notified. This would ease the compliance requirement in furnishing reconciliation statement in FORM GSTR-9C, as taxpayers would be able to self-certify the reconciliation statement, instead of getting it certified by chartered accountants. This change will apply for Annual Return for FY 2020-21.
- The filing of annual return in FORM GSTR-9 / 9A for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto Rs 2 Crore;

- iii. The reconciliation statement in FORM GSTR-9C for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above Rs 5 Crore.

Retrospective amendment in section 50 of the CGST Act with effect from 01.07.2017, providing for payment of interest on net cash basis, to be notified at the earliest.

5. Other Measures

- i. GST Council recommended amendments in certain provisions of the Act so as to make the present system of GSTR-1/3B return filing as the default return filing system in GST.

Source: PIB Press Release dated 28.05.2021

Notifications

Central Tax

Notification No.	Subject
27/2021-Central Tax dated 01.06.2021	Seeks to make amendments (Fifth Amendment, 2021) to the CGST Rules, 2017.
26/2021-Central Tax dated 01.06.2021	Seeks to extend the due date for furnishing of FORM ITC-04 for QE March, 2021 to 30.06.2021.
25/2021-Central Tax dated 01.06.2021	Seeks to extend the due date for filing FORM GSTR-4 for financial year 2020-21 to 31.07.2021.
24/2021-Central Tax dated 01.06.2021	Seeks to amend notification no. 14/2021-Central Tax in order to extend due date of compliances which fall during the period from "15.04.2021 to 29.06.2021" till 30.06.2021.
23/2021-Central Tax dated 01.06.2021	Seeks to amend Notification no. 13/2020-Central Tax to exclude government departments and local authorities from the requirement of issuance of e-invoice.
22/2021-Central Tax dated 01.06.2021	Seeks to rationalize late fee for delay in filing of return in FORM GSTR-7.
21/2021-Central Tax dated 01.06.2021	Seeks to rationalize late fee for delay in filing of return in FORM GSTR-4.
20/2021-Central Tax dated 01.06.2021	Seeks to rationalize late fee for delay in furnishing of the statement of outward supplies in FORM GSTR-1.
19/2021-Central Tax dated 01.06.2021	Seeks to rationalize late fee for delay in filing of return in FORM GSTR-3B ; and to provide conditional waiver of late fee for delay in filing FORM GSTR-3B from July, 2017 to April, 2021; and to provide waiver of late fees for late filing of return in FORM GSTR-3B for specified taxpayers and specified tax periods.
18/2021-Central Tax dated 01.06.2021	Seeks to provide relief by lowering of interest rate for a specified time for tax periods March, 2021 to May, 2021.
17/2021-Central Tax dated 01.06.2021	Seeks to extend the due date for FORM GSTR-1 for May, 2021 by 15 days.
16/2021-Central Tax dated 01.06.2021	Seeks to appoint 01.06.2021 as the day from which the provisions of section 112 of Finance Act, 2021, relating to amendment of section 50 of the CGST Act, 2017 shall come into force.
15/2021-Central Tax dated 18.05.2021	Seeks to make fourth amendment (2021) to CGST Rules, 2017.
14/2021-Central Tax dated 01.05.2021	Seeks to extend specified compliances falling between 15.04.2021 to 30.05.2021 till 31.05.2021 in exercise of powers under section 168A of CGST Act.
13/2021-Central Tax dated 01.05.2021	Seeks to make third amendment (2021) to CGST Rules.
12/2021-Central Tax dated 01.05.2021	Seeks to extend the due date of furnishing FORM GSTR-1 for April, 2021
11/2021-Central Tax dated 01.05.2021	Seeks to extend the due date for furnishing of FORM ITC-04 for the period Jan-March, 2021 till 31st May, 2021.
10/2021-Central Tax dated 01.05.2021	Seeks to extend the due date for filing FORM GSTR-4 for financial year 2020-21 to 31.05.2021
9/2021-Central Tax dated 01.05.2021	Seeks to amend notification no. 76/2018-Central Tax in order to provide waiver of late fees for specified taxpayers and specified tax periods
8/2021-Central Tax dated 01.05.2021	Seeks to provide relief by lowering of interest rate for the month of March and April, 2021

IGST

Notification No.	Subject
02/2021- Integrated Tax dated 01-06-2021	Seeks to provide relief by lowering of interest rate for a specified time for tax periods March, 2021 to May, 2021.
01/2021- Integrated Tax dated 01-05-2021	Seeks to provide relief by lowering of interest rate for the month of March and April, 2021.

Customs

Notification No.	Subject
Ad hoc Exemption Order No. 05/2021-Cus, dated 31-05-2021	Seeks to amend Ad hoc Exemption Order No. 4/2021-Customs dated the 3rd May, 2021, to extend the exemption from IGST on imports of specified COVID-19 relief material donated from abroad, up to 31st August, 2021.
32/2021-Cus, dated 31-05-2021	Seeks to exempt IGST on imports of specified COVID-19 relief material subject to specified conditions, up to 31st August, 2021.
31/2021-Cus, dated 31-05-2021	Seeks to amend notification No. 28/2021-Customs to exempt customs duty on import of Amphotericin B, and also to extend the exemptions under the said notification up to 31st August, 2021.
Ad hoc Exemption Order No. 04/2021-Cus, dated 03-05-2021	Seeks to exempt IGST on imports of specified COVID-19 relief material donated from abroad, up to 30th June, 2021.
30/2021-Cus, dated 01-05-2021	Seeks to reduce IGST on Oxygen Concentrators when imported for personal use.

SOP to implement extended time limit for revocation of cancellation of registration

CBIC has issued a Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30 of the CGST Act, 2017 and rule 23 of the CGST Rules, 2017.

Source: Circular No. 148/04/2021-GST, dated 18.05.2021

Guidelines regarding cancellation of Registration under Rule 22 (3) of CGST Rules, 2017

Proper officer is required to issue order in FORM GST REG-19 in respect of the application for cancellation of registration filed by the taxpayer within a period of thirty days from the date of the application submitted by the taxpayer and direct him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29.

Source: CBEC – 20/16/34/2019-GST/802 dated 24.05.2021

Constitution of Group of Ministers (GoM)

GoM on Casinos, Race Courses and Online Gaming

The Government has set up a panel of state ministers for better valuation of services of casinos, online gaming portal and race courses for levying goods and services tax (GST). The seven-member panel, convened by Gujarat Deputy Chief Minister Shri Nitin Patel. The other members of the GoM include Maharashtra Deputy Chief Minister Shri Ajit Pawar, West Bengal Finance Minister Shri Amit Mitra, Arunachal Pradesh Deputy Chief Minister Shri Chowna Mein, Goa Transport Minister Shri Mauvin Godinho, Karnataka Home Minister Shri Basavaraj Bommai and Tamil Nadu Finance Minister Shri P Thiagarajan.

Source: F.No.S-31011/12/2021-DIR (NC)-DOR dated 24.05.2021

GoM on Capacity based taxation and Special based Composition Scheme in Certain Sectors

The Government has set up a panel of State ministers to examine the possibility of levy of GST based on capacity of manufacturing units and special composition schemes in certain evasion prone sectors with reference to current legal provisions. The seven-member GoM will be headed by Odisha Finance Minister Shri Niranjana Pujari. The other members include Deputy Chief Minister of Delhi Shri Manish Sisodia, Deputy Chief Minister of Haryana Shri Dushyant Chautala, Kerala Finance Minister Shri K.N. Balagopal, Madhya Pradesh Finance Minister Shri Jagdish Devda, UP Finance Minister Shri Suresh Kumar Khanna and Uttarakhand Agriculture Minister Shri Subodh Uniyal.

Source: F.No.S-31011/12/2021-DIR (NC)-DOR dated 24.05.2021

GST Portal Updates

Generation of GSTR-2B for April 2021

Rule-60(7) of CGST Rules-2017 prescribes for generation of auto-drafted statement containing the details of input tax credit in FORM GSTR-2B for counter-party recipients. As per Rule-60(8) of CGST Rules-2017, FORM GSTR-2B shall be made available to the recipients after the due date of filing GSTR-1/IFF by the suppliers. Notification No. 12/2021-CT and 13/2021-CT, both dated 1st May 2021 extend the due date of GSTR-1 and IFF for April 2021, to 26th and 28th May 2021, respectively. Consequently, GSTR-2B for April 2021 will be generated after the due dates, on 29th May 2021. Taxpayers willing to file FORM GSTR-3B for April 2021 before GSTR-2B generation may do so on self-

assessment basis. Notification No. 13/2021-CT dated 01.05.2021 prescribes a cumulative limit under Rule-36(4) for ITC claimed in periods April & May 2021.

Portal updated on 17.05.2021

Extension of the due date of filing Revocation application of Cancellation

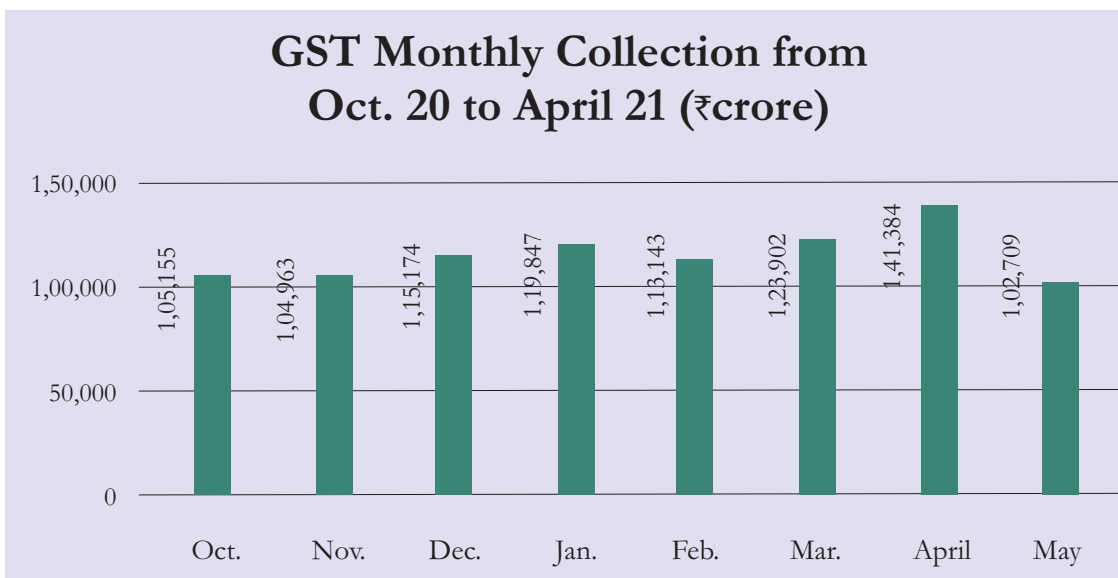
In view of Notification No. 14/2021 dated 01.05.2021, the timeline for filing the 'Application for Revocation of Cancellation' has been extended for those applicants, for whom the due date to file the same falls between 15th April to 30th May 2021. Now, they can file the said application till 31st May, 2021.

Portal updated on 17.05.2021

GST Revenue collection for May, 2021

The gross GST revenue collected in the month of May 2021 is ₹ 1,02,709 crore of which CGST is ₹ 17,592 crore, SGST is ₹ 22,653, IGST is ₹ 53,199 crore (including ₹ 26,002 crore collected on import of goods) and Cess is ₹ 9,265 crore (including ₹ 868 crore collected on import of goods). The above figure includes GST collection from domestic transactions till 4th of June since taxpayers were given various relief measures in the form of waiver/reduction in interest on delayed return filing for 15 days for the return filing month May'21 in the wake of covid pandemic second wave. During this month the government has settled ₹ 15,014 crore to CGST and ₹ 11,653 crore to SGST from IGST as regular settlement.

The revenues for the month of May 2021 are 65% higher than the GST revenues in the same month last year. During the month, revenues from import of goods was 56% higher and the revenues from domestic transaction (including import of services) are 69% higher than the revenues from these sources during the same month last year. This would be eighth month in a row that GST revenues have crossed ₹ 1 lakh crore mark. This is



despite the fact that most of the States have been under strict lockdown due to the pandemic. In addition, while the taxpayers with turnover above ₹ 5 crore had to file their returns by 4th June, which they would have otherwise filed by 20th May, smaller taxpayers with turnover less than ₹ 5 crore still have time till first week of July to file the returns without any late fee and interest and the revenue from these taxpayers is deferred till then. The actual revenues for the month of May 2021, thus would be higher and would be known when all the extended dates expire.

Source: PIB Press Release dated 05.06.2021

Printed & Published by

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