



Agenda for

42nd GST Council Meeting

5 October 2020

Volume – 4



File No: 547/42nd GSTCM/GSTC/2020

GST Council Secretariat

Room No.275, North Block, New Delhi

Dated: 11th September 2020

Revised Meeting Notice for the 42nd Meeting of the GST Council scheduled on 5th October 2020

The undersigned is directed to refer to the subject cited above and to say that the 42nd Meeting of the GST Council will be held on 5th October 2020 as follows:

Monday, 5th October, 2020 : 1100 hours onwards

2. The agenda items for the 42nd Meeting of the GST Council will be communicated in due course of time.
3. Please convey the invitation to the Hon'ble Members of the GST Council to attend the Meeting.

(-Sd-)

(Dr. Ajay Bhushan Pandey)

Secretary to the Govt. of India and ex-officio Secretary to the GST Council

Tel: 011 23092653

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments, Union Territories of Delhi, Puducherry and Jammu and Kashmir with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. Chairman, CBIC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
5. Chairman, GST Network

Agenda Items for the 42nd Meeting of the GST Council on 5th October 2020

1. Confirmation of the Minutes of GST Council Meetings.
 - i. 40th GST Council Meeting held on 12th June, 2020
 - ii. 41st GST Council Meeting held on 27th August, 2020
2. Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government
3. Decisions of the GST Implementation Committee (GIC) for information of the Council
4. Timelines in respect of TRAN-1/TRAN-2 declarations based on the discussions of 13th meeting of IT Grievance Redressal Committee held on 01.09.2020
5. Update on Return Enhancement and Advancement Project (REAP) & in-principle approval of overall architecture
6. Issues recommended by the Law Committee for the consideration of the GST Council
 - i. Extension of the GSTR-1/3B system of return filing and change in due date for quarterly taxpayers upon introduction of the new GSTR-2B functionality
 - ii. Issues related to Annual Return for Financial Year 2019-20
 - iii. Steps taken to improve compliance behavior of taxpayers for making furnishing of GSTR-1 mandatory before furnishing GSTR-3B
 - iv. Amendment to FORM GSTR-1 and notification 12/2017-Central Tax, dated 28.06.2017 for improving data quality to enhance tax administration
 - v. Agenda Note regarding refund to be disbursed in same PAN and Aadhaar linked bank account on which registration has been obtained under GST.
 - vi. Proposal for amendments to CGST Rules, 2017
 - vii. Limitation period for taking cognizance or institution of prosecution under GST
7. Issues recommended by the Fitment Committee for the consideration of the GST Council
 - i. Agenda Note on the representation received from HADMA seeking GST rate of 12% on Ayurveda/Unani/Siddha' (AUS)-ingredients based sanitizer
8. Issues of Goods and Services Tax Network (GSTN):
 - i. Status of receipt of Advance User Charges (AUC) from States and CBIC
 - ii. Need for moving resources from CR model to T&M model for important developments
 - iii. Status update on conversion of Goods and Services Tax Network (GSTN) into 100% Government-owned Company
9. Presentation on proposal to extend levy of GST Compensation Cess beyond the transition period to meet the shortfall during the transition period and constitute a Committee of Officers to work out anticipated shortfall, period of extension and other related issues

10. Review of Revenue position
11. Enabling UPI and IMPS as a payment option for payments of Goods & Services Tax
12. Status report of creation of GRC Zone-wise (CBIC) and States / UTs as on 04.09.2020
13. Performance Report of the NAA (National Anti-profiteering Authority) for the 1st quarter (April to June, 2020) for the information of the Council
14. Any other agenda item with the permission of the Chairperson
 - i. Minutes of the Meetings of GoM on IGST Settlement held on 22.09.2020 & 01.10.2020
15. Date of the next meeting of the GST Council

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Discussion on Agenda Items

Agenda Item 14: Any other agenda item with the permission of the Chairperson

Agenda Item 14(i): Minutes of the Meetings of GoM on IGST Settlement held on 22.09.2020 & 01.10.2020

During the Financial Year 2017-18, Centre had devolved the unutilized year-end IGST balance of Rs.1.76 lakh crore to States/UTs as per Finance Commission formula. Few States have been requesting that ideally this amount should have been apportioned between Centre and States on adhoc basis and the States would have got their portion of IGST as well as their devolution share from the amount apportioned to Centre. In the 37th GST Council Meeting held on 20th September, 2020 in Goa, the Council decided to constitute a GoM on IGST Settlement to address this issue. The GoM on IGST Settlement consist of the following members:

- i) Shri Sushil Kumar Modi, Deputy Chief Minister, Bihar – Convenor
- ii) Shri Manish Sisodia, Deputy Chief Minister, Delhi – Member
- iii) Shri T.S. Singh Deo, Minister for Commercial Taxes, Chhattisgarh – Member
- iv) Shri Niranjan Pujari, Finance Minister, Odisha – Member
- v) Shri Manpreet Singh Badal, Finance Minister, Punjab – Member
- vi) Shri D. Jayakumar, Minister for Fisheries and Personnel & Administrative Reforms, Tamil Nadu – Member
- vii) Shri T. Harish Rao, Finance Minister, Telangana – Member

2. Centre having been agreed to reverse the IGST devolved in FY 2017-18 and apportion the entire year-end IGST balance as on 31st March, 2018, a note was circulated to all the Hon'ble Members of GoM giving details about the procedure to be followed in this regard as well as the transaction to be executed between the Centre and States by way of book adjustment in the financial year 2019-20 and the cash adjustment in FY 2020-21. It was explained that since the part of transaction that could have been carried through book adjustment did not have any fiscal or cash impact on the States and allowed transfer of resources to the extent of about ₹ 33,000 crore to the Compensation Fund, it has been carried out in 2019-20 accounting year and the amount was used to pay further compensation.

3. The second meeting of GoM on IGST Settlement was held on 22.09.2020 under the chairmanship of Hon'ble Deputy Chief Minister, Bihar/Convenor of the GoM. During the meeting, the said note was discussed threadbare among all the Members of GoM and it was decided that

- a) A calculation sheet containing payment/ recovery to/from States/ UTs on account of reversal of IGST devolution and apportionment of balance IGST as on 31st March, 2018 needs to be circulated to all the States/UTs for verification of the figures at their end.
- b) GSTN should provide data regarding how much IGST can be settled finally on account of annual returns filed by the taxpayers for the financial year 2017-18.

4. As per the above decision of GoM, a calculation sheet containing payment/ recovery details was shared with all the States/UTs by the State Taxes Division of DoR for verification of the figures by the States and UTs. Further, DoR also secured the data from GSTN regarding final IGST settlement that would happen on account of annual returns filed by the taxpayers for FY 2017-18.

5. Both the above items were placed in the third meeting of the GoM on IGST Settlement held on 1st October, 2010. With respect to apportionment on the basis of annual return is concerned, it was presented that the matter may be referred to GST Law Committee so that it could be examined in detail and a view could be taken. The comments from States on the calculations are mainly in following three categories:

- a. Mismatch due to rounding off the figures in the range of 1 crore rupees;
- b. Few States sought clarification on the details of calculation method adopted;
- c. Some States requested that recovery, if initiated may be done in compensation, and in instalments.

6. The Members of the GoM were of the view that the two issue of apportionment of remaining amount of IGST should be delinked from recovery of excess compensation to be recovered from some States. Members felt that while Central Government could release the remaining portion of IGST to the States which are due to receive the same, the recovery could be done in instalments and could be adjusted in future releases of compensation.

7. Hon'ble Convenor stated that there is no disagreement in the view that the amount pending to the States must be given and recovery should be made from the States who had received additional money. He suggested that Central Government should consider releasing the balance of IGST amounts to the States and as far as recovery is concerned, views of all States from recovery is to be done, should be taken as all of them are not represented in the GoM.

9. At the end of the meeting, GoM recommended that:

- a) Centre should disburse net amount of Rs.24,400 crore due to States/UTs on account of apportionment of the entire year-end IGST balance available as on 31st March, 2018;
- b) Before initiating recovery of the excess Compensation amount Centre should consult the States from which recovery is to be made;
- c) IGST settlement data arising on account of annual returns filed by the taxpayers for FY 2017-18, may be referred to Law Committee for examination and recommendation; and
- d) The matter be placed before the 42nd GST Council Meeting to be held on 5th October, 2020.