

GST TRACKER

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Featuring

GST

AMENDMENTS
AUTOMATION

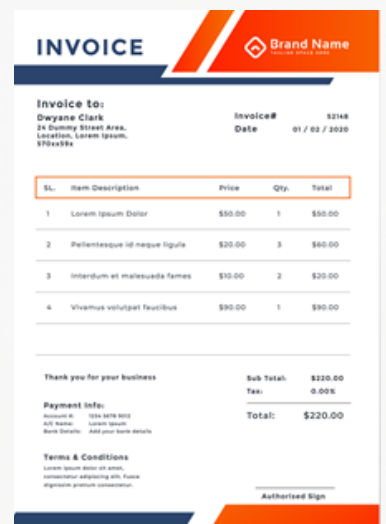
Budget 2021



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GST-13 Amendments proposed in Budget 2021 you must know!

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To strengthen the ecosystem of Goods and Services Tax (GST) and curb the menace of fake / bogus invoicing, various amendments are proposed in the GST law. The amendments in CGST Act and IGST Act span out from section 99 to section 114 of the Finance Bill, 2021.

The amendments will be effective from a date to be notified except few amendments which will be effective retrospectively from 1st July 2017 (such as amendment in section 7(1), Section 50 and Schedule II of CGST Act).

Let's decode the key amendments!

Ø Supply includes transaction between persons and its members

Section 7 of the CGST Act deals with 'Scope of Supply'.

Now, Section 7(1)(aa) have been inserted via retrospective amendment w.e.f. 01st July 2017, to broaden the scope of the term 'Supply' and it shall now include transactions between a person (other than an individual) and its members for cash, deferred payment or other valuable consideration.

It appears that this amendment is brought in view of the Apex Court judgement in the case of CALCUTTA CLUB LTD [2019-TIOL-449-SC-ST-LB]. The Apex Court judgment had set off a series of debates as to whether this judgment, which was given in the context of Service Tax, will apply to GST.

Now, through this amendment, the Government intends to set this debate to rest. However, whether this amendment will really set this debate to rest or will further the debate is an interesting aspect to witness in days to come (as the retrospectivity, overruling of Apex Court judgment etc can may be subject to challenge).

[refer clause 99 of Finance Bill, 2021]

Ø ITC can be now claimed only if vendors have filed their GSTR-1

Section 16 of the CGST Act deals with the eligibility and conditions for claiming ITC.

Now, Section 16 (2) (aa) is inserted, adding one more layer for claiming ITC i.e. details of the invoices should also be furnished by the suppliers in their return under section 37 (in their GSTR-1).

It may be noted that the aforesaid condition is already being imposed vide GSTR-2B (which has details of invoices only if the suppliers have filed their GSTR-1 before the due date). Now, through the amendment, provisions such as Rule 36 (4) or Form 2B is set to get a substantive statutory force.

[refer clause 100 of Finance Bill, 2021]

Ø ITC can be now claimed only if vendors have filed their GSTR-1

Section 35 of the CGST Act deals with maintenance of Accounts and Records under GST and sub-section (5) dealt with getting the books audited by a CA or CMA if the turnover exceeds a certain threshold.

Now, Section 35(5) have been omitted which means that there would be no requirement to get the accounts audited from professionals (i.e. GSTR-9C). It may be noted that the CBIC, through Tweeter, has clarified that the GST Audits for FY 2019-20 will continue to be applicable.

[refer clause 101 of Finance Bill, 2021]

Ø Self-Certified reconciliation of Annual Return with Audited Financial Statements

Section 44 of the CGST Act deals with Annual Return to be filed by the taxpayers.

Now, Section 44 is being amended to provide for filing of the annual return, inter-alia, on 'self-certification' basis along with re-conciliation of such Annual Return with the Audited Financial Statements. This means in days to come the Annual Return form will get lengthier. Further, now, the taxpayers need to be more cautious as the onus of furnishing appropriate details will be on the taxpayers.

The amendment further provides for the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return. Given this, taxpayers below a specified threshold, may not be required to file Annual Return.

[refer clause 102 of Finance Bill, 2021]

Ø Interest on Net Output liability

Section 50 of the CGST Act deals with interest payment in case of short payment of output liability. Over the last two years, one of the heavily debated topic was whether interest is payable in gross or net GST liability (i.e. after setting-off the credits). In this regard, the 39th GST Council meeting had decided that interest will be applicable on the net liability (i.e. cash component only).

Accordingly, now, Section 50 is proposed to be retrospectively amended w.e.f. 01st July 2017 and as a result of which, interest would be levied on the cash component of GST liability. However, the Proviso is not appropriately worded and thus, it appears that interest will be payable on net liability only in certain cases. The following table will throw some light in this regard:

S.No.	Particulars	Liability of	Returned filed?	Whether 73/ 74 proceedings initiated?	Interest On?
1.	Return filed after delay	April	October	No	Net i.e. Cash
2.	Return filed within due date (however, certain GST liability not reported)	April	20th May (within due date)	No	Gross
3.	Return filed after delay	April	October	Yes	Gross (as Sec. 73/74 proceedings initiated)

It is surprising to note that this amendment does not address the issue whether interest will be applicable in cases where a taxpayer wrongly avails credit but does not utilizes the same.

[refer clause 103 of Finance Bill, 2021]

Ø Seizure and confiscation of goods to be different from recovery

Section 74 of the CGST Act deals with cases where tax is not paid or short paid on account of fraud or suppression of facts.

Now, clause (ii), in Explanation 1 of Section 74 have been amended to remove Section 129 and 130 which deals with seizure and confiscation of goods.

It signifies that proceedings under Section 129/ 130 will continue even if proceedings against the main person have been concluded under section 73 or section 74.

[refer clause 104 of Finance Bill, 2021]

Ø Self-assessed tax shall include invoices declared in GSTR-1

Section 75 of the CGST Act deals with determination of tax payable.

Now, an explanation have been inserted at Section 75 (12) of CGST Act to provide the meaning of the term 'self-assessed tax'. Now, 'self-assessed tax' is said to include the invoices declared in GSTR-1 but the tax on such invoices not paid in GSTR-3B. Given this amendment, now, once GST liability is declared in GSTR-1, without Show Cause Notice, unpaid tax amount and interest can be recovered under section 79. One of the rational for this amendment appears to be the judgment in the case of Kabear Reality Private Limited [2019-TIOL-2813-HC-MP-GST].

[refer clause 105 of Finance Bill, 2021]

Ø Property including Bank Account can be attached in several instances

Section 83 of the CGST Act deals with provisional attachment of property to protect the interest of revenue up to one year of passing the order.

Now, Section 83(1) has been amended to include other instances where the Commissioner can provisionally attach the property including bank account such as provisional assessment, scrutiny of returns, inspection of goods in movement, tax collected but not paid to Government, etc. This enlarges the provisional attachment to much larger extent.

[refer clause 106 of Finance Bill, 2021]

Ø Payment of 25% of the penalty to file appeal against seizure of goods

Section 107 of the CGST Act deals with filling of appeal to the Appellate Authority against an order.

Now, proviso has been added in Section 107(6) which means that appeal can be filed against order passed on seizure of goods after payment of 25% of the penalty amount.

[refer clause 107 of Finance Bill, 2021]

Ø Power to Call for Information

Section 151 and 152 of CGST Act, dealt with collect of statistics and use of such information.

Now, it has been amended to authorize the Commissioner to call for any information from any person relating to any matter dealt with in connection with this Act. However, such information shall not be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.

[refer clause 110 and 111 of Finance Bill, 2021]

Ø Not all supplies to SEZ would qualify as Export

Section 16(1)(b) of the IGST Act deals with zero-rating of supply of goods/ services/ both to SEZ developer or SEZ unit.

Now, vide amendment in 16(1)(b), only those supplies which are for “Authorised Operations” would qualify as zero-rated supplies and all other supplies would be subject to GST at the appropriate rates.

[refer clause 114 of Finance Bill, 2021]

Ø Consideration must be received within time limit for Export of Goods

Section 16(3)(a) of the IGST Act, deals with refund of unutilized ITC in case of Export of Goods without payment of tax under LUT.

Now, it has been substituted to recover the refund from the taxpayer along with interest in case of non-realisation of sale proceeds within time limit under Foreign Exchange Management Act, 1999.

[refer clause 114 of Finance Bill, 2021]

Ø Refund in case Export with payment of tax allowed in certain cases only
Section 16(3)(b) of the IGST Act, dealt with refund IGST paid in case of export of Goods with payment of tax.

Now, it has been substituted to allow only notified class of taxpayers and notified supplies of goods or services which can claim such refund. This amendment may impact many exporters!

[refer clause 114 of Finance Bill, 2021]

Way forward >>

GST was allotted only 6 minutes slot out of total 2 hours, in the Union Budget speech by Hon'ble Union Finance Minister. However, the humongous changes that came along are surprisingly lengthy!

In 'never like before Budget', taxpayers were praying for ease in GST compliances and relief in stringent provisions but what they got is plethora of amendments abide with.

Latest Automation Facility available at GST Portal

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GST was launched with the slogans like “One Nation One Tax”, “Good and Simple Tax”. Buzz words like Ease of Doing Business is finding a place in every GST Council meeting. Can we safely say that GST is a very simple tax? Is it very easy to understand GST? Since the inception of GST, more energy and mind is channelized towards a reduction in GST Compliances. To reduce the burden of Compliances, initially, GSTR 2 was taken away, GSTR 3 was substituted with GSTR 3B, later Government proposed Sahaj, Sugam and Normal Scheme and as on date instead of Sahaj, Sugam and Normal now QRMP Scheme is launched for eligible Taxpayers having aggregate Turnover below 5 Crore.

Under the effort and approach of reducing Compliance cost, Litigation cost is being ignored. Honest Taxpayers are suffering the burnt of Rule 36(4). There is a need to protect an Honest Taxpayer. Government is focusing only on its own revenue. There is a requirement to protect those recipients who have paid taxes to Supplier but Supplier has not filed return and deposited tax with Government.

Another effort by Government is towards Automation. This is a welcome step! Complete automation can resolve various problems.

Highlights of Recent Automation Facilities Provided at GST Portal

∅ Auto population of date from IFF to GSTR 1

Invoice Furnishing Facility (IFF) for Taxpayers under the QRMP Scheme

An Invoice Furnishing Facility (IFF) facility has been provided to taxpayers under QRMP Scheme (Quarterly filers of Form GSTR-1 and also of Form GSTR-3B returns), as per sub-rule (2) of Rule-59 of the CGST Rules, 2017. Taxpayers who have opted for quarterly filing frequency under the scheme can file their details of outward supplies (B2B invoices only) for first two months of a quarter (M1 and M2 respectively of a Quarter) in IFF. For e.g. for Apr-June qtr., B2B invoices only for the months of April (M1) and May (M2) can be filed in IFF by a taxpayer.

The IFF is a facility similar to Form GSTR-1, and it allows the filing of details of B2B invoices in following tables only:

- 4A, 4B, 4C, 6B, 6C - B2B Invoices
- 9B - Credit / Debit Notes (Registered) - CDNR
- 9A - Amended B2B Invoice - B2BA
- 9C - Amended Credit/ Debit Notes (Registered) – CDNRA

IFF is an optional facility provided to taxpayers under QRMP scheme to pass on Input Tax Credit (ITC) to their recipients for M1 and M2 months of a quarter. However, filing of Form GSTR-1 for M3 month of a quarter is mandatory. Data provided and reported through IFF will auto populated in quarterly GSTR 1.

∅ Auto population of details in Form GSTR-3B from Form GSTR 1 & GSTR 2B

Auto Populated details in Form GSTR 3B:

Now, auto-population of system computed details in Form GSTR-3B, has been enabled for taxpayers (filing their Form GSTR-1 on monthly basis), from November 2020 Tax Period onwards. The same will be done based on the following:

Liabilities in tables-3.1 & 3.2 of Form GSTR-3B (except Table-3.1 (d) pertaining to inward supplies liable to reverse charge), are computed by the system on the basis of details of outward supplies as filed in Form GSTR-1 for the tax period

Input Tax Credit (ITC) details and details of inward supplies liable to reverse charge, to be reported in Tables-4 and 3.1 (d) respectively, are computed as per system generated Form GSTR-2B for the tax period

PDF Format of FORM GSTR-3B:

The table-wise computation of the values, auto-populated in Form GSTR-3B, is made available in PDF format also on the Form GSTR-3B dashboard. The same can be downloaded by clicking on the “System Generated GSTR-3B” tab.

Salient features

1. This system computed auto-populated values are only for assisting the taxpayers in filing their Form GSTR 3B. Taxpayers have to ensure the correctness of the values being reported and filed in Form GSTR-3B.
2. The system will prompt the taxpayers with an alert in cases where the variance of the edited values from the auto-populated values is higher than a particular threshold. Taxpayers can change/ edit the auto-populated values in Form GSTR-3B.
3. In case the taxpayer has not filed Form GSTR-1 for the period, a system-generated summary will display the respective values as ‘Not filed’. Similarly, if Form GSTR-2B is not generated for the period, a system-generated summary will display the respective values as ‘Not generated’.
4. If the taxpayer has entered & saved any values in Form GSTR-3B before auto-population by the system, the saved values will not be changed/over-written by the system.
5. Table 5 and 6.2 of FORM GSTR-3B is not part of the PDF & will not be auto-populated by the system.

Ø Auto-population of e-invoice details into GSTR-1/2A/2B/4A/6A

Certain notified taxpayers have been issuing invoices after obtaining Invoice Reference Number (IRN) from Invoice Registration Portal (IRP) (commonly referred as 'e-invoices'). Details from such e-invoices shall be auto-populated in respective tables of GSTR-1.

For those taxpayers who had started e-invoicing from 1-10-2020, the auto-population of e-invoice data into GSTR-1 (of December 2020) had started from December 3rd, 2020.

In this regard, following is to be noted by those taxpayers:

- The data in GSTR-1 is now available on T+3 day basis, i.e. for example, the data from e-invoices uploaded on 18-12-2020 would be visible in GSTR-1 on 21-12-2020.
- The corresponding reflection of such e-invoice details in GSTR-2A/2B/4A/6A has also started.
- The auto-population of e-invoice data into GSTR-1 is based on date of document (as reported to IRP).

For example, a document dated December, 30th, 2020 is reported to IRP on 3rd January, 2021 and where GSTR-1 for December, 2020 is not filed, then the details of that document will be available in the tables of GSTR-1 pertaining to December, 2020.

However, if the GSTR-1 for December was already filed by that date, then, the details of such document will be made available in the consolidated excel file downloadable from GSTR-1 dashboard (with error description as 'Return already filed'). The taxpayer may thereupon take necessary action.

1. Owing to existing validations in GSTR-1, e-invoices reported with below commonly observed issues are not auto-populated in the tables of GSTR-1 but are made available in the consolidated excel file downloadable from GSTR-1 dashboard (with corresponding error description):

- Supplier is found to be of type ISD/NRTP/TCS/TDS;
- Supplier is found to be composition taxpayer for that tax period;
- Document date is prior to Supplier's/Recipient's effective date of registration;
- Document date is after Supplier's/Recipient's effective date of cancellation of registration;
- Invoices reported as attracting "IGST on Intra-state supply" but without reverse charge;

2. Further, in certain cases, e-invoice details could not be processed (and hence were not auto-populated) due to data structure issues. These errors may be taken note of and shall be avoided while reporting the data to IRP.

- Serial number of item shall not be reported as '0'
- White space found in POS (Place of Supply State Code), e.g. "8 " . Expected values were 08 and 8.

3. The detailed advisory with the methodology of auto-population etc. is already made available on the GSTR-1 dashboard ('e-invoice advisory') and also e-mailed to relevant taxpayers.

4. It is once again reiterated that the auto-population of details from e-invoices into GSTR-1 is only a facility for the taxpayers. After viewing the auto-populated data, the taxpayer shall verify the propriety and accuracy of the amounts and all other data in each field, especially from the perspective of GSTR-1 and file the same, in the light of relevant legal provisions.

Let's hope for more arrangements for automation in GST.

GSTN updates January 2021

Date of Issue	Subject
06/01/2021	Invoice Furnishing Facility (IFF) for Taxpayers under QRMP Scheme
07/01/2021	Aadhaar Authentication / e-KYC for Existing Taxpayers on GST Portal
11/01/2021	Auto-population of e-invoice details into GSTR-1
13/01/2021	Due dates for filing of Form GSTR-3B for the Tax Period of December, 2020
29/01/2021	Module wise new functionalities deployed on the GST Portal for taxpayers.

Source: www.gst.gov.in

Notifications/Circulars/Orders issued in the month of January 2021

Ø Central Tax Notifications January 2021

Notification Nos.	Date of Issue	Subject
01/2021	01/01/2021	Seeks to make amendment (2021) to CGST Rules, 2017.
02/2021	12/01/2021	Notifying amendment to jurisdiction of Central Tax officers.

Ø Central Tax (Rate) Notifications January 2021

No Central Tax (Rate) Notification was issued in the month of January 2021

Ø Integrated Tax Notifications January 2021

No Integrated Tax Notification was issued in the month of January 2021

Ø Integrated Tax (Rate) Notifications January 2021

No Integrated Tax (Rate) Notification was issued in the month of January 2021

Ø Circulars

No circular was issued in the month of January 2021

Ø Orders

No Orders issued in the month of January 2021

Ø Removal of Difficulty Orders January 2021

No order was issued in the month of January 2021

Source: www.cbic.gov.in



COVID-19 Coronavirus

2020 - The year of technology amidst pandemic

Covid-19 pandemic made the year 2020 a technology year. From drug development to online classes, technology has touched (almost) everyone. It led to a big trend in adopting automated business processes, especially in the MSME sector. Lockdown has unlocked the potential technology held and its benefits to organisations.

Technology brought a paradigm shift in the way business function. It does not just lead to increased efficiency, but go beyond traditional boundaries of maximizing productivity and profitability in tough times. Here are the top 5 reasons why you should automate your business today.

Savings through a reduced number of employees

Automation helps increase the efficiency of employees, thereby getting more work done with less effort, thereby reducing the manpower requirement. Experience of working on technology platform also increases employee motivation to perform better.



No more costly business mistakes

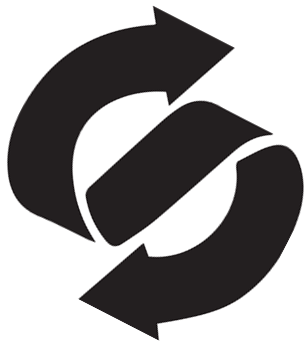
Mistakes cost a lot to the business. Technology makes processes free of errors thereby increasing the profitability and ROI.



COVID-19 Coronavirus

More time to focus on business

Adopting technology solution helps one save time, that can be used to promote business, optimise costs, design new products or innovate new solutions.



No more repeated tasks

Repeated tasks consume a lot of time without yielding any substantial results. Use of technology can help minimise this time by providing pre-defined reports/output with minimal efforts. With technology, preparing monthly business reports will be fun.

Increased Business visibility

The amount of data your business generates daily, need to be analysed to get better results. Technology helps to see your business from within by analysing the data as per business requirements.



Business solutions

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