

Amendments

to

CGST Act

2018 Amended GST Act

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Agenda for Discussion

Changes to the Act

Recent Notifications

Impact on Business

Q&A

Supply Related Changes

7(1)(d) – Sch II – Retrospective Amendment

BEFORE

Part of Supply Definition

AFTER

Separated from subsection(1) to (1A)

Certain activities or transactions, when constituting a supply in accordance with the provisions of sub-section (1), shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Effect

The intent of the Act was only for classification between goods or services once it was held to be a supply as per the first three clauses. To carry out this intention, a retrospective amendment was made in the definition of supply with effect from 1st July 2017

Sch I : Deemed Supply – Widened

BEFORE

Import of services by a **taxable** person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

AFTER

Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Effect

The provision has been amended so as to **bring any unregistered person involved in import of services under the purview of GST** if carried out in the course or furtherance of business from a related person or an or any of their other establishments outside India. Such person is now liable to register and pay taxes on such import of services

Sch III : NO Supply – Widened

BEFORE

Clause 1-6

AFTER

7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into the taxable territory.

8.(a) Supply of warehoused goods to any person before clearance for home consumption.

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Effect

- Earlier, these transactions were covered vide the definition of supply. However, they were not leviable to tax under the IGST Act which requires the chargeability only as per the Customs law. So, they were considered as Non-GST supply.
- These resulted in reversal of input tax credit as the outward supply was considered as exempt in nature (exempt covers Non-GST supply)

9(4)

BEFORE

The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both

AFTER

The Government may, on the recommendations of the Council, by notification, **specify a class of registered persons** who shall, in respect of supply of **specified categories of goods or services** or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Effect

Only a notified class of registered taxpayers are purported to be covered by this substituted section now. This will bring a huge sigh of relief to those registered taxpayers who will now be outside the scope of this section

Composition Supplier Sec 10

BEFORE

- Turnover limit upto 1cr
- the composition dealers cannot supply service other than restaurant services

AFTER

- Turnover limit 1.5cr
- composition dealers shall be eligible to supply services of value not exceeding
 - 10% of their turnover in the preceding financial year in a State/ Union Territory or
 - Rs 5 lakhs,
 - **whichever is higher.**

Effect

Criteria for composition scheme relaxed. Will help ease compliance burden and cost of small businessmen.

Threshold Limit Composition Scheme

- Notn No. 14/2019 – Central Tax dated 7th March, 2019
 - Threshold Limit for the composition scheme enhanced to Rs. 1.5 crore, for all States
 - Except Rs. 75 lacs for (i) Arunachal Pradesh, (ii) Manipur, (iii) Meghalaya, (iv) Mizoram, (v) Nagaland, (vi) Sikkim, (vii) Tripura, (viii) Uttarakhand
- This shall come into force on the 1st of April 2019.

Composition Scheme for Services

- Notification No. 2/2019-Central Tax (Rate) dated 7th March 2019
 - First supplies of goods or services or both
 - up to an aggregate turnover of fifty lakh rupees made
 - on or after the 1st day of April in any financial year, by a registered person
 - shall be liable to pay @3% CGST and 3%SGST

“First supplies of goods or services or both” shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the said Act but for the purpose of determination of tax payable under this notification **shall not** include the supplies from the 1st April to the date from which he becomes liable for registration under the Act.

Composition Scheme for Services

Conditions:

1. Not engaged in making any supply which is not leviable to tax under the CGST Act – No NON TAXBLE Supplies
2. Not engaged in making any Inter-State outward supply
3. Neither a casual taxable person nor a non-resident taxable person
4. Not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52
5. Shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
6. Shall Issue Bill of Supply mentioning the following words at the top of it :-
'Taxable person paying tax in terms of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'.
7. Shall also be liable to RCM under Section 9(3) or 9(4) at Regular Rates.

Rationalization of Time of supply provisions

- Time of Supply of goods and services
 - In Section 12(2)(a) & 13(2), the words, brackets and figure “sub-section (1) of” shall be omitted
 - To ensure that the invoice is required before removal of goods in **all** possible situations envisaged in Section 31 and not just 31(1) or 31(2) {12(2) & 13(2) of the CGST Act.}

Input Tax Credit

'Bill to Ship to' – Extended to Service

BEFORE

- In case of “Bill to Ship to” model it is assumed that goods are deemed to be received by the recipient even though received by a third person – only in case of goods

AFTER

- Such deemed received has now been extended to services. It is enabling service providers to claim credit. [**Explanation to Section 16(2)**]
- Services provided by “A” to “C” on direction of “B”. B can take the credit of A’s invoice inspite of not having received the service due to the this deeming fiction

Effect

- To avail ITC the registered person must be in receipt of goods or services
- In Bill-to-ship-to model, it is deemed that goods are received when the supplier delivers the goods to any other person on direction of the recipient
- This deemed assumption shall now be applicable in case of services as well.
- So, ITC will be allowed to a person on whose direction and account, the third person receives the services.

ITC on Payment of Tax

- Section 16(2)(c) Second Proviso

- subject to the provisions of section 41 or 43A, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply;

- Impact

1. One of the conditions for availing input tax credit is that the payment of tax should have been made by the supplier
2. The new return filing mechanism may allow taking of input tax credit to the recipient in certain situations and subject to certain conditions even if the payment of tax is not made by the supplier
3. So, this condition of requirement of payment of tax by the supplier has been made subject to the procedure in the new return filing mechanism

ITC on SCH III Supplies

- Section 17(3) Exempt Supply include...
 - **Explanation:** “Value of exempt supply” shall not include the value of activities or transactions (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) specified in Schedule III.
- Impact
 1. The new provision has been inserted so as to allow ITC on activities mentioned in Schedule III (other than sale of land and subject to clause(b) of paragraph 5 of Schedule II, sale of building) by removing it from the ambit of exempt supplies. Hence, these clauses will not entail any reversal of credit.
 2. Excluding of supplies covered under Schedule III from the scope of exempt supplies under Section 17(3) will result in lower reversal of credit particularly in case of high sea sales, merchant trade transactions and supply of warehoused goods before clearance for home consumption

Expansion of Scope of ITC on motor vehicles

- New
 - (a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver) except when they are used—.....A,B,C
- Impact
 - Further, the words 'other conveyances' have been removed.
 - The amendment is sought to make it clear that ITC would now be available in respect of dumpers, work-trucks, fork-lift trucks and other special purpose motor vehicles.
 - ITC shall not be available in respect of motor vehicles having capacity of not more than 13 persons (including the drivers), vessels and aircrafts if they are used for personal purpose.

Expansion of Scope of ITC on motor vehicles

- Impact

- *ITC in respect of services of general insurance, servicing, repair and maintenance in respect of those motor vehicles, vessels and aircraft on which ITC is **not available** under clause (a) or (aa)*
- In respect of vessels and aircrafts, ITC will be blocked except if it is used for A, B, C
- **For an insurance company** for supply of insurance services, ITC will be available in respect of motor vehicles, vessels or aircraft insured by him.
- For all other conveyances, Input tax credit will be freely available (eg. motor vehicles for transportation of persons > 13 persons)

17(5)(b) Food, Health, Travel etc

| BEFORE | AFTER |
|---|---|
| <p>(b) the following supply of goods or services or both—</p> <p>(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;</p> | <p>(b) the following supply of goods or services or both—</p> <p>(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance: Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;</p> |

17(5)(b) Food, Health, Travel etc

| BEFORE | AFTER |
|--|--|
| <p>(ii) membership of a club, health and fitness centre; (iii) rent a cab, life insurance and health insurance except where (A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or (B) such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and</p> <p>(iv) travel benefits extended to employees on vacation such as leave or home travel concession;</p> | <p>(ii) membership of a club, health and fitness centre; and</p> <p>(iii) travel benefits extended to employees on vacation such as leave or home travel concession: Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide to its employees under any law for the time being in force.</p> |

17(5)(b) Food, Health, Travel etc

- ITC not eligible,
 - in accordance with the provisions of Section 17(5)(b), ITC is not available in respect of food and beverages, health services, travel benefits to employees etc..
- Exception,
 - ITC in respect of food and beverages, health services, renting or hiring of motor vehicles, vessels and aircraft, travel benefits to employees etc., can be availed where the provision of such goods or services is obligatory for an employer to provide to its employees under any law for time being in force.
 - Renting or hiring of motor vehicles, vessels and aircraft are blocked only if the purchase of such motor vehicles, vehicles and aircrafts are blocked as per clause (a) of (aa)

Registration

Registration Provisions

- Vide Notn No. 10/2019-Central Tax dated 7th March, 2019 Threshold Limit increased to 40 lacs for Goods :
- Exceptions to Registration Requirement in the above Notification,
 - Persons engaged in making intra-State supplies in the States of
 - Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand
 - Persons required to take compulsory registration u/s 24
 - Suppliers of Ice cream and other edible ice, whether or not containing cocoa; Pan masala; Tobacco and manufactured tobacco substitutes
- Services
 - The threshold for registration for **service providers** would continue to be Rs 20 lakhs and in case of Special category States Rs 10 lakhs

Registration Threshold

| Threshold Limit | Only Goods | Goods and Services |
|--|---|-------------------------------------|
| A) Threshold Limit of Rs.40 Lacs | All states except (B) & (C) | NOT Applicable |
| B) Threshold Limit of Rs.20 Lacs 6 States 1 UT | South : Telangana, UT : Puducherry, North East : Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand | All states except (C) |
| C) Threshold Limit of Rs.10 Lacs 4 States | Manipur, Mizoram, Nagaland, Tripura | Manipur, Mizoram, Nagaland, Tripura |

eCom Registration

- **Mandatory Registration only if TCS is applicable:**
 - Clause (x) of Section 24 is being amended to provide that only those e-commerce operators who are required to collect tax at source under Section 52 of the CGST Act would be required to take compulsory registration.
 - Other e-commerce operators who are not required to collect tax at source under Section 52 would henceforth not be required to take registration if their aggregate turnover in a financial year did not exceed Rs. 20 lakhs.
- **SEZ registration as distinct person for DTA unit**
 - Provision inserted for separate registration of a person having a unit(s) in a SEZ or being a SEZ developer as a business vertical distinct from his other units located outside the SEZ. This provision is already contained in Rule 8 of the CGST Rules, 2017.

Section 29 “Cancellation or Suspension of registration.”

- **Inserted**

- Sec 29(1), 29(2) ... Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.

- **Effect**

1. The new proviso ensures that once the registration has been sought to be cancelled, the proper officer may suspend the registration till the procedural formalities have been completed
2. The suspension will only be for the period and the manner as may be prescribed in the rules
3. The registration suspended will not be required to file returns till the suspension is in effect
4. This can be a double edged sword because a person who applied for cancellation and stopped collection and payment of taxes may face extreme hardships if the application for cancellation is rejected. He may not have any recourse as to collect the tax and paying the taxes out of his own pocket may be a huge burden for him.

Issue of consolidated credit note in a financial year.

- **New Provision**

- 34(1). Where one or more tax invoice have been issued for supply of any goods or services or both and the taxable value or tax charged in that invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.
- Same for Debit note also

- **Impact**

- The suppliers are now not required to link Credit / Debit notes with individual invoices.
- The supplier may now issue a consolidated Credit/ Debit note in respect of multiple invoices issued in the financial year.

Returns

Return filing periodicity

- Change to Section 39(1) of the CGST Act 2017
- Impact
 - Earlier the provisions of the Act required a person to file their GSTR 3/GSTR 3B by 20th of the next month. So, even though the government wished to make this return quarterly for a select group of taxpayers, it could not circumvent the provisions of the Act
 - Through this amendment, the **periodicity and time for filing of this return is now allowed to be prescribed through the rules**
 - Further, an enabling proviso has been inserted to allow the Government to notify **certain category** of taxpayers who will be allowed to file this return on a **quarterly basis**.

Revised Return

- Sec 39(9) - Subject to the provisions of sections 37 and 38,
 - if any registered person after furnishing a return under sub-section (1), he shall rectify such omission or incorrect particulars **in such form and manner as may be prescribed** subject to payment of interest under this Act:
- **Effects of the amendment**
 1. Earlier, any mistake or omission could be corrected through the return of the month in which the mistake/omission is noticed
 2. Now, the process of correction of such mistakes will be notified through the rules.
 3. It is proposed to introduce amendment return as per the new return filing mechanism for correction of past mistakes.
 4. So, the complete mechanism for correction may be notified through the rules

43A

Procedure for furnishing return and availing input tax credit.

Inward Receipts Validation : 43A(1) & (2)

- 43A(1)
 - Notwithstanding anything contained in sub-section (2) of section 16, section 37 or section 38, every registered person shall in the returns furnished under sub-section (1) of section 39 **verify, validate, modify or delete** the details of supplies furnished by the suppliers
- 43A(2)
 - Notwithstanding anything contained in section 41, section 42 or section 43, the procedure for availing of input tax credit by the recipient and verification thereof shall be such as may be prescribed.
- Inference
 - Mandatory Action to be taken by Recipient
 - Modus operandi Similar to GSTR 2
 - Deemed acceptance provision would be made available in Simplified form

ITC Availment and Matching : 43A (3)

- 43A (3)
 - The procedure for furnishing the details of outward supplies by the supplier on the common portal, for the purposes of availing input tax credit by the recipient shall be such as may be prescribed.
- Inference
 - ITC Availment on furnishing by supplier only
 - However Cut of Timelines would be made available in rules
 - As per the SRF supplies declared up to 10th would be available as credit

Availment of missing/Adhoc Credit : 43A (4)

- 43A(4)

The procedure for availing input tax credit in respect of outward supplies not furnished under sub-section (3) shall be such as may be prescribed and such procedure may include the maximum amount of the input tax credit which can be so availed, not exceeding twenty per cent. of the input tax credit available, on the basis of details furnished by the suppliers under the said sub-section.

- Inference

- Missing Credits not uploaded by supplier
- Recipient can take credit manually
- Maximum availment is restricted 20% ITC available

Liability to Pay Taxes Declared :: 43A(5) & (6)

- **43A(5) – liability declared = liability payable**

The amount of tax specified in the outward supplies for which the details have been furnished by the supplier under sub-section (3) shall be deemed to be the tax payable by him under the provisions of the Act.

- **43A(6) – Joint liability**

- The supplier and the recipient of a supply shall be jointly and severally liable to pay tax or to pay the input tax credit availed, as the case may be, in relation to outward supplies for which the details have been furnished under sub-section (3) or sub-section (4) but return thereof has not been furnished.

- **Inference**

- General Liability to pay taxes is Supplier
- Specified Cases Joint Liability

Proposed Joint Liability

- Primary Liability

- In case of default in payment of tax by the supplier, recovery shall be first made from the supplier.

- Exceptional circumstances like

- missing taxpayer,
- closure of business by the supplier or
- supplier not having adequate assets or
- in cases of connivance between recipient and the supplier, etc.

recovery of input tax credit from the **recipient** shall be made through a due process of service of notice and issue of order.

- 43A(7)

For the purposes of sub-section (6), the recovery shall be made in such manner as may be prescribed and such procedure may be provided for non-recovery of an amount of tax or input tax credit wrongly availed not exceeding one thousand rupees

Supply Side Control : 43A(8)

- 43A(8)

- The procedure, safeguards and threshold of the tax amount in relation to outward supplies, the details of which can be furnished under sub-section (3) by a registered person, —

- (i) within six months of taking registration; (pre-deposit?)

- (ii) who has defaulted in payment of tax and where such default has continued for more than two months from the due date of payment of such defaulted amount

shall be such as may be prescribed.

- Inference

- Specified Supplier, when upload their Sales, would not be Auto Populated to Recipient
- recipient would not be able to avail input tax credit on such invoices till the default in payment of tax by the supplier for the past period is made good

49A and 49B

Order and manner of utilisation of the input tax credit

Order of ITC Utilisation 49(5)

- 49(5)(c)
 - the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;
Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;
- Inference
 - This amendment is required since the GST common portal has placed this restriction in the utilization of input tax credit of State tax/Union territory tax towards payment of integrated tax.
 - So, SGST Credit can be used for IGST payment only when CGST Credit is NIL
 - Similar Provision applicable for UTGST Credit also

Sections 49A and 49B-Method of utilisation of ITC - IGST

- Change

- Utilisation of input tax credit subject to certain conditions and Order of utilisation of input tax credit
- The input tax credit on account of CGST/SGST/UTGST shall be utilised towards payment of I/C/S/U, as the case may be, **only after** the input tax credit available on account of IGST has **first been** utilised fully towards such payment.

- Impact

- The new process of utilization requires the utilization of IGST first against payment of any output tax liability in the form of CGST/SGST/UTGST/IGST
- The balance of CGST/SGST/UTGST can be used only when the balance of IGST is exhausted
- This proviso has been inserted to minimise fund settlement on account of IGST
- This has been amended to restrict the utilisation of SGST/UTGST credit available against payment of IGST only when the balance in CGST credit is not available for payment of IGST.

Example

Facts

| Description | Tax Liability (Rs.) | Input Tax Credit (Rs.) |
|-------------|---------------------|------------------------|
| IGST | 500 | 1000 |
| CGST | 500 | 250 |
| SGST | 500 | 250 |

Utilization as per Section 49

| Description | Tax | Paid through ITC | | | Tax paid in Cash |
|-------------|-----|------------------|------|------|------------------|
| | | IGST | CGST | SGST | |
| IGST | 500 | 500 | - | - | NIL |
| CGST | 500 | 250 | 250 | | NIL |
| SGST | 500 | 250 | | 250 | NIL |

Tax payment and utilization as per Section 49A

| Description | Tax | Paid through ITC | | | Tax paid in Cash |
|-------------|-----|------------------|------|------|------------------|
| | | IGST | CGST | SGST | |
| IGST | 500 | 500 | - | - | NIL |
| CGST | 500 | 500 | - | | (250) |
| SGST | 500 | - | | 250 | 250 |



Order of Payment of Tax

- Reasoning for Amendment

- This is being done to minimise fund settlement on account of IGST.
- Hence registered person would be able to utilize ITC of CGST, SGST/UTGST after he has exhausted all the ITC on account of IGST.
- It is proposed to take an enabling power for the Government to prescribe any specific order of utilization of input tax credit of any of the taxes viz., integrated tax, central tax, State tax or Union territory tax for the payment of the said taxes

Matching concept – Ecom Operators

- Sec 52(9).
 - Where the details of outward supplies furnished by the operator under subsection (4) do not match with the corresponding details furnished by the supplier under section 37 or section 39, the discrepancy shall be communicated to both persons in such manner and within such time as may be prescribed.
- Impact
 - Due to the continuation of GSTR 3B under Section 39, the concept of matching against GSTR 2 could not be put in place.
 - The provision to carry out matching between the following has been enabled:
 - Return by Ecommerce operator under GSTR 8
 - Statement of outward supplies under GSTR 1 or Monthly return as per GSTR 3 / GSTR 3B

GST Amendment Act 2018

- **Simplification of Returns:**
 - A new provision is being introduced by inserting section 43A, to enable the new return filing procedure as proposed by the Returns Committee and approved by the GST Council. However, the detailed mechanism of giving effect to the above proposal is awaited.
 - Provisions have been inserted to provide for prescribing the procedure for quarterly filing of returns for specified class of Registered persons.
- **GST Practitioners: Widening scope of functions**
 - It is proposed to allow the GST practitioner to perform other functions such as, filing refund claim, filing application for cancellation of registration etc., apart from furnishing the details of outward and inward supplies and various returns on behalf of a registered person.

Transition Provisions

This amendment is retrospective and in applicable w.e.f 1st July 2017.

- Amendment to Sec 140

- As per the CGST Act transitional credit of cesses like Krishi Kalyan Cess, Education Cess, Secondary and Higher Education Cess etc. would be available.
- However through a retrospective amendment, such credit has now been barred.
- If KKC already availed?

- Amendment to Sec 143(1)

- New proviso has been inserted to allow the extension of the time limit for receiving back the goods sent on job work.
- The time period of 1 year or 3 years may be extended on approval of the Commissioner for a further period not exceeding one year or two years respectively.

Relevant date in case of refund of unutilised credit – 54(2)

- GST Refunds:

- Relevant date for filing refunds in case of unutilized ITC –
 - in the case of refund of unutilised ITC arising out of inverted duty structure, shall be the **due date for furnishing of return under section 39** for the period in which such claim for refund arises. (instead of end of FY)

- Impact

- As per this amendment the relevant date for calculation of time period for refund of unutilised ITC shall henceforth be the due date for furnishing the return under section 39 for the period in which the claim arises
- This amendment has been brought to remove the contradiction involved between section 54(3) and explanation 2(e) of Section 54 which used to earlier provide two different time periods for calculation of relevant date.

Service Exports in INR

- Refunds in case of export of services –
 - Explanation 2(c) to Section 54 of the CGST Act **allows receipt of payment in Indian rupees, where permitted, by the RBI** in case of export of services since particularly in the case of exports to Nepal and Bhutan, the payment is received in Indian rupees as per RBI regulations.
- In this respect, the provisions of Section 2(6)(iv) of the IGST Act are also being amended to provide that services shall qualify as exports even if the payment for the services supplied is received in Indian rupees as per RBI regulations.

Tax Recovery and Pre-Deposit

- 79 (4) Recovery of Taxes determined:
 - Can be made from distinct persons of the defaulter.
- Pre-deposits for filing an appeal to Appellate Authority and Appellate Tribunal:
 - It is proposed under Section 107(6) of the CGST Act to put a ceiling on the limit of the amount to be deposited before filing an appeal to the appellate authorities which is 10% of the disputed tax amount subject to maximum limit of Rs.25 crores.
 - Further, it is also proposed under Section 112(8) of the CGST Act, the maximum amount to be deposited to file appeal from the appellate authority to appellate tribunal is 20% of the disputed tax amount along with the amount deposited u/s 107(6) subject to maximum of Rs. 50 crores.

Increase in Time Limit for Penalty u/s129

- Detention, seizure and release of goods and conveyances in transit:
 - Increase in the time limit before which proceedings under Section 130 can be initiated from seven to fourteen days.

Time Limit for Jobwork Returns.

- 143(1)

- Provided that the period of one year or three years, as the case may be, may, on sufficient cause being shown, be **extended** by the Commissioner for a further period not exceeding **one year and two** years respectively

- Impact

- New proviso has been inserted to allow the extension of the time limit for receiving back the goods sent on job work.
- The time period of 1 year or 3 years may be extended on approval of the Commissioner for a further period not exceeding one year or two years respectively.
- The proviso has been inserted because some job work processes cannot be completed within 1 year (such as hull construction, fabrication of vessels etc.)

GST Amendment Act 2018

- Amendment of Section 12 of the IGST Act, 2017
- Amended
 - place of supply of service of transportation of goods in case of export of goods from India shall be the place of **destination of such goods**.
- Currently
 - the place of supply is the location of the recipient.
 - It is proposed to allow acceptance of receipts in Indian currency for export of services, wherever it is permitted by RBI u/s. 2 (6) (iv).

Changes in Definition Section

2(4) “adjudicating authority”

BEFORE

“adjudicating authority” means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of ~~Excise~~ and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority ~~and~~ the Appellate Tribunal;

AFTER

“adjudicating authority” means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Indirect Taxes and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal and **the Authority referred to in subsection (2) of section 171;**

Effect

- Change in the name CBEC to CBIC.
- The National Anti-Profiteering Authority constituted under Section 171 of the CGST Act has been excluded from the definition of adjudicating authority

2(17)h “Business”

BEFORE

2 (17) (h) ~~services provided~~ by a race club by way of totalisator or a licence to book maker in such club; and

AFTER

2 (17) (h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and

Effect

- Activities of licensed bookmakers in the race club has been explicitly covered within the definition of business through this amendment.

2(69) “a local authority

BEFORE

2(69) “a local authority “means –
(f) a Development Board constituted under article 371 of the Constitution; or

AFTER

2(69) “a local authority “means –
(f) “a Development Board constituted under article 371 and article 371J of the Constitution; or

1. Article 371J has been inserted in the definition of local authority on special request received from the State of Karnataka.
2. Special status is granted by this article to 6 backward districts of Karnataka-Hyderabad regions.
3. As per this article, the President is empowered to establish a separate Board. This purpose of the Board is to **ensure** equitable distribution of fund in the State’s budget for the developmental needs of these regions

Effect

Section 2(18) Business Vertical Omitted

BEFORE

2(18) Business Vertical

AFTER

Omitted

Effect

Multiple registrations were allowed earlier only in case of separate business verticals. The law now allows a separate registration for each place of business in respect of persons having multiple places of business in a state. So, the definition of business verticals is not required anymore under the GST law

2(102) "services"

BEFORE

means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

AFTER

+

Explanation-For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities.

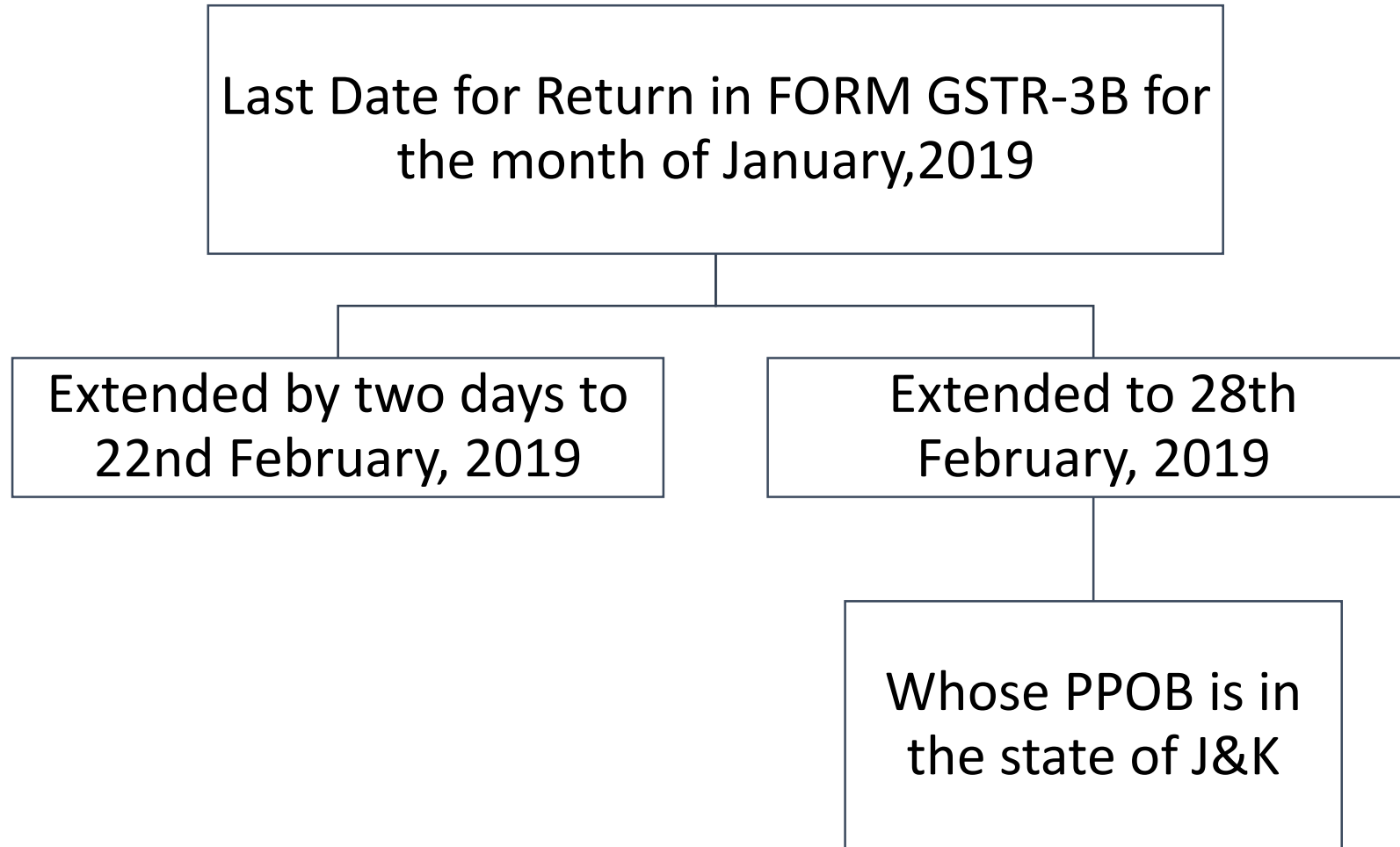
Effect

service charges or service fees or documentation fees or broking charges or such like fees or charges are charged in relation to transactions in securities, the same would be a consideration for provision of service and chargeable to GST.

Recent Notifications and Circulars

Last Date for GSTR-3B

- Vide Notn No. 09/2019 – Central Tax dated 20th February, 2019



Last Date for GSTR-3B

- Vide Notn No. 13/2019 – Central Tax dated 7th March, 2019
- The return in FORM GSTR-3B for each of the months from April – June 2019, shall be furnished
 - On or before the 20th of the month succeeding such month.
 - Liability towards tax, interest, penalty, fees or any other amount payable under the CGST Act also to be paid on the said date

Special procedure for Statement of outward supplies (GSTR-1) for Small taxpayers

- Notn No. 11/2019 – Central Tax dated 7 th March, 2019

Time Period for filing GSTR-1

- for Registered persons
- having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year
- for the Period April-June, 2019
- **31st July, 2019**

Last Date for GSTR-1

- Notn No. 12/2019 – Central Tax dated 7th March, 2019
 - The time limit for furnishing the details of outward supplies
 - in FORM GSTR-1
 - by such class of registered persons
 - having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year, for
 - the months from April, 2019 to June, 2019
 - **Till the 11th of the month succeeding such month**

Reporting of B2C Inter-state Supplies in 3B

- Circular No. 89/08/2019-GST dated 18th February, 2019
 - A registered supplier is required to mention the details of inter -state supplies made to unregistered persons, composition taxable persons and UIN holders in Table 3.2 of FORM GSTR-3B. Further, the details of all inter-State supplies made to unregistered persons where the invoice value is up to Rs 2.5 lakhs (rate-wise) are required to be reported in Table 7B of FORM GSTR-1
 - Accordingly, instructions have been issued to registered persons making inter-State supplies to unregistered persons to report the details of such supplies along with the place of supply in Table 3.2 of FORM GSTR-3B and Table 7B of FORM GSTR-1 as mandated by the law.
 - Contravention of any of the provisions of the Act or the rules made there under attracts **penal action u/s125** of the CGST Act.

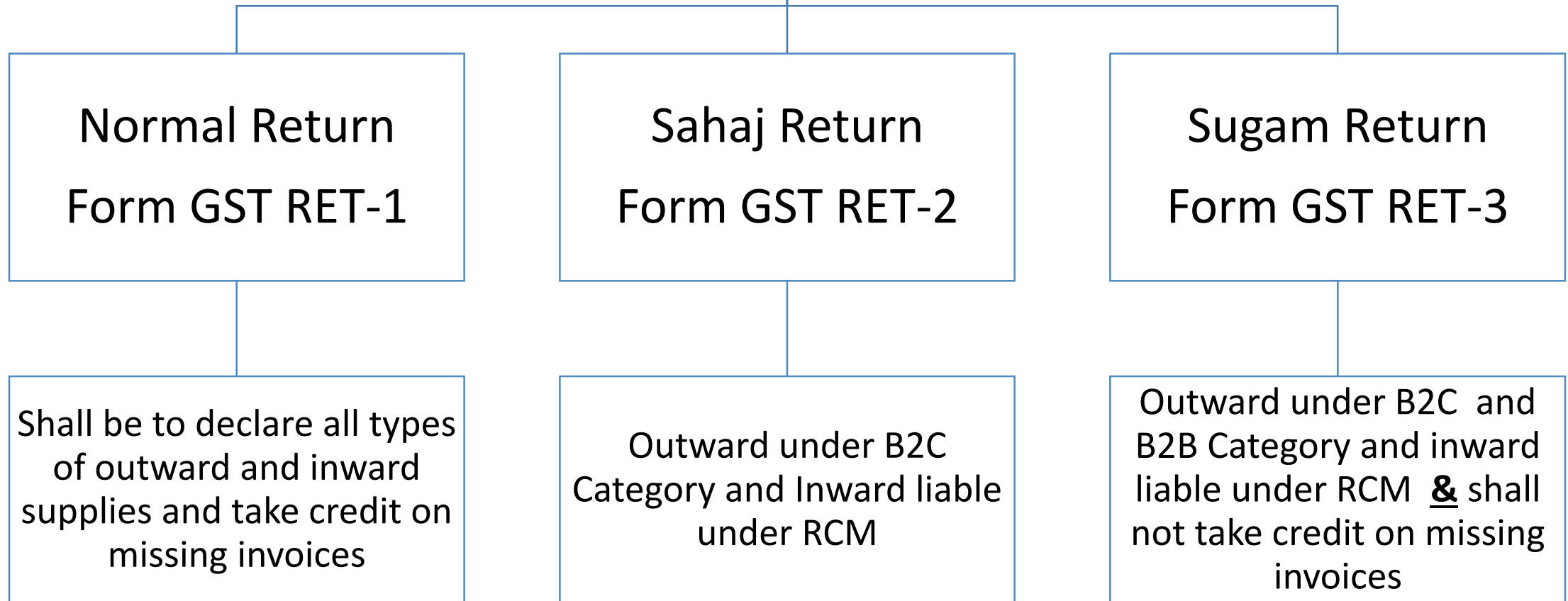
Supply of warehoused goods while being deposited in a customs bonded warehouse

- Circular No. 91/10/2019-GST dated 18th February, 2019
 - Supply of warehoused goods while deposited in custom bonded warehouses had the character of inter-State supply as per the provisions of IGST 2017
 - In view of revenue neutral position of such tax payment and that facility to correctly report the nature of transaction in FORM GSTR-1 furnished on the common portal was not available during the period July, 2017 to March, 2018, it has been decided that, as a one-time exception, suppliers who have paid central tax and state tax on such supplies, during the said period, would be deemed to have complied with the provisions of law as far as payment of tax on such supplies is concerned as long as the amount of tax paid as central tax and state tax is equal to the due amount of integrated tax on such supplies.

Sales Promotion Schemes

- Circular No. 92/11/2019-GST dated 7th March 2019
- Free samples and gifts
 - Samples which are supplied free of cost, without any consideration, do not qualify as “supply” under GST, except where the activity falls within the ambit of Schedule I of the said Act.
 - Further as per section 17(5)(h) of the CGST Act, 2017, ITC shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

Proposed new return



Thank You

For Clarifications, mail to
venu@vnv.ca