

# RECOMMENDATIONS OF GST COUNCIL RELATED TO LAW & PROCEDURE

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Ministry of Finance

## Recommendations of GST council related to law & procedure

Posted On: 14 MAR 2020 7:36PM by PIB Delhi

The 39<sup>th</sup> GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman here today . The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

The GST Council has made the following recommendations on Law & Procedures changes.

- 1. Measures for Trade facilitation:** Interest for delay in payment of GST to be charged on the net cash tax liability w.e.f. 01.07.2017 (Law to be amended retrospectively). Where registrations have been cancelled till 14.03.2020, application for revocation of cancellation of registration can be filled up to 30.06.2020 (extension of period of application as one-time measure to facilitate those who want to conduct business). Annual Return: Relaxation to MSMEs from furnishing of Reconciliation Statement in **FORM GSTR-9C**, for the financial year 2018-19, for taxpayers having aggregate turnover below Rs. 5 crores; Due date for filing the Annual return and the Reconciliation Statement for financial year 2018-19 to be extended to 30.06.2020; and Late fees not to be levied for delayed filing of the Annual return and the Reconciliation Statement for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores. A new facility called 'Know Your Supplier' to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business. The requirement of furnishing **FORM GSTR-1** for 2019-20 to be waived for taxpayers who could not opt for availing the option of special composition scheme under notification No. 2/2019-Central Tax (Rate) dated 07.03.2019 by filing **FORM CMP-02**. A special procedure is being prescribed for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016 and are undergoing the corporate insolvency resolution process, so as to enable them to comply with the provisions of GST Laws during the CIRP period. Extension of due dates for **FORM GSTR-3B** for the month of July, 2019 to January, 2020 till 24<sup>th</sup> March, 2020 for registered persons having principal place of business in the Union territory of Ladakh. Similar extension is also recommended for **FORM GSTR-1 & FORM GSTR-7**. Bunching of refund claims allowed across financial years to facilitate exporters.

## 2. Deferment of E-invoice and QR Code:

- a. Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.) to be exempted from issuing e-invoices or capturing dynamic QR code; and
- b. The dates for implementation of e-invoicing and QR Code to be extended to 01.10.2020.

## 3. Deferment of e-wallet Scheme: Extension of the time to finalize e-Wallet scheme up to 31.03.2021; and Extension of the present exemptions from IGST and Cess on the imports made under the AA/EPCG/EOU schemes up to 31.03.2021.

4. Continuation of existing system of furnishing **FORM GSTR-1 & FORM GSTR-3B** till September, 2020;

## 5. Other new initiatives:

- a. Seeking information return from Banks;
- b. To curb fake invoicing and fraudulent passing of ITC, restrictions to be imposed on passing of the ITC in case of new GST registrations, before physical verification of premises and Financial KYC of the registered person.

## 6. Issuance of circulars in respect of: Clarification in apportionment of ITC in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules; Appeals during non-constitution of the Appellate Tribunal; Clarification on refund related issues; and Clarification on special procedure for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016, undergoing the corporate insolvency resolution process.

## 7. Amendments to the CGST Rules: Key amendments are as below:

- a. Procedure for reversal of input tax credit in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under rule 43 (1) (c);
- b. ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;
- c. to allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;
- d. to provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA; and
- e. to operationalize Aadhaar authentication for new taxpayers.

## 8. Certain amendments to be carried out in the GST laws.

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**Note: The recommendations of the GST Council have been presented in this release in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/Notifications or amendment in GST laws which alone shall have the force of law.**

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