



GST 2019 – A QUICK GLANCE

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The implementation of Goods and Services Tax Act in the nation from mid 2017 is one of the most significant landmarks in the history of Indian Tax reforms.

Since its advent, the law has effortlessly managed to be a favourite topic of discussion and thoughtful deliberation amongst the trade, industry and the tax-consultants. Rather, everyone who forms a part of the supply chain including the final consumer i.e. the common Indian have connected with the law to quite an impressive level and also faced the inevitable difficulties with relentless patience.

Looking at it from the government's perspective, there have been instances where department has manifested its authoritative powers but its comprehensive approach was to be of enormous support to the business. This is evident from the relaxations granted time and again in terms of extended due-dates for periodic compliances, annual reports, waiver of late-filing fees and delayed enforcement of various statutory rules.

With the passage of time, the law now seems to have been considerably absorbed both in terms of understanding and practicality by the country. Thus, the department is now expected to be lesser lenient and demonstrate its intrinsic role of identifying and restricting tax evasion, non-compliance, suppression of turnover, undue claim of refunds/credits. In fact, measures by the officials in this direction are visible in form of notices, alarming emails and departmental audits initiated for various corporates-big and small.

As we bid adieu to the year 2019, let us have a quick glance and go through the key events in the field of GST that the year witnessed.

Major Events in GST – 2019

I. Coming into force of GST Amendment Act, 2018

- GST (Amendment) Act, 2018 came into force nation-wide from 01 February 2019.
- The Amendment Act rectified various drafting and typographical errors in the original Act, saw insertion of explanations and notes for clarification of doubts. There were replacements, modifications and even omissions of certain provisions from the main Act.
- Corresponding changes in rules, earlier circulars and notifications were made to align the same with the amended Act.

Key Highlights of the Amendment Act:

- *Changes in important definitions including those of 'business' and 'services'*
- *Schedule II to be classificatory in nature (i.e. would only determine whether the supply is of goods or of services)*
- *Supplies from customs bonded warehouse, high seas sales and drop shipments inserted in Schedule III i.e. would neither be a supply of goods nor of services*
- *Reverse charge mechanism on procurements from unregistered persons to be applicable only on notified supplies for notified class of persons*
- *Raises the turnover threshold for registration under composition scheme from 1 crore to 1.5 crores*
- *Section 16 amended to provide for input tax credit in case of 'bill-to ship-to' model in case of supply of services*
- *Expands the scope of eligible credit on motor vehicles by virtue of seating capacity*

- *Increases threshold of turnover for registration from 10 lacs to 20 lacs in case of special category states*
- *Separate registration distinct from regular registration made mandatory for SEZ units/developers*
- *Provides for temporary suspension of registration while cancellation application is under process*
- *Issuance of consolidated debit/credit notes in respect of multiple invoices*
- *Services to qualify as export even if consideration received in INR, subject to RBI regulations*
- *Transport services for goods transported outside India to qualify as export*

II. Important Notifications/Rules

- *Exemption from furnishing of Annual Return / Reconciliation Statement for suppliers of Online Information Database Access and Retrieval Services (“OIDAR services”).*
- *The blocking and unblocking of e-way bill facility as per the provision of CGST Rules brought into force from 21 November 2019.*
- *Waiver from filing of FORM GST ITC-04 for the FY 2017-18 & FY 2018-19.*
- *Filing of annual return for FY 2017-18 and FY 2018-19 made optional for small taxpayers whose aggregate turnover is less than Rs 2 crores.*
- *Further extension of deadlines to file GSTR 9 and GSTR 9C for FY 2017-18 till 31 January 2020 and FY 2018-19 till 31 March 2020.*
- *Simplification of GSTR 9 and GSTR 9C forms with various fields made optional for the FY 2017-18 and FY 2018-19.*
- *Restriction on availment of input tax credit on un-reconciled input invoices i.e. ITC in respect of those invoices which are not reflecting in GSTR 2A cannot exceed 20% of matched ITC. Cap of 20% has been further reduced to 10% by way of a superseding notification.*
- *Introduction of mandatory e-invoicing for registered persons with aggregate turnover exceeding 100 crores from 01 April 2020.*
- *Introduction of mandatory QR code on the invoice issued by a registered person exceeding turnover of 500 crores to an unregistered person from 01 April 2020.*
- *Waiver of late fees for non-filing of FORM GSTR-1 from July 2017 to November 2019 provided the said returns are furnished within prescribed dates.*

III. Advance Rulings

- A plethora of substantive advance rulings have been passed by respective State AAR's to which they were applied for.
- Though the advance ruling is applicable only to the case and to the applicant, it does have a persuasive value and makes the taxpayers cognizant of position usually adopted by the department in those scenarios.

All-in-all, 2019 has been quite a crucial year as far as GST is concerned with major amendments, various notifications, and clarificatory circulars being issued through the year. Assessors and consulting firms should be prepared to welcome GST 2020 with more of litigation and departmental co-ordination. Further, implementation of new return mechanism and e-invoicing in 2020 could be a major challenge to cope up with during its initial phase.