



SOME OF THE RECOMMENDATIONS OF THE GST COUNCIL AND OUR COMMENTS THEREON

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The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman on 14/03/2020. The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Sri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

In this regard I have analyzed some of the recommendations as under:

- 1) 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).

Our comments: - Number of assessees have received the notices from GST department demanding interest on Gross GST liability without giving Input Tax Credit for late submission of Form GSTR 3B under Section 50(1) of CGST Act, 2017. This will address the concerns of such assessee and it will mitigate litigations regarding the interest liability.

- 2) 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).

Our comments: As we know that, there was a hard ship under earlier provision for revocation of cancellation of registration. Now an opportunity is again given by the GST dept to continue the business.

- 3) Annual Return:
 - a. 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;
 - b. Due date for filing the Annual return and the Reconciliation Statement for financial year 2018-19 to be extended to 30.06.2020; and
 - c. 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.

Our comments: Industries are still not ready with the data required to file annual return. Hence, once again the Department has extended the due date for filing annual return. And they have also given some additional relaxation to MSMEs for filing audit report. According to my opinion it is advisable to file annual return by rectifying the mistakes in monthly return. It is a good opportunity for the assessee to declare addition / reduction in their turnover and input. It will be possible only through an audit by a professional. Hence it is better get the audit report from a professional even though it is not mandatory.

- 4) 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.

Our comments: As we know from 1st Oct 2019 input is not allowed, if the assessee have not uploaded their invoices. Hence it is better to know the background of the suppliers before dealing with them. Above provision will give lot of confidence to the assessee.

5) 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.

Our comments: No doubt e-invoicing is the ultimate solution for matching process of invoice. Since technology is essential for e-Invoicing, it is important to fully understand the various components, identify how reliable they are, evaluate the effect of downtime, and have appropriate backup plan in place. Companies are still not ready with technology. Only a few software vendors are having e-invoicing option. In those cases also it is very difficult to tell to what extent it is tested. Hence the Council has extended the date of implementation.

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

Our comments: Once again GST Council has realized that we are still not in a position to generate the return through uploaded invoices. Hence they have extended the present system of 3b (Summary return).