

Important GST Changes wef 1st Jan, 2021



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Agenda Points



Rule 36(4) – ITC Availment

Rule 8/9 – Biometric Verification for New Registration

Rule 21 – Suspension and Cancellation of GST Registration

Rule 86B – Mandatory payment of 1% cash in certain cases

Rule 59 – Suspension of filing of GSTR 1

Rule 138(10) – Available per day limit of E-way Bill enhanced to 200 kms

E-Invoice applicable for Turnover over Rs 100 Crores

Rule 36(4) – ITC availment restricted to GSTR 2A plus 5%

Changes in Rule 36(4) of the CGST Rules, 2017 with effect from 1st January, 2021-

- a. ITC only on invoices for which return has been filed and not uploaded** (the word **“uploaded”** replaced by the word **“furnished”**).
- b. Invoices reported through Invoice Furnishing Facility (IFF)** – to accommodate the mechanism of availment of ITC for invoices reported through Invoice Furnishing Facility (IFF) this amendment has been made.
- c. Reduction of margin of availment of ITC from 10% to 5%** - Now, ITC in excess of 5% in addition to ITC appearing in GSTR 2A can only be availed w.e.f. 1st January 2021. The restriction has been gradually reduced from 20% to 10% and now 5%.

Chart for compliance of Rule 36(4) – GSTR 2A + 20%/10%/5%

FY	2019-20				2020-21		
Months	1 st April 19 to 8 th October 19	9 th October 19 to 31 st Dec 19	1 st January 20 to 31 st Jan 20	Feb 20 and Mar 20	Apr 20 to Aug 20	Sep 20 to Dec 20	Jan 21 Onwards
Applicability of Rule 36(4)	Normal – Match 2A [Rule 36(4) Not applicable]	Lower of ITC as per Books or GSTR 2A +20%	Lower of ITC as per Books or GSTR 2A +10%	Lower of ITC as per Books or GSTR 2A +10% on consolidated basis (Feb 20 to Aug 20) to be complied till filing of return for Sep 20		Lower of ITC as per Books or GSTR 2A +10%	Lower of ITC as per Books or GSTR 2A +5%

Rule 8 & 9 – Biometric Verification for grant of GST Registration

Grant of Registration (Rule 8) -

Category of person seeking registration	Opting for Aadhar Authentication	Not Opting for Aadhar Authentication
Individual or Karta, MD, whole time Director, Partners, Members of Managing Committee of Association, Board of Trustees, authorised representative or authorised signatory	Biometric based Aadhar authentication and taking photo	Biometric information, photograph and verification of other KYC documents

Category of person seeking registration	Process of Registration
Other than individual	<ul style="list-style-type: none">- Apply for registration on GST Portal- Upload documents in support of registration- Get the uploaded documents verified with original at one of the facilitation centres <p>Grant of registration only after following aforesaid process</p>

Rule 8 & 9 – Biometric Verification for grant of GST Registration

Verification of Application and Approval (Rule 9)

Time limit for Grant of Registration -

Sl. No	Category	Proposed time for grant of registration	Remarks
1	On Successful Authentication of Aadhar	Approval in 7 days	Earlier, the said time limit was 3 working days
2	On not opting for Authentication of Aadhar or failure to get Aadhar Authenticated	Approval in 30 days of submission of application after conducting physical verification of premises	Verification of premises if the officer deems fit to carry out physical verification

Time limit for issuance of SCN –

- (i) In case of successful Aadhar authentication - 07 working days (Earlier 3 working days)
- (ii) In cases when taxpayer do not opt or Aadhar authentication fails – 30 days (Earlier 21 days)

Rule 8 & 9 – Biometric Verification for grant of GST Registration

Deemed approval of GST registration -

Cases where physical verification is not to be conducted	Cases where physical verification is conducted	On receipt of clarification, information or documents
7 workings days	30 days	7 workings days

Rule 21- Cancellation or suspension of Registration

A. Cancellation or suspension of Registration–

I. Additional clauses for cancellation of GST Registration (Rule 21)–

Three (3) additional clause has been inserted for reasons for cancellation of Registration.

1. Availment of ITC in violation of Sec 16 of CGST Act, 2017 or Rules thereunder;
2. Furnishes the details in **FORM GSTR-1** for one or more tax periods which is in excess of the outward supplies declared by him in his valid return in **Form GSTR 3B** for the said tax periods;
3. Violates the provision of rule 86B – Restriction on use of ITC in Credit Ledger in excess of 99% (details in subsequent para)

Hence, mismatch of outward supplies reported in returns as well as excess availment of ITC over and above prescribed limit may lead to cancellation of registration.

Rule 21- Cancellation or suspension of Registration

A. Cancellation or suspension of Registration–

i. Suspension of GST Registration without providing opportunity of being heard -

Omission of the words – “after affording the said person a reasonable opportunity of being heard”

Now the proper officer may suspend the registration without providing an opportunity of being heard to the taxpayer on grounds mentioned in Section 29 of CGST Act, 2017 or CGST Rules, 2017

Grounds for cancellation under Section 29 of CGST Act, 2017

- a. Business has been discontinued
- b. transferred fully on death of proprietor
- c. Amalgamated, demerged or disposed of
- d. Change in constitution of business
- e. Person no longer liable to be registered
- f. Contravention of provisions of the Act or the Rules
- g. Non furnishing of returns
- h. Obtained voluntary registration and not commenced business within 6 months
- i. Registration obtained by fraud, wilful misstatement or suppression of facts

Rule 21- Cancellation or suspension of Registration

A. Cancellation or suspension of Registration–

Grounds for cancellation under Rule 21 of CGST Rules, 2017

- a. Does not conduct any business from declared place of business
- b. issues invoice or bill without supply of goods or services of both in violation of the provisions of this Act, or the rules made thereunder
- c. violates the provisions of section 171 of the Act (Anti profiteering provisions)
- d. Violates the provision of rule 10A Contravention of provisions of the (furnishing of details of bank account on GST Portal)
- e. Availment of ITC in violation of Sec 16 of CGST Act, 2017 or Rules thereunder;
- f. Furnishes the details in **FORM GSTR-1** for one or more tax periods which is in excess of the outward supplies declared by him in his valid return in **Form GSTR 3B** for the said tax periods;
- g. Violates the provision of **rule 86B – Restriction on use of ITC in Credit Ledger in excess of 99%**

Rule 21- Cancellation or suspension of Registration

I. Suspension of GST Registration on Comparison of returns or Significant differences or anomalies indicating contravention of provisions (Sub Rule 2A in Rule 21A of CGST Rules, 2017)-

- a. On comparison of Outward supplies reported by Taxpayer in Form GSTR 1 and GSTR 3B; or
- b. Details populated in GSTR 2A and ITC availed in GSTR 3B; or
- c. such other analysis, as may be carried out

which show significant differences or anomalies indicating contravention of the GST provisions, leading to cancellation of registration of the said person, his registration shall be suspended

The person shall be intimated in FORM GST REG-31, or by sending a communication to his e-mail address, highlighting the said differences and anomalies and asking him to explain, within a period of thirty days, as to why his registration shall not be cancelled

II. No Refund during period of Suspension of GST Registration (Sub Rule 3A in Rule 21A of CGST Rules, 2017)

A registered person, whose registration has been suspended shall not be granted any refund during the period of suspension of his registration.

III. Revocation of suspension (Proviso to Rule 4 in Rule 21A of CGST Rules, 2017)

Suspension of registration may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, **if he deems fit.**

Rule 86B - Extent of Utilization of Electronic Credit Ledger

Restriction has been placed on usage of amounts available in electronic credit ledger(ECL) to discharge liability towards output tax in excess of **ninety-nine per cent. (99%)** of such tax liability, where the value of taxable supply (other than exempt supply and zero-rated supply), in a month **exceeds fifty lakh rupees (Rs 50 Lakhs)** **Aforesaid restriction of usage shall not apply in below cases-**

1. Value of Taxable supply (other than exempt supply and zero-rated supply), in a month **does not exceed** fifty lakh rupees (Rs 50 Lakhs)
2. Payment of more than One Lakh rupees as Income tax in in each of the last two financial years by the Registered person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees.
3. Receipt of Refund amount of more than one lakh rupees in the preceding FY on account of unutilised input tax credit for ZERO rated supplies without payment of tax or under Inverted Duty Structure.
4. Discharge liability through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current FY
5. Registered person is
 - a. Government Department; or b. a Public Sector Undertaking; or c. a local authority; or
 - d. a statutory body

Rule 59 – Blocking of facility to file GSTR 1

- I. Blocking of facility to file GSTR 1 in certain cases -
 - a. **Monthly filers** – GSTR 1 shall not be allowed to be furnished if the person has not furnished the return in FORM GSTR-3B for **preceding two months**
 - b. **Quarterly Filers** - GSTR 1 or Invoice Furnishing Facility (IFF) shall not be allowed to be furnished if the person has not furnished the return in FORM GSTR-3B for **preceding tax period**.
 - c. a registered person, who is **restricted from using the Electronic Credit Ledger under rule 86B**, shall not be allowed to furnish FORM GSTR-1 or using the invoice furnishing facility IFF), if he has not furnished the return in FORM GSTR-3B for preceding tax period.

Rule 138 – E-Way Bill related Changes

1. **Enhancement of distance for computing validity of E-way bill (with effect from 1st Jan 2021)** – The earlier limit per day of 100 Kms has been enhanced to 200 kms per day with effect from 1st Jan 2021. It means per day validity of any e-way bill generated from 1st Jan 2021, shall be computed for 200 Kms.
2. **Restriction on usage of E-Way Bill facility** – Any person whose registration has been suspended under the provisions of rule 21A shall not be allowed to use E-Way Bill facility

Rule 48(4) – E-Invoice for turnover above Rs 100 Crores

From 1st January, 2021, Government has mandated e-invoicing for the taxpayers with aggregate turnover exceeding Rs. 100 Cr. (in any preceding financial year from 2017-18 onwards).

Earlier the said limit was Rs 500 crores

Thank you

Thanks for your Patience and Time

