

DECISIONS TAKEN IN 39TH GST COUNCIL MEETING HELD ON 14TH MARCH 2020

Recommendation for Rate Change

<u>Product</u>	<u>Present GST Rate</u>	<u>Recommended Rate</u>	<u>Reason for Recommendation</u>
Mobile Phones and specified parts	12%	18% (Would be effective from 1 st April 2020)	To correct the inverted duty structure. Mobile phones shall be expensive from April-2020
Handmade Matches	5%	12% (Would be effective from 1 st April 2020)	This would address the classification issues
Other than Handmade Matches	18%	12% (Would be effective from 1 st April 2020)	
Maintenance, Repair and Overhaul (MRO) services in respect of aircraft	18%	5% with full ITC (Would be effective from 1 st April 2020)	This change is likely to assist in setting up of MRO services in India. Domestic MRO will also get protection due to 5% tax paid under section 3(7) of the Customs Tariff Act, 1975 on most imported goods (sent abroad for repairs) as this tax is not available as credit.

Annual Return

- **Extension in Due Date for F.Y 2018-19** – Extended from 31st March 2020 to *30th June 2020*
- **Relaxation to MSMEs-** The taxpayers having aggregate turnover below Rs. 5 crores need not require to file GSTR 9C for F.Y 2018-19 *{i.e. they are exempted from filing of GST Audit}*
- **Waiver of Late fee-** Late fee has been waived for delay in filing of GST Annual Annual return and the Reconciliation Statement for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores

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).
{Earlier notice has been served by the GST department to pay interest on gross GST liability i.e. on output GST}.
- 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).

Deferment of E-invoice and QR Code

- **Extension in due date** - The dates of implementation of E-invoicing and QR Code has been extended to 01.10.2020.
{Earlier the date of introduction of E-Invoicing was 1st April 2020}.
- **Relaxation to certain category from E-invoicing** - Certain class of registered persons (*insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.*) will be exempted from issuing e-invoices or capturing dynamic QR code.

Deferment of E-wallet Scheme

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

Deferment of New Return Prototype

New return system shall be implemented from October-2020. So existing system of GSTR 1 and GSTR 3B will be continued till September 2020

{Earlier the date of implementation of New Return Prototype was 1st April 2020}.

Other Recommendations

- 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);
- Ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;
- To allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;
- To provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA; and
- To operationalize Aadhaar authentication for new taxpayers.
- A special GST procedure was prescribed during the CIRP period for the GST registered corporates who are undergoing insolvency/resolution procedure under IBC Code, 2016.
- **Due date of Transition for Dadra & Nagar Haveli and Daman & Diu**- A special procedure for registered persons in Dadra and Nagar Haveli & Daman and Diu during transition period, consequent to merger of the UTs w.e.f. 26.01.2020; transition to be completed by 31.05.2020.
- Refund claims will now be processed in bulk for the benefit of the exporters.

- **Know your Supplier** - A new facility called 'Know Your Supplier' will be introduced to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.
- **Extension in due date of GSTR 1 and GSTR 7** - Due date for filing **FORM GSTR-1 & FORM GSTR-7** for the month of July, 2019 to January, 2020 has been extended till 24th March, 2020 for registered persons having principal place of business in the Union territory of Ladakh only.
- 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.
- Seeking information return from Banks
- 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.
- **Issuance of circulars** in respect of:
 - a. 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;
 - b. Appeals during non-constitution of the Appellate Tribunal;
 - c. Clarification on refund related issues; and
 - d. 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.

