

Celebrating 4<sup>th</sup> Year of Implementation of GST

OBSERVING

“GST DAY CELEBRATION WEEK”

1<sup>st</sup> July 2020 to 7<sup>th</sup> July 2020

“**GROWING STRONGER WITH TIMES -  
SUM AND SUBSTANCE OF GOODS & SERVICES TAX**”

SPECIAL EDITION

# TAX Bulletin

JULY, 2020

VOLUME - 67



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

[www.icmai.in](http://www.icmai.in)

**Headquarters:** CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

**Delhi Office:** CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

## MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

## VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

### Objectives of Taxation Committees:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

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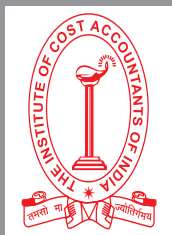
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## Brochure



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### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

### TAX RESEARCH DEPARTMENT

In Association with

REGIONAL COUNCILS & CHAPTERS CO-ORDINATION COMMITTEE

OBSERVING

**“GST DAY CELEBRATION WEEK”**



**THEME**

**“GROWING STRONGER WITH TIMES -  
SUM AND SUBSTANCE OF  
GOODS & SERVICES TAX”**

1<sup>st</sup> July 2020 to 7<sup>th</sup> July 2020

**Weblink:** <https://icmai.in/icmai/Webint.php>

Behind Every Successful Business Decision, there is always a **CMA**



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## “GST DAY CELEBRATION WEEK” THROUGH WEBINT Theme “GROWING STRONGER WITH TIMES - SUM AND SUBSTANCE OF GOODS & SERVICES TAX”

Dear Esteemed Members,

Greetings from The Institute of Cost Accountants of India - Tax Research Department & RCs and Chapters Co-ordination Committee.

**G**oods and Services Tax (GST) is India's biggest indirect tax reforms which started on **1<sup>st</sup> July, 2017**. It is founded on the notion of “**One Nation, One Market, One Tax**” and we are about to enter the fourth year of successful implementation of GST after braving some serious challenges.

A series of reforms undertaken by the government like the Make-in-India and Digital India to drive in inclusive growth, as has been the mandate of the Government of India, Goods and Services Tax (GST) has been another major strategic reform to streamline the much battered indirect taxes and create an ecosystem of change and transformation of economic activity across the length and breadth of the country.

The GST aims at free flow of goods and services and cuts the complex multiple-taxes that has been in existence since India's independence and this fits well in the Government's motto of “**Maximum Governance, Minimum Government**”.

GST has been conceptualized with an objective to have only one indirect tax and have only one taxation system in India and subsume all other prevailing indirect taxes in India like the Central Excise Tax, Value-Added Tax, and Service Tax amongst others. Government's big push to tax reforms has brought many non-tax payers into the ambit of taxation. Today, the number of registered taxpayers has increased by 80 percent.

GST has been a great attempt by the government to formulate a robust taxation system to protect the rights of 1.35 billion Indians by the successful implementation of GST.

We at the Institute are moving in the same school of thought and ideologies as our Government has thought of contributing positively in the field of taxation. The activities undertaken by the Institute, both in Direct and Indirect Taxation can be put forward in a nutshell as follows:

The Institute conducts regular webinars on different topics of GST, Customs and Direct Taxes for updation of knowledge of its members and Students. Seminars are being organized at different chapters of the Institute across the country for the benefit of the members, students, industries including MSMEs. The Institute organizes a National Seminar on Taxation every year covering various issues of taxation front of the country. In many of the seminars senior government officials from Commissionerates and Ministries were invited

as Chief Guests. The seminars provided in-depth understanding on different complex issues in areas of GST and Customs. Seminars are being conducted across India on 1st July every year to mark the day as “GST Day”. The Institute has released number of handbooks and guidance notes including revisions on GST topics such as Anti profiteering, ITC, GST Audit & Annual Returns, GST notifications & compilations, E-way Bill, Works Contracts, Impact of GST on MSME Sector, GST on exports, GST on education Sector, GST on Service Sector, GST on Cooperative Sector, GST on Real Estate, Sabka Vishwas (Legacy Dispute Resolution Scheme) 2019. In customs, the Institute has released Handbook on Insight into Customs – Procedures and Practices. In Direct Taxation area, Handbooks on topics such as TDS, International Taxation & Transfer Pricing, Cooperative Society, Exemptions under IT Act 1961, Insight of Assessment including E-assessment and Vivad Se Vishwas Scheme 2020 has been released by the Institute. The Institute is conducting Certificate Course on GST and Advanced Course on GST covering Audit, Assessment and Appellate procedures. More than 4000 candidates which include students, members, professionals, practitioners and lawyers have been benefitted from these courses. Over and above the Institute is conducting course for officials of commissionerate for providing knowledge and inputs in area of GST. The Institute has been providing continuous input in the form of representations on the matters related to GST and Customs to the CBIC and the Ministries.

In addition to the above, the Institute is releasing a fortnightly Tax bulletin for members and other stakeholders which consists of important articles, circulars, notifications, case laws and latest updates on direct and indirect taxation since 2017. Our Institute is also providing corporate training to different corporates, government undertakings, educational institutions and business houses on taxation. We have also launched crash courses on GST and taxation for undergraduate students of schools, colleges and universities which is very popular amongst students.

To commemorate the occasion of **GST Implementation Day on 1<sup>st</sup> July 2020**, the Institute has announced **GST Day Celebration week** by organising various WEBINT (Online Interactive Session) from **1<sup>st</sup> to 7<sup>th</sup> July 2020**.

We are confident that critical analysis of the above theme and below given sub-themes in various Panel Discussion sessions will be of relevance to the Members and Stakeholders.

- **GST After 3 Years (e-Invoicing, New Return, Technology Advancement, Valuation etc)**
- **Annual Return & GST Audit u/s 35 (5) for 2018-19 – Critical Issues (Annual Return, Audit and Intricacies)**



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- ⦿ **Insight to GST (ITC, RCM and e-Invoicing)**
- ⦿ **Advance Ruling, Penalty and Prosecutions under GST and Mens rea**

Let's learn, un-learn and re-learn with all agility so as to contribute towards Nation building.

Looking forward to have your participation and active support.

With Warm Regards.



**CMA Balwinder Singh**  
President, ICAI



**CMA Biswarup Basu**  
Vice President, ICAI



**CMA Niranjn Mishra**  
Chairman, Indirect Taxation Committee, ICAI



**CMA Rakesh Bhalla**  
Chairman, Direct Taxation Committee, ICAI



**CMA H. Padmanabhan**  
Chairman, Regional Council & Chapters Co-ordination Committee, CAT and AAT Board, ICAI

## PROGRAMME SCHEDULE

### Day 1, Wednesday, 1<sup>st</sup> July, 2020

<b>10.00 A.M to 11.00 A.M</b>	<b>Inaugural Session</b>	
10.00 A.M to 10.03 A.M	Welcome/ Key Note Address	<b>CMA Niranjn Mishra</b> , Council Member & Chairman, Indirect Taxation Committee, ICAI
10.03 A.M to 10.07 A.M	Address by	<b>CMA H Padmanabhan</b> , Council Member and Chairman, RC's and Chapter Co-ordination & CAT Committee, ICAI
10.07 A.M to 10.11 A.M	Address by	<b>CMA Biswarup Basu</b> , Vice President, ICAI
10.11 A.M to 10.16 A.M	Presidential Address	<b>CMA Balwinder Singh</b> , President, ICAI
10.16 A.M to 10.35 A.M	Address by "Guest of Honour"	<b>Shri M. Ajit Kumar*</b> , IRS, Chairman, CBIC
10.35 A.M to 10.57 A.M	Address by "Chief Guest"	<b>Smt. Aparajita Sarangi</b> , Hon'ble Member of Parliament (Lok Sabha), Bhubaneswar Constituency, Odisha
10.57 A.M to 11.00 A.M	Vote of Thanks	<b>CMA Rakesh Bhalla</b> , Council Member & Chairman, Direct Taxation Committee, ICAI
<b>11.00 A.M to 01.00 P.M</b>	<b>Panel Discussion Session - I : "GST After 3 Years" (e-Invoicing, New Return, Technology Advancement, Valuation etc)</b>	
Welcome Address	<b>CMA V. Murali</b> , Council Member and Chairman, Corporate Laws Committee, ICAI	
<b>Address by Chairman of the Session</b>	<b>Dr. B.V Murali Krishna</b> , Additional Commissioner of Commercial Taxes Commercial Taxes Department, Bengaluru, Government of Karnataka	
<b>Panelists :</b>	<b>CMA V S Datey</b> , Author of Indirect Taxation, Nasik	
	<b>CMA Anil Sharma</b> , Practicing Cost Accountant, Chandigarh and Chairman, ICAI-NIRC	
	<b>CMA Viswanath Bhat</b> , Practicing Cost Accountant and GST Expert, Bengaluru	
Sum up and Vote of Thanks	<b>CMA (Dr.) Ashish P Thatte</b> , Council Member and Chairman, International Affairs Committee, ICAI	

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<b>02.00 P.M to 03.30 P.M</b>	<b>Panel Discussion Session - II : "Annual Return &amp; GST Audit u/s 35 (5) for 2018-19 – Critical Issues" (Annual Return, Audit and Intricacies)</b>
Welcome Address	CMA Papa Rao Sunkara, Council Member, ICAI
<b>Address by Chairman of the Session</b>	CMA Anil Kumar Gupta, Principal Additional Director General, NACIN
<b>Panelists :</b>	CMA Dr. Sanjay Bhargave, Practicing Cost Accountant, Pune CMA Amit Sarker, Sr. Director - Indirect Taxation, Deloitte Haskins & Sells LLP, Mumbai
Sum Up and Vote of Thanks	CMA P Raju Iyer, Council Member and Chairman, Internal Audit Standards Board, ICAI
<b>03.45 P.M to 05.15 P.M</b>	<b>Panel Discussion Session - III : "Insight into GST" (ITC, RCM and e-Invoicing)</b>
Welcome Address	CMA Neeraj Dhananjay Joshi, Council Member and Chairman, Cost Accounting Standards Board, ICAI
<b>Address by the Chairman of the Session</b>	Shri Kumar Vivek, V. P (GSTN)
<b>Panelists :</b>	CMA B Mallikarjuna Gupta, Product Evangelist, Logo info Soft Business Technology Pvt Ltd., Mumbai CMA Shiba Prasad Padhi, Practicing Cost Accountant, Bhubaneswar
Sum up and Vote of Thanks	CMA (Dr.) K Ch A V S N Murthy, Council Member and Chairman, Journal and Publications Committee, ICAI

**DAY - 2 (2<sup>nd</sup> July, 2020) to Day - 6 (6<sup>th</sup> July, 2020) to be observed by Regions and Chapters at PAN India through WEBINT / WEBINAR**

**Day 7, Tuesday, 7<sup>th</sup> July, 2020**

<b>10.00 A.M to 12.00 Noon</b>	<b>Panel Discussion Session - IV: "Advance Ruling, Penalty and Prosecutions under GST and Mens rea".</b>
Welcome Address	CMA Debasish Mitra, Council Member and Chairman, Board of Advanced Studies, ICAI
<b>Address by Chairman of the Session</b>	Shri Ajay Saxena, IRS, Principal Commissioner CGST, Bengaluru
<b>Panelists :</b>	CMA Mrityunjay Acharjee, Sr. V. P (Accounts, Finance & Taxation), M/s Balmer Lawries & Co Ltd. CMA Waman Parkhi, Partner, KPMG, New Delhi CMA Dr. Gopal Krishan Raju, Partner, Taxation, Restructuring & Assurance Practice, Chennai
Sum up and Vote of Thanks	CMA Ashwin Kumar G Dalwadi, Council Member and Chairman, Management Accounting Committee, ICAI
<b>12.00 Noon to 01.00 P.M</b>	<b>Valedictory Session</b>
Address	CMA Niranjan Mishra, Council Member & Chairman, Indirect Taxation Committee, ICAI
Address	CMA Rakesh Bhalla, Council Member & Chairman, Direct Taxation Committee, ICAI
Address	CMA Chittaranjan Chattopadhyay, Council Member and Chairman, Banking & Insurance Committee, ICAI
Address	CMA Vijender Sharma, Council Member and Chairman - PD and CPD Committee, ICAI
Address	CMA H Padmanabhan, Council Member and Chairman, RC's and Chapter Co-ordination & CAT Committee, ICAI
Address	CMA Biswarup Basu, Vice President, ICAI
Address	CMA Balwinder Singh, President, ICAI
Address by "Special Guest"	CBIC/CGST/SGST Department*
Address by "Chief Guest"	CBIC/CGST/SGST Department*

\* Confirmation Awaited

**N.B: CEP Credit: 08 Hours will be awarded to the Participating Members**



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Ph: 091-11-24666100

Tax Research Department  
and  
RCs & Chapter Co-Ordination  
Committee

12, Sudder Street, Kolkata - 700016  
Phone: +91 33 40364747/  
+91 33 40364798/ +91 33 40364711  
E-mail: trd@icmai.in



**CMA Balwinder Singh**  
PRESIDENT



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

(Statutory body under an Act of Parliament)

CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi-110 003

Phone : +91-11-24666101, Mobile : +91- 9910030124, 9814168636

E-mail : president@icmai.in, Website : www.icmai.in



### President's Message

Dear Friends and Professional Colleagues,

Today is a red letter day in the history of Indian Indirect Tax world. On this day, 3 years ago, the most awaited and promising GST rolled out vide 122<sup>nd</sup> Amendment Bill of the Constitution of India which depicts a good picture in world economy.

On this special occasion we are celebrating GST Day from 1<sup>st</sup> July to 7<sup>th</sup> July through WEBINT with theme "*Growing Stronger with Times – Sum and Substance of Goods and Services Tax*" in association with Regional Council and Chapter Co-ordination committee. The bonafide support from all our beloved members and stake holders is highly solicited to make it grand success.

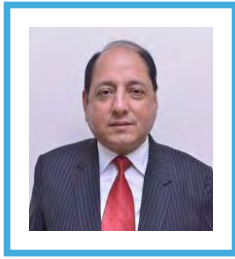
It is an immense pleasure that Tax Research Department has provided their endless effort to create awareness among stakeholders from the very beginning of GST through conducting webinars, seminars, workshops and various courses from college level to professionals. Apart from the department has also published numerous books on GST in last 3 years which have been highly appreciated by CBIC, Govt. Officials and Stakeholders.

Our Institute has also proved their significant role in GST by submitting various representations and suggestions to CBIC time to time.

I congratulate Team TRD and all other resource persons associated with TRD for their seamless effort to make highlight our profession in the era of GST.

Regards,

**CMA Balwinder Singh**  
**President**  
June 30, 2020



**CMA Rakesh Bhalla**  
Chairman, Direct Taxation Committee



**CMA Niranjana Mishra**  
Chairman, Indirect Taxation Committee

## FROM THE DESK OF CHAIRMAN

Dear Friends and Professional Colleagues,

**G**ST, on 01.07.2020 is going to embark on its Journey for the fourth year and like all other years the Institute of Cost Accountants of India is proud to be associated with our Government for seamless integration of GST into our economy through our Tax payers. Sharing of knowledge and handholding has been the key contributors in helping GST to achieve the success it has attained today contributing heavily to the Government revenue and helping tax payers to do away with the cascading effects of Taxation.

It makes us proud to announce that the Tax Research department along with the Regional Councils and Chapter Co-ordination Committee is observing 'GST Day celebration week' from 01.07.2020 to 07.07.2020. the said Seminar would be in Webint and the theme for the same would be "Growing Stronger with Times – Sum and Substance of Goods & Services Tax".

There would be four intriguing sessions on the following topics:

- GST After 3 Year (e-Invoicing, New Return, Technology Advancement, Valuation etc)
- Annual Return & GST Audit u/s 35 (5) for 2018-19 – Critical Issues (Annual Return, Audit and Intricacies)
- Insight to GST (ITC, RCM and e-Invoicing)
- Advance Ruling, Penalty and Prosecution under GST and Mens rea

Ministers, Parliamentarian, Bureaucrats, Senior Government Officials, members from Industry Houses and corporates would be addressing these sessions. A whole hearted support from all our members and stake holders is solicited to make this celebration a grand one.

Jai Hind



(Rakesh Bhalla)

**CMA Rakesh Bhalla**  
1<sup>st</sup> July 2020



**CMA Niranjana Mishra**  
1<sup>st</sup> July 2020

## TAXATION COMMITTEES 2019 - 2020

### Indirect Taxation Committee

#### Chairman

CMA Niranjan Mishra

#### Members

1. CMA Rakesh Bhalla
2. CMA P. Raju Iyer
3. CMA V. Murali
4. CMA H. Padmanabhan
5. CMA (Dr.) Ashish P. Thatte
6. CMA B.M. Sharma (Co-Opted)
7. CMA (Dr.) Sanjay Bhargave (Co-Opted)
8. CMA V.S. Datey (Co-Opted)

#### Permanent Invitees

CMA Balwinder Singh - President  
CMA Biswarup Basu - Vice-President

### Direct Taxation Committee

#### Chairman

CMA Rakesh Bhalla

#### Members

1. CMA P. Raju Iyer
2. CMA Niranjan Mishra
3. CMA V. Murali
4. CMA Paparao Sunkara
5. CMA (Dr.) Ashish P. Thatte
6. CMA Rakesh Sinha (Co-opted)
7. CMA Ajay Singh (Co-opted)
8. CMA Rajesh Goyal (Co-opted)

#### Permanent Invitees

CMA Balwinder Singh - President  
CMA Biswarup Basu - Vice-President

#### Secretary

CMA Rajat Kumar Basu, Addl. Director

## ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee	CMA Anil Sharma
CMA Amit Sarker	CMA Arindam Goswami
CMA Vishwanath Bhat	CMA Manmohan Daga
CMA Bhogavalli Mallikarjuna Gupta	
CMA T K Jagannathan	
CMA Shiba Prasad Padhi	
CMA Niranjan Swain	
CMA Navneet Kumar Jain	

## TEAM - TAX RESEARCH DEPARTMENT

CMA Rajat Kumar Basu	-	Additional Director - Tax Research
CA Neelesh Jain	-	Deputy Director - Tax Research
CMA Priyanka Roy	-	Assistant Director - Tax Research
Ms. Mukulika Poddar	-	Officer - Tax Research
CMA Debasmita Jana	-	Associate - Tax Research
CMA Amitesh Kumar Shaw	-	Research Associate
CMA Priyadarsan Sahu	-	Research Associate

#### SPECIAL ACKNOWLEDGEMENT

Mr. Dipayan Roy Chaudhuri - Graphics & Web Designer



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Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

***trd@icmai.in / trd.ad1@icmai.in***



## INPUT SERVICE DISTRIBUTOR (ISD) UNDER GST LAWS

**CMA Niranjan Swain**  
Advocate & Tax Consultant

### 1. What is the meaning of Input Service Distributor (ISD).

As per Sec. 2(61) of the CGST Act, 2017, Input Service Distributor (ISD) means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 of the CGST Act, 2017 towards receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax (CGST), State tax (SGST)/ Union territory tax (UTGST) or integrated tax (IGST) paid on the said services to a supplier of taxable goods or services or both having same PAN as that of the ISD.

A supplier of goods or service or both may have various offices such as head office, registered office, regional office, marketing office, branch, godown / warehouses, sales depot etc., which avail various input services such as security services, communication charges, courier expenses, housekeeping expenses, accounting services etc and pay GST. Such units and premises may obtain registration as an **Input Service Distributor** for availment of credit on such input services and distribution of credit to other units to resolve the challenge of efficient utilization of accumulated credit.

It is important to note that the ISD mechanism is meant only for distributing the credit on common invoices pertaining to input services only and not goods (inputs or capital goods). Since the common expenditure is meant for the business of all units, it is but natural that the credit of input services in respect of such common invoices should be apportioned between all the consuming units. ISD mechanism enables such proportionate distribution of services amongst all the consuming units.

Let's take an example to understand this concept.

**Example:** The Corporate office of ABC Ltd., is at Bangalore, with its business locations of selling and servicing of goods at Bangalore, Chennai, Mumbai and Kolkata. Software license and maintenance is used at all the locations, but invoice for these services (indicating CGST and SGST) are received at Corporate Office, Bangalore. Since the software is used at all the four locations, the input tax credit of entire services cannot be claimed as ITC at Bangalore. The same has to be distributed to all the four locations. For that reason, the Bangalore Corporate office has to act as ISD to distribute the credit.

If the corporate office of ABC Ltd, an ISD situated in Bangalore receives invoices indicating Rs. 4 lakh of Central tax, Rs.4 lakhs of State tax and Rs.7 lakh of integrated tax, it can distribute central tax, State tax as well as integrated tax of Rs.15 lakh as credit of integrated tax amongst its locations at Bangalore, Chennai, Mumbai and Kolkata through an ISD Invoice containing the amount of credit distributed.

### 2. Registration:

Section 24 of the CGST Act (read with rule 8 of CGST Rules, 2017), requires an office of the supplier which intends to act as Input Service Distributor (ISD), to separately obtain registration as ISD. In other words, a registration number of an establishment as an ISD is different from the registration number of such establishment u/s 22 of the Act. Rule 54 of the CGST Rules, 2017 deals with the prescribed document to be issued by ISD for the purpose of distribution of credit. Section 20 of the CGST Act (read with Rule 39 of GST Rules), contains provisions relating to manner of distributing the credit by ISD. Section 39(4) of the CGST

Act read with Rule 65 of the CGST Rules, provides for filing of return by ISD, for every calendar month, within 13 days after the end of such month.

An ISD should compulsorily take GST registration by applying in form GST REG 1. Turnover threshold for GST registration is not applicable to an ISD. A person already registered under GST can take ISD registration by filling Form GST REG 29 (to cancelling old registration) and again file Form GST REG-01 (fresh registration) and choose ISD in the field “Reason to obtain registration”

### **3. Receiving credit in Input Service Distributor (ISD):**

ISD is an office of supplier of goods and services. A supplier may have number of establishments located in different States, however, as regards input services, a supplier may insist for obtaining invoices in the name of its one central location, irrespective of which establishment has actually received the services. The purpose could be centralized accounting or centralized payment system.

**Example:** ABC Ltd may have head office in Mumbai and establishments in Delhi, Chennai and Kolkata. Although certain services are received at Delhi, an invoice may be issued in the name and address of Mumbai Head Office. Let’s say a supplier P in Delhi makes an intra-State supply (CGST+SGST) and supplier Q of Gujarat makes an inter-state supply (IGST) to Delhi establishment, however, invoices are raised in the name of corporate office at Mumbai.

The provisions of section 16 of CGST Act provides that, no registered person shall be entitled to a credit in respect of any supply of goods or services or both to him unless, he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other taxpaying documents as may be prescribed. Therefore, in such case, although the services are received by various establishments (ex: Delhi), it would not be possible for such establishments to claim the credit, as the invoice will be issued in the name of central office of such person (i.e. Maharashtra). The head office also cannot avail the credit as they are not actual recipient of such inward services.

Under the scheme of ISD, Rule 36 of the CGST Rules permits such ISD to avail the credit on the basis of invoices issued to it. Further, it also permits, other establishments (having same PAN) of the said supplier, to avail the credit, on the basis of an Input Service Distributor Invoice in accordance with the provisions of sub-rule (1) of rule 54 of CGST Rules.

In the above example, ABC Ltd’s head office at Maharashtra if obtains registration as ISD, it will be allowed to take credit on the basis of invoices issued by P and Q and immediately distribute such credit to Delhi establishment, by issuing ISD invoice to Delhi. Delhi can thereafter be able to claim credit on the basis of ISD invoices issued by head office. Although, concept of ISD allows distribution of credit, such distribution is required to be made in certain manner. The Manner of Distribution of credit through ISD mechanism is explained below.

### **4. Distribution of input tax credit by Input Service Distributor:**

The Head Office would be procuring certain services which would be for common utilization of all units across the country. The bills for such expenses would be raised on the Head Office. But the Head Office itself would not be providing any output supply so as to utilize the credit which gets accumulated on account of such input services. ISD mechanism enables such proportionate distribution of credit of input services amongst all the consuming units.

For the purposes of distributing the input tax credit, an ISD has to issue an ISD invoice, as prescribed in rule 54(1) of the CGST Rules, 2017, clearly indicating in such invoice that it is issued only for distribution of input tax credit.

The input tax credit available for distribution in a month shall be distributed in the same month and details furnished in FORM GSTR-6. Further, an ISD shall separately distribute both the amount of ineligible and eligible input tax credit.



**4.1. Procedure of Distribution of Input Tax credit through ISD mechanism – Section 20 of CGST Act and Rule 39 of CGST Rules, 2017 –**

- (1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.
- (2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—
  - (a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed (**ISD invoice, as prescribed in sub rule (1) & 1A of rule 54**)
  - (b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;
  - (c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;
  - (d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;
  - (e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

**Explanation.**—For the purposes of this section,—

- (a) the “**relevant period**” shall be—
  - (i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or
  - (ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;
- (b) the expression “**recipient of credit**” means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;
- (c) the term “**turnover**”, in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.

**4.2. Manner of distribution of credit by Input Service Distributor Section 20 of the CGST Act, 2017 [Notification No. 3/2018-CT, dated 23.01.2018]**

Provisions introduced for issuance of invoice/debit note/credit note by registered taxable person (having same PAN and State code as ISD) to ISD to transfer the credit of common input services. A new sub-rule (1A) has been inserted in rule 54 of CGST Rules. The new sub-rule provides as under:

- (a) A registered person, having the same PAN and State code as an input service distributor (ISD), may issue an invoice/credit note/debit note to transfer the credit of common input services to the ISD, which shall contain the following details:—
- (i) name, address and GSTIN of the registered person having the same PAN and same State code as the ISD;
  - (ii) a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
  - (iii) date of its issue;
  - (iv) GSTIN of supplier of common service and original invoice number whose credit is sought to be transferred to the ISD;
  - (v) name, address and GSTIN of the ISD;
  - (vi) taxable value, rate and amount of the credit to be transferred; and
  - (vii) signature or digital signature of the registered person or his authorised representative.
- (b) The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.

#### 4.3. Procedure for Distribution of Input Tax Credit (ITC) by Input Service Distributor (ISD)

Provisions under Rule 39 of CGST Rule 2017 provides as follows.

(1) An Input Service Distributor shall distribute input tax credit in the manner and subject to the following conditions, namely,-

(a) the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in **FORM GSTR-6** in accordance with the provisions of Chapter VIII of these rules;

(b) the Input Service Distributor shall, in accordance with the provisions of clause (d), separately distribute the amount of ineligible input tax credit (ineligible under the provisions of sub-section (5) of section 17 or otherwise) and the amount of eligible input tax credit;

(c) the input tax credit on account of central tax, State tax, Union territory tax and integrated tax shall be distributed separately in accordance with the provisions of clause (d);

(d) the input tax credit that is required to be distributed in accordance with the provisions of clause (d) and (e) of sub-section (2) of section 20 to one of the recipients ‘R1’, whether registered or not, from amongst the total of all the recipients to whom input tax credit is attributable, including the recipient(s) who are engaged in making exempt supply, or are otherwise not registered for any reason, shall be the amount, “C1”, to be calculated by applying the following formula –

$$C1 = (t1 \div T) \times C \text{ where,}$$

“C” is the amount of credit to be distributed,

“t1” is the turnover, as referred to in section 20, of person R1 during the relevant period, and

“T” is the aggregate of the turnover, during the relevant period, of all recipients to whom the input service is attributable in accordance with the provisions of section 20;

(e) the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;

(f) the input tax credit on account of central tax and State tax or Union territory tax shall-

(i) in respect of a recipient located in the same State or Union territory in which the Input Service Distributor is located, be distributed as input tax credit of central tax and State tax or Union territory tax respectively;

(ii) in respect of a recipient located in a State or Union territory other than that of the Input Service Distributor, be distributed as integrated tax and the amount to be so distributed shall be equal to the aggregate of the amount of input tax credit of central tax and State tax or Union territory tax that qualifies for distribution to such recipient in accordance with clause (d);

(g) the Input Service Distributor shall issue an Input Service Distributor invoice, as prescribed in sub-rule (1) of rule 54, clearly indicating in such invoice that it is issued only for distribution of input tax credit;

(h) the Input Service Distributor shall issue an Input Service Distributor credit note, as prescribed in sub-rule (1) of rule 54, for reduction of credit in case the input tax credit already distributed gets reduced for any reason;

**Credit Notes / Debit Notes to be issued by ISD:** *Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed. This appears to be a very cumbersome provision. For this purpose, the ISD shall also be required to issue an “ISD credit note” to other establishments, in the same month in which the credit note issued to ISD by any supplier is included in GSTR-6 return of the ISD. Where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted, such amount is added to the output tax liability of the recipient. Where the amount of input tax credit distributed by an ISD is reduced later on for any other reason for any of the recipients, the same process shall be followed. If any credit is distributed to a wrong establishment, it can be rectified by issuing ISD credit note to the recipient to which it was wrongly issued and issuing an ISD invoice for the said amount to the recipient which is correctly entitled for such credit. Both the documents should be reflected in **GSTR-6** of the ISD in the same month.*

*Any additional amount of input tax credit on account of issuance of a debit note to an ISD by the supplier shall also be distributed to the recipients in the month in which the debit note issued to ISD-office is included in the return in **FORM GSTR-6**. In this case, unlike in the case of credit notes, it is not necessary to distribute the credit to other establishments in the same portion to which credit pertaining to original invoice was distributed.*

(i) any additional amount of input tax credit on account of issuance of a debit note to an Input Service Distributor by the supplier shall be distributed in the manner and subject to the conditions specified in clauses (a) to (f) and the amount attributable to any recipient shall be calculated in the manner provided in clause (d) and such credit shall be distributed in the month in which the debit note is included in the return in **FORM GSTR-6**;

(j) any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed in terms of clause (d), and the amount so apportioned shall be-

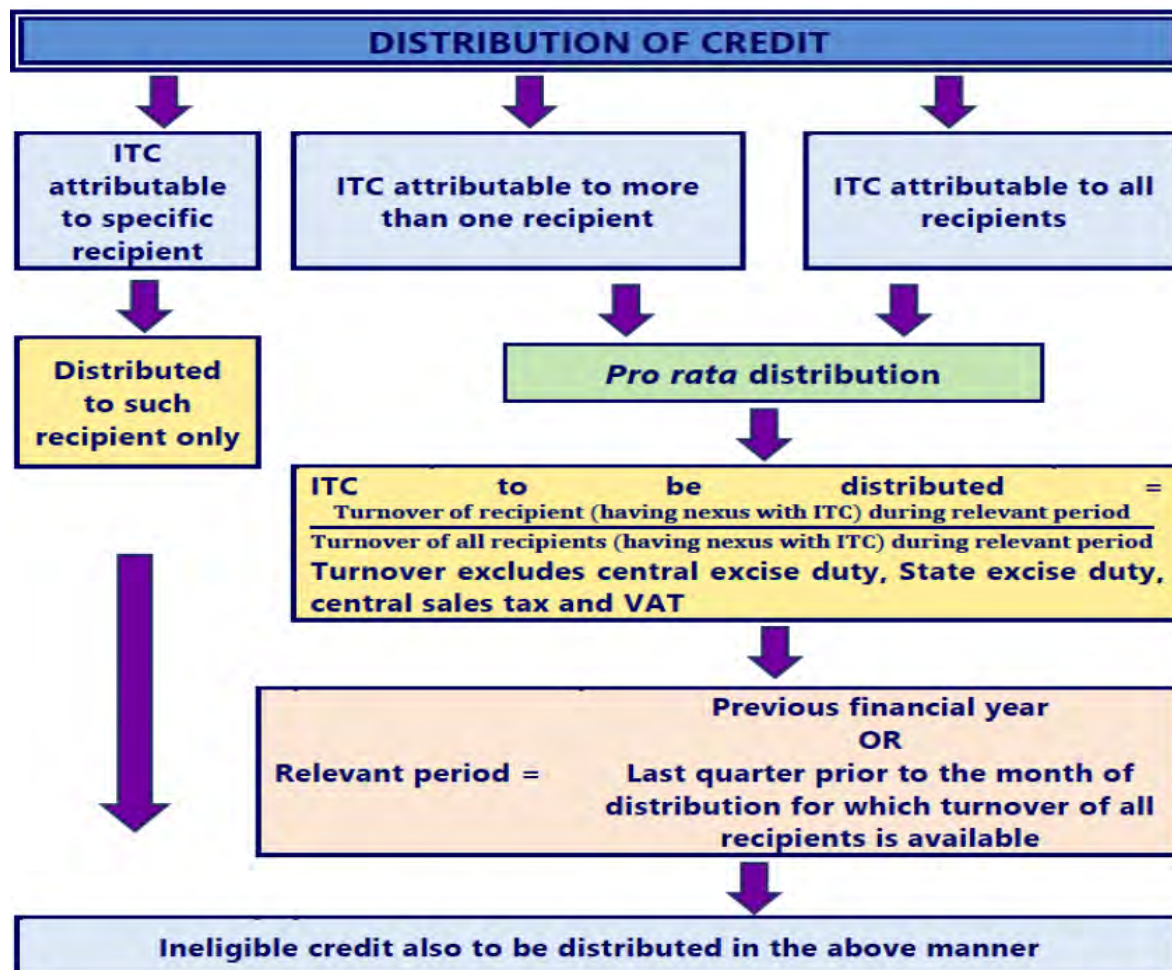
(i) reduced from the amount to be distributed in the month in which the credit note is included in the return in **FORM GSTR-6**; or

(ii) added to the output tax liability of the recipient where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted.

(2) If the amount of input tax credit distributed by an Input Service Distributor is reduced later on for any other reason for any of the recipients, including that it was distributed to a wrong recipient by the Input Service Distributor, the process specified in clause (j) of sub-rule (1) shall apply, mutatis mutandis, for reduction of credit.



(3) Subject to sub-rule (2), the Input Service Distributor shall, on the basis of the Input Service Distributor credit note specified in clause (h) of sub-rule (1), issue an Input Service Distributor invoice to the recipient entitled to such credit and include the Input Service Distributor credit note and the Input Service Distributor invoice in the return in **FORM GSTR-6** for the month in which such credit note and invoice was issued



#### 4.4. Distribution of CGST and SGST or UTGST by Input Service Distributor:

As per sub-section (1) of Section 20, the Input Service Distributor shall distribute the credit of:

- a) **Central Tax:** As Central Tax or Integrated Tax and
- b) **Integrate Tax:** As Integrated tax or Central tax

By way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed. As per sub-rule (1) of Rule 39, there will be two situations:

##### A. ISD & recipient of credit is in same state:

When the ISD and the recipient of credit are in the same state then the Input tax credit shall be distributed as Central tax and State tax or Union territory tax respectively.

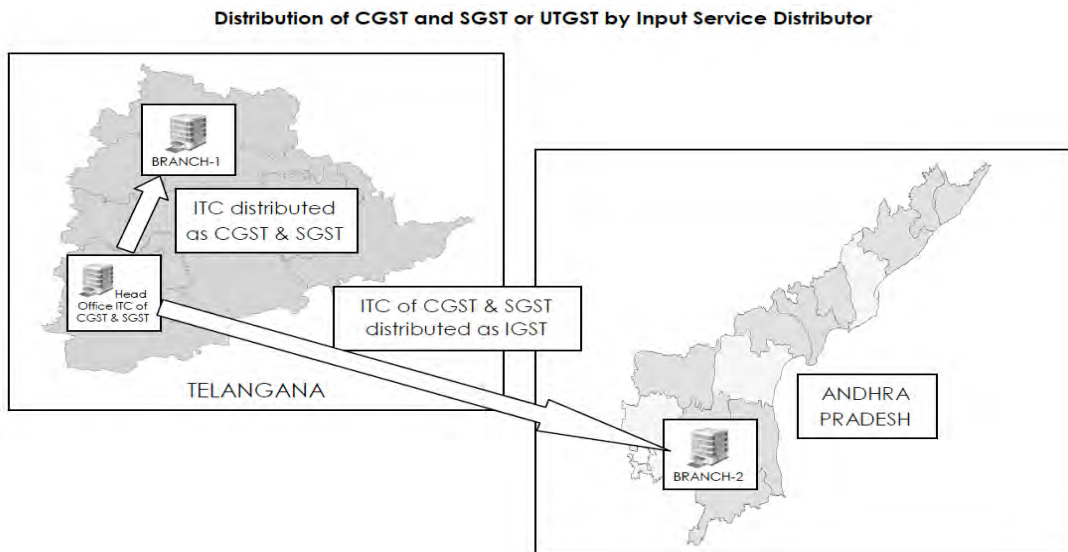
**B. ISD and Recipient of credit are in different state:**

When ISD and the recipient of credit are in different state then the input tax credit shall be distributed as IGST and the amount to be so distributed shall be equal to the aggregate of the amount of ***input tax credit of Central Tax and State tax or Union Territory Tax*** that qualifies for distribution to such recipient in accordance with clause (d).

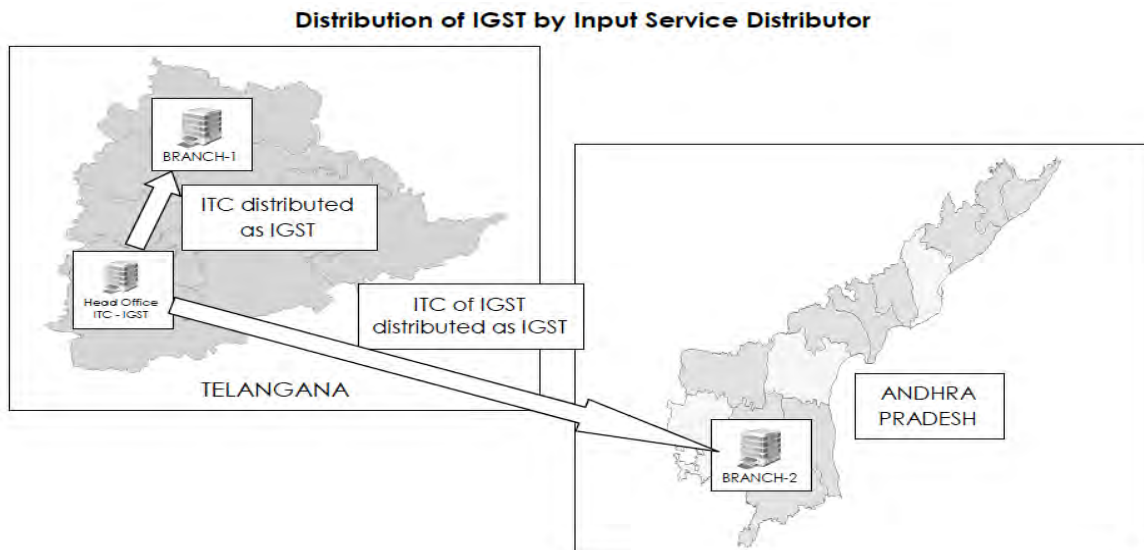
**Credit Distribution**

IGST	CGST	SGST
As	CGST (Same state)	SGST (Same state)
IGST	IGST (Separate state)	IGST (Separate state)

**4.5. Distribution of CGST and SGST or UTGST by Input Service Distributor**

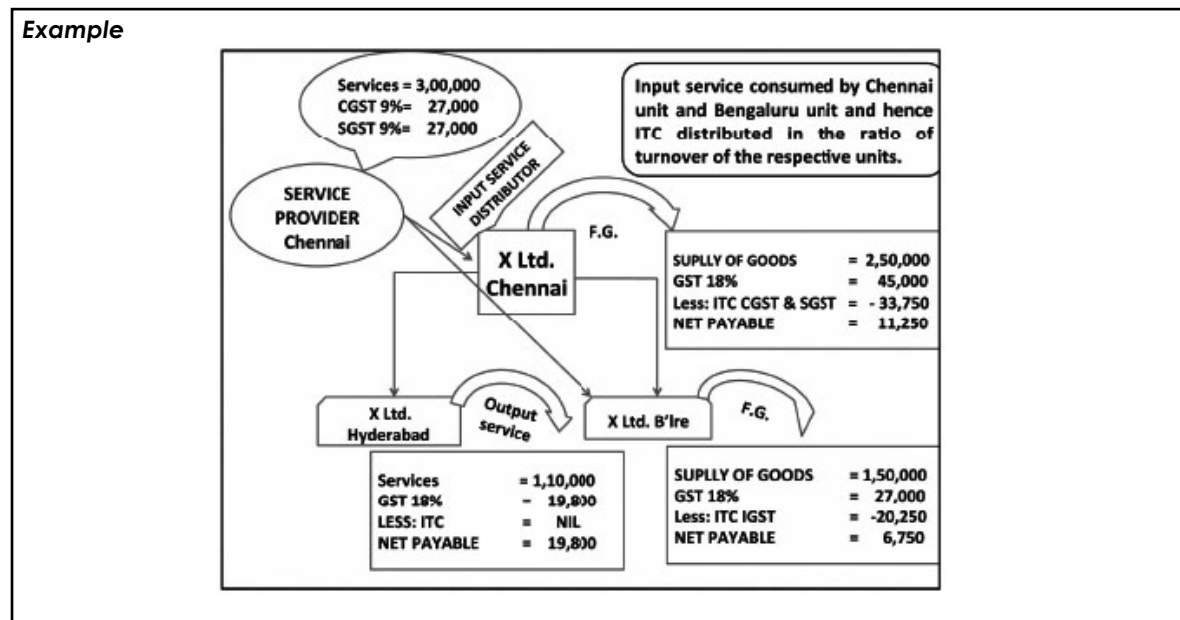


**4.6. Distribution of IGST by Input Service Distributor**



4.7. Manner of distribution of credit –

4.7.1. Examples



4.7.2. Input credit which is to be distributed to any recipient, whether registered or not, including the recipient who is making exempted supply shall be calculated in the following manner:

$$C_1 = (t_1 \div T) \times C$$

C – Amount of input credit to be distributed

$t_1$  – Turnover of a particular recipient to whom the credit to be distributed

T – Aggregate turnover of all recipients, eligible to receive the ITC

$C_1$  – ITC amount is to be distributed to a particular recipient

Example	Answer
Total ITC to be distributed (C) – Rs.50,000/- Turnover of Chennai Branch ( $t_1$ ) – Rs.5,00,000/- Total turnover of all branches (T) – Rs.20,00,000/-	Rs.12500/- = (Rs.500000 ÷ Rs.2000000) x Rs.50000 ITC to be distributed to Chennai branch is Rs.12,500/- ( $C_1$ )

4.7.3. Example: XYZ Limited has its Corporate Office in Mumbai and three manufacturing facilities in Jharkhand, Maharashtra and West Bengal. Its Corporate Office is registered as an Input Service Distributor. Turnover of the three units in its states for the last financial year and current year (Q-1 and Q-2) are as follows.

Unit	Financial Year-2019-20	Q-1 F.Y.2020-21	Q-2.F.Y 2020-21
Jharkhand	Rs.400 crs.	Rs.60 crs.	Rs.80 crs.
Maharashtra	Rs.NIL	Rs.50 crs.	Rs.25 crs.
West Bengal	Rs. 500 crs.	Rs.75 crs.	Rs. 75 crs.

ISD has obtained certain common services for all its units on which IGST of Rs.40 lakhs was paid. ISD wanted to distribute the credit in the month of July, 2020 (Financial Year 2020-21). The credit will be distributed as under:-

Jharkhand = Rs.40 lakhs  $\times$  (Rs.60 crs / (Rs.60 crs+ Rs.50 crs.+ Rs75 crs) = Rs.12.97 Lakhs

West Bengal= Rs. 40 Lakhs  $\times$  (Rs.50 crs / (Rs.60crs + 50 crs +75 crs) = Rs.10.81 lakhs

Maharashtra= Rs. 40 Lakhs $\times$ ( Rs.75 crs / (Rs.60 crs+Rs.50crs+Rs.75 crs)= Rs.16.22. lakhs.

#### 4.7.4.Example

M/s XYZ Ltd, having its head Office at Mumbai, is registered as ISD. It has three units in different states namely 'Mumbai', 'Chennai' and 'Delhi' which are operational in the current year. M/s XYZ Ltd furnishes the following information for the month of December 2019. You are required to distribute the below input tax credit.

(i) CGST and SGST paid on services used only for Mumbai Unit: Rs.3,00,000/-

(ii) IGST, CGST & SGST paid on services used for all units: Rs.12,00,000/-

Total Turnover of the units for the Financial Year 2018-19 are as follows: -

Unit	Turnover in Rs.
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover of Delhi	2,00,00,000
Total turnover	10,00,00,000

#### Answer: Statement showing distribution of input tax credit:

Particulars	Credit distributed to all the units in Rs.			
	Total credit available	Mumbai	Chennai	Delhi
CGST & SGST paid on services used only for Mumbai Unit.	3,00,000	3,00,000	0	0
IGST, CGST & SGST paid on services used in all units Distribution on pro-rata basis to all the units which are operational in the current year	12,00,000	6,00,000	3,60,000	2,40,000
Total	15,00,000	9,00,000	3,60,000	2,40,000

#### 5.Manner of recovery of credit distributed in excess under GST Law,2017:

**5.1.** As per sec.21 of the CGST Act, 2017, Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74 as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered. Circular No.71/45/2018 GST dated.26.10.2018 has clarified that ISD would also be liable to general penalty under section 122(1)(ix). The relevant clarification is produced below.



Sl. No	Issue	Clarification
3	Representations have been received regarding the manner of recovery of excess credit distributed by an Input Service Distributor (ISD) in contravention of the provisions contained in section 20 of the CGST Act.	<p>According to Section 21 of the CGST Act where the ISD distributes the credit in contravention of the provisions contained in section 20 of the CGST Act resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest and penalty if any.</p> <p>The recipient unit(s) who have received excess credit from ISD may deposit the said excess amount voluntarily along with interest if any by using FORM GST DRC-03.</p> <p>If the said recipient unit(s) does not come forward voluntarily, necessary proceedings may be initiated against the said unit(s) under the provisions of section 73 or 74 of the CGST Act as the case may be. FORM GST DRC-07 can be used by the tax authorities in such cases.</p> <p>It is further clarified that the ISD would also be liable to a general penalty under the provisions contained in section 122(1)(ix) of the CGST Act.</p>

**5.2, Example:**

If ABC limited company has one unit in Rajasthan and other unit in West Bengal and as per the provisions contained in Section 21, Rs.1 Lakh was to be distributed to the unit in Rajasthan and Rs.2 Lakhs to unit in West Bengal. However, due to some calculation error credit of Rs.1.2 Lakh was issued to Rajasthan unit and Rs.1.8 lakh to the unit in West Bengal. Thus, excess credit of Rs.20,000/- issued to the unit in Rajasthan shall be recovered from the unit in Rajasthan and show cause notice shall be issued by the jurisdictional officer of Rajasthan.

**6. Filing of Returns under GST Law, 2017:**

As per section 34 (4) of the CGST Act, 2017, states that every taxable person registered as an Input Service Distributor shall, forever calendar month or part thereof, furnish, in such form and in such manner as may be prescribed, a return, electronically, within thirteen days after the end of such month.

As per Rule 65 of the GST Rules, 2017 states that every input service distributor shall, on the basis of details contained in FORM GSTR-6A, and where required, after adding, correcting or deleting the details, furnish electronically the return in FORM GSTR-6, containing the details of tax invoices on which credit has been received and those issued under section 20, through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

As per Rule 60(5) of the GST Rules, 2017 states that the details of invoices furnished by an Input Service Distributor in his return in FORM GSTR-6 under rule 65 shall be made available to the recipient of credit in Part B of Form GSTR-2A electronically through the Common Portal and the said recipient may include the same in FORM GSTR-2.

**7. How to distribute ITC of RCM:**

Input Service Distributor is not a supplier of service, but is only a distributor of service. Instructions appended to Form GSTR-6 provides that, ISD cannot make any payment under RCM and that if it has to make payment under RCM, it will be required to obtain a regular registration. GSTR-6 also does not provide for showing any particulars for reflecting details of inward supplies on which payment is made under RCM. It therefore,

appears that, merely obtaining registration as ISD in a State would not make the assessee “registered person” under that State for the purposes of payment of GST under section 9(3) or 9(4) of the CGST/SGST Act or as the case may be section 5(3) or 5(4) of the IGST Act. Therefore in such case, an assessee shall neither be entitled to any ITC nor shall be liable to pay any tax under RCM in respect of any local supplies (CGST+SGST) in that State.

As regards IGST, the assessee shall be first required to issue invoice u/s 31(3)(f) from any of its registered office to its ISD Office and pay tax under RCM from such registered office. On the basis of such invoice, ISD shall avail the ITC and distribute the ITC to the concerned unit/s.

**Example:** ABC India has three supplying units namely at Delhi, Chennai and Kolkata, and head office at Maharashtra. ABC India received an intra-state service from a dealer in Tamil Nadu. In this case, in the absence of any registration in Tamil Nadu (TN), ABC may not be entitled to ITC of CGST+TNSGST. Consequently a view can be taken that there is no need for any RCM payment on any RCM services by ABC India in TN.

However, if a dealer from Tamil Nadu makes an inter-state supply of service (which is liable for reverse charge), such supply will attract IGST. ABC-India, in such case shall be required to issue invoice for such service from any of its registered units namely, Delhi, Chennai and Kolkata and pay IGST under reverse charge. Suppose invoice is raised from Chennai office, then in such invoice “ABC-Chennai” will be shown as ‘person liable to pay tax’ and ABC-ISD will be regarded as “receiver” of such service. ABC-ISD will take ITC on the basis of such invoice and then distribute the same to the concerned units or all units as per provisions of Section 20.

## 8. ADVANCE RULINGS UNDER GST LAWS

### **In re Cummins India Limited (GST AAR Maharashtra)**

Appeal Number: No. GST-ARA-66/2018-19/B-162

Date of Judgement/Order: 19/12/2018

Courts : AAR Maharashtra (235) Advance Rulings (1247)

**Question:-** *Whether engine manufactured and supplied solely and principally for use in railways/locomotives are classifiable under HSN Heading 8408 or under HSN Heading 8607 of the Customs Tariff (which has been borrowed for classification purposes under GST regime) as a part used solely or principally for Railways or Tramway Locomotives or Rolling Stock?*

**Answer:-** In view of the discussions made above the **engine manufactured and supplied solely and principally for use in railways/locomotives are classifiable under HSN Heading 8408**

**Question: -** *Whether availment of input tax credit of tax on common input supplies on behalf of other unit/units registered as distinct person and further allocation of the cost incurred for same to such other units qualifies as supply and attracts levy of GST?*

**Answer: - Yes.**

**Question: –** *If GST is leviable, whether assessable value can be determined by arriving at nominal value?*

**Answer: - In the subject case assessable value can be determined by following the provisions of Rule 30 of the CGST Rules, 2017**

**Question: -** *Once GST is levied and ITC thereof is availed by recipient unit, whether the Applicant is required to register itself as an Input Service Distributor for distribution of ITC on common input supplies?*

**Answer: - Yes as per the provisions of Section 24 of the CGST Act, 2017, the applicant is required to get registered as an ISD.**



## THREE YEARS OF GST: THE JOURNEY SO FAR & THE ROAD AHEAD

**CMA Bhogavalli Mallikarjuna Gupta**

Product Evangelist

Logo Info Soft Business Technologies Pvt Ltd

India has implemented a uniform tax across India for the sale of goods & services, which was previously ruled by a plethora of taxes. Many say that GST is major tax reform in India post-independence, but in reality, it is a business process reform as it has forced the trade and industry to change the business process and adapt the rule of the land. The major taxes that were merged with GST are Central Excise, Service Tax, and VAT. Apart from these taxes, many other taxes were merged into GST. The major change is with the rollout of GST; both the Goods and Services are being governed in the same law through the treatment and procedures are different due to the nature of the transactions. The rollout of GST has also brought in federalism in a true spirit as the Central Government and the State Governments are making decisions collectively through the new Constituted GST Council. To date, the GST Council has met for 40 times, and only on occasion, there was voting over the decisions taken.

GST is a game-changer for the Indian Business as it has made India a single market and eliminated the complexity of state-wise Taxation and rates. India is a large country, and it has a lot of diversity and complexity. With such complexities and diversities, it is not possible to have a cakewalk. These are the teething troubles we are seeing, and every reform has to pass through this phase. This also requires the change in the mindset of the stakeholders for the successful rollout of GST. We have made remarkable progress, and still, there is a lot of room for improvements, based on the inputs across the stakeholders. As CMAs also have to partner with the Government and make this reform the most successful across the globe.

The process of GST is made totally faceless right from registration to return filing and other areas as we have adopted digitalization. The digitalization had come with its own set of challenges as we Indians normally tend to file returns only at the 11th hour. Some black sheep are also exploiting the system, and to curb there; the GST Council has adopted e-waybills, matching for availing input tax credit and to be rolled out are new return formats and e-invoicing.

During the last three years, we have a slew of notifications/circulars/orders have been issued. Though people say it negatively, it is good news, as the Government is listening to all the stakeholders and trying to address the anomalies from time to time.

Central Goods & Service Tax					
Years	General	Rate	Circulars	Orders	Removal of Difficulties
2017	75	47	26	11	1
2018	79	30	55	4	4
2019	78	29	49	2	10
2020	54	3	11	1	1
<b>Total</b>	<b>286</b>	<b>109</b>	<b>130</b>	<b>18</b>	<b>16</b>

State Goods & Service Tax					
Years	General	Rate	Circulars	Orders	Removal of Difficulties
2017	12	47	2	1	0
2018	4	30	1	0	0
2019	4	29	1	0	3
2020	5	3	0	0	0
<b>Total</b>	<b>25</b>	<b>109</b>	<b>4</b>	<b>1</b>	<b>3</b>

Union Territory Goods & Service Tax					
Years	General	Rate	Circulars	Orders	Removal of Difficulties
2017	11	47	0	1	0
2018	15	30	0	0	0
2019	2	29	0	0	3
2020	2	3	0	0	0
<b>Total</b>	<b>36</b>	<b>109</b>	<b>0</b>	<b>1</b>	<b>3</b>

Union Territory Goods & Service Tax					
Years	General	Rate	Circulars	Orders	Removal of Difficulties
2017	1	7	1	0	0
2018	1	2	0	0	0
2019	1	3	0	0	0
2020	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>0</b>	<b>0</b>

On average, two notifications were issued for every three days. Though it looks alarming, many are related to the extension of the due date of return filing. Now let's see some of the changes which were supposed to be implemented but were withdrawn or exempted from time to time to facilitate the trade and industry and also improve the ease of doing business. Apart from these, the Government has also made a lot of technological changes to the GSTN portal to provide a lot better user experience and file returns without any technical glitches and hassles.

### 1. Registrations

The threshold for registration started initially with Rs 20 Lacs both for goods and services, but later point of time, the thresholds are different for Goods and Services. The number of GST Registrations have nearly doubled during the last three years from about 65 lakh registration pre-GST Regime to about 1.23 crores as on 31st March 2020. Though the number looks remarkable, the Tax GDP Ratio of our country is about 11% \* compared to 34% in the OECD Countries, here we have a long way to go forward and increase the tax GDP Ratio. Then only the fiscal situation will improve remarkably.

The threshold for the composition taxpayers has increased from time to time to facilitate more and more taxpayers to ease their compliance requirements. When the CGST Act was passed in 2017, it started with Rs 75 Lacs, and now the same has been increased to Rs 150 Lacs through Central Goods and Service Tax (Amendment) Act 2018.

As per the current provisions, Composition taxpayers cannot do business online, but with the current pandemic like situation, it is becoming new normal, and it is recommended to have the same enabled for them.

[\\*https://economictimes.indiatimes.com/budget-faqs/what-is-tax-to-gdp-ratio-where-does-india-fare-on-this-indicator/articleshow/73222499.cms](https://economictimes.indiatimes.com/budget-faqs/what-is-tax-to-gdp-ratio-where-does-india-fare-on-this-indicator/articleshow/73222499.cms)

### 2. Supply

The concept of the sale, manufacturing, service & purchase is replaced with a single word called Supply. Though this is a welcome move, it will put an end to a lot of litigation, but the definition of Supply is to be defined further to avoid litigation else, it will defeat the whole purpose.

### 3. Time of Supply

Like in most of the countries where GST/VAT is implemented, the advances are also taxed. India has also implemented the same on receipt of advance for the Supply of goods as well as for services. The service taxpayers were used to it but not the dealers who are registered under Central Excise and VAT. As the business we were not prepared, they were not able to address the same, to extend a helping hand to the small taxpayers who are supplying goods, GST on advances has been exempted for taxpayers who are having a turn over less than Rs 150 Lacs wide Notification No – 40/2017 Central Tax Dated 13th October 2017 and all taxpayers wide Notification No – 66/2017 dated 15th November 2017. Till now, the taxes on advances are exempted and will continue for some more time due to the catastrophic effect of COVID-19.

### 4. Reverse Charge

Reverse charge is levied by the Governments across the globe to track the small taxpayers. This process will eliminate the burden on the small taxpayers and the tax administration and reduce the cost of collecting taxes. Similarly, in India also under GST, reverse charge is being levied on purchase from unregistered taxpayers. Though it is a good move, it has put a lot of hardships on the regular taxpayers and faced resistance as they are not exposed in the erstwhile tax regimes. Again, to provide a helping hand to the trade and industry, the Government has given a lot of relaxations in the initial period where it said if the inward supplies from unregistered taxpayers are less than Rs 5000/- per day, then Reverse Charge is exempted notified wide Notification No 8/2017 – Central Tax (Rate) 27th July 2017. Still, the trade is not happy for two reasons; the registered taxpayers were not willing to do transactions with unregistered taxpayers as they have to pay tax on reverse charge basis and it is increasing their working load and also impacting cash flows, as Reverse Charge has to be paid through cash only. Based on the trade and industry inputs, again on 13th October 2017, wide



Notification No 38/2017 – Central Tax (Rates) has been issued where they have the threshold limit of Rs 5000 dropped and reverse charge on inward supplies from unregistered taxpayers has been exempted 31st March 2018. The exemption is extended up to 30th June 2018 wide Notification No 10/2018 – Central Tax (Rates) dated 23rd March 2018. Again, it is exempted till 30th September 2018 wide Notification No 12/2018 – Central Tax (Rates) dated 29th June 2018.

The exemption was further extended till 30th September 2019 wide Notification No 22/2018 – Central Tax (Rates) dated 6th August 2018.

The issue of exempting frequently is causing hardships to the trade and industry, as well as for the tax administration. Keeping in view of these challenges, Section 9(4) of the CGST Act 2017 has been replaced wide Notification No 2/2019 Central Tax dated 29th January 2019 based on the Central Goods and Service Tax (Amendment) Act 2018. As per the provisions of section 9(4), RCM will be applicable to a specified class of registered persons when they have inward supplies from unregistered suppliers.

With this amendment, the challenges of RCM has been suspended for the time being, and going forward, the department will notify the same, and by that time the taxpayers will be used for it and will not have any further challenges at that point of time.

Reverse charge, as per the provisions of Section 9(3), which applies to a specific category of goods and services, is applicable today, and the list of the goods and services is updated from time to time.

#### 5. e-waybills

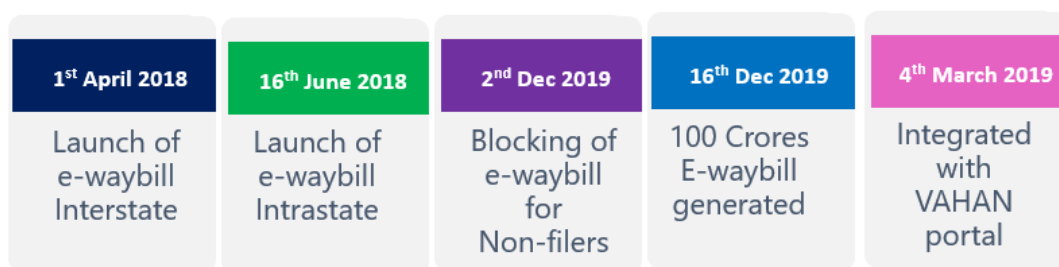
With the rollout of GST, physical check posts are removed for vehicles carrying goods while entering or exiting the state. This has resulted in huge savings for logistics companies. The travel time from Sriperumbudur (near Chennai) to Bhiwandi (near Mumbai) was reduced by almost half of the time\* it used to take prior the rollout of GST

<https://www.financialexpress.com/opinion/how-gst-helped-the-country-sign-a-free-trade-agreement-with-itself/1809031/>

This has resulted in huge savings to the logistics companies as they can run more kms per month, and for the taxpayers, the Min/ Max Quantities have been reworked due to the reduction in transit time. For this reason, only GST is to be dubbed as a business process reform rather than tax reform.

As part of self-compliance, the taxpayers are required to issue e-waybill during the movement of

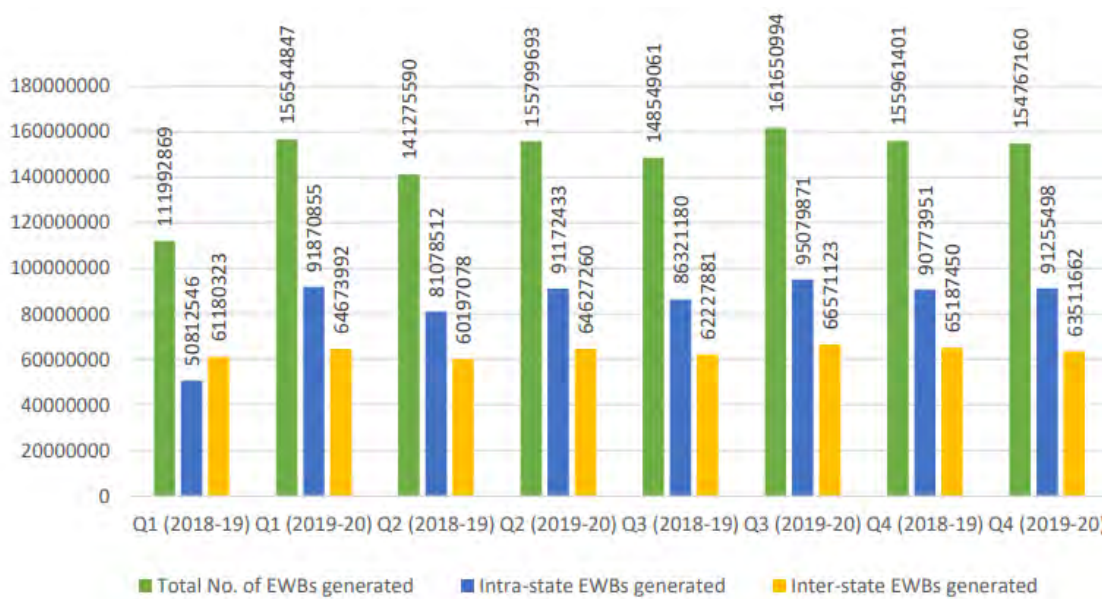
### 2 Years of e-waybills



goods. These provisions are not new to the Indian Taxpayers as they were applicable in VAT, which was state-specific. With the concept of One Nation One Market, the complexity of state-wise waybills and challans is replaced with e-waybill in GST. The implementation of e-waybills has started with technical glitches, and as a result, the same had to be postponed for a future date. After

the rollout of the e-waybills second time, there was no looking back. The interstate movement was implemented in a phased manner.

The flip side of the e-waybill is that it has defeated the concept of One Nation One Market as the states were given the flexibility to frame rules on the threshold and list of goods for which e-waybill is required for intrastate movement of goods. This provision has brought back the pre-GST era challenges, and it can be called as Old Wine in New Bottle.



After the rollout of e-waybill, many changes have been implemented, like determining the distance between two different places based on Pin Codes or validating the vehicle number through which the goods are transported as the e-waybill portal is integrated with the Vahan system. These measures have resulted in the minimization of frauds and misuse of e-waybills.

## 6. Input Tax Credit

One of GST's major benefits is that input tax credit is available seamlessly across the supply chain, thereby making the goods and services to the end consumers at a lower price. As per the provisions and the formats released at the time of rollout, the input tax credit can be availed only on matching, i.e., when the supplier files his return, the same is reflected in GSTR – 2A and the taxpayer has to accept the same. Matching could not be implemented from day one of the rollout of GST, and it has resulted in a loss of revenue collection to the Government due to some black sheep in the system, where they were claiming input tax credit without matching. Almost every other day, there is a news article on fake invoicing or availing input tax credit wrongly.

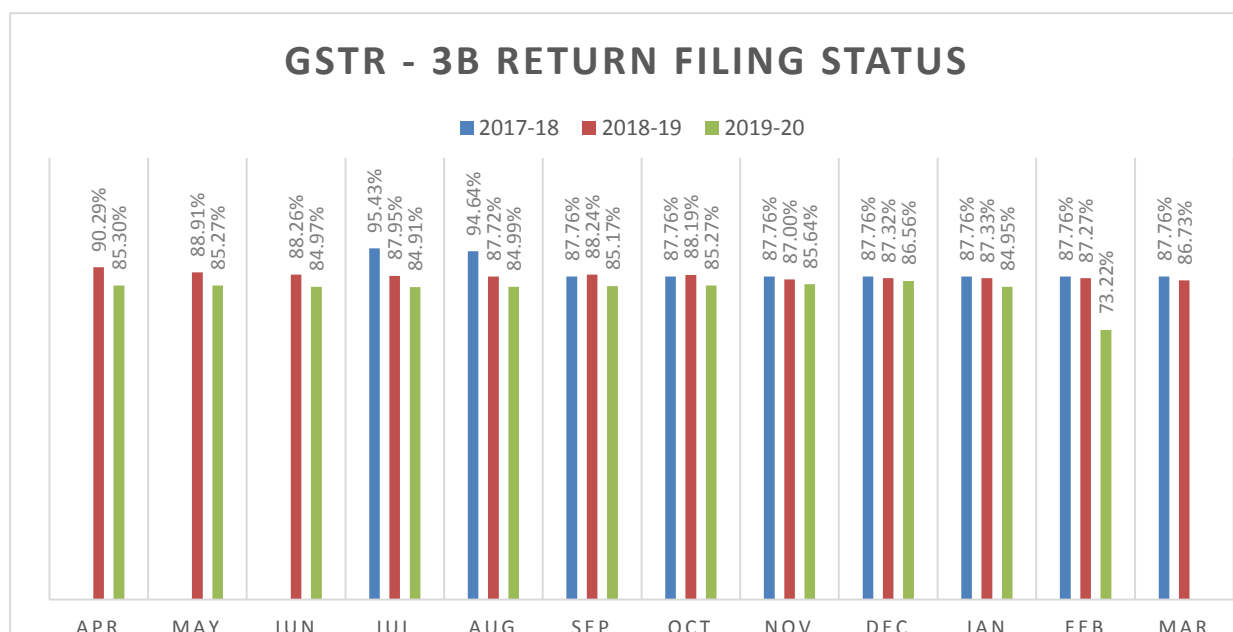
To keep such black sheep away from the system and to encourage the return filing, the Government has recently introduced restrictions on availing input tax credit. On 9th October 2019, Notification No 49/2019 – Central Tax was issued where it was made mandatory for matching before availing input tax credit. The matching has to be done manually by the taxpayers based on the data auto-populated in GSTR – 2A from the Suppliers GSTR – 1. The restriction of 20% is again reduced to 10% wide Notification No 75/2019 – Central Tax Dated 26th December 2019.

The lockdown has disrupted all the business. It has impacted the cash flows, providing a helping hand to the trade and industry. The Government has wide Notification No 30/2020 – Central Tax dated 3rd April 2020. As per this Notification, the restriction for matching is applicable only for Sep 2020, where the restriction is determined on a cumulative basis for the months of September 2020.

Once the new returns are implemented, the matching can be done in returns and not required to be done outside the system. The data uploaded by the supplier in Anx – 1 will be auto-populated in Anx – 2 of the recipient. Once accepted by the recipient, the same is updated in the returns for adjusting the output tax liability.

## 7. Return Filing

In GST, the determination of liability is on a self-assessment basis, and every registered taxpayer has to file returns at regular intervals through online only. There were many technical glitches in the initial days, and as a result, the taxpayers were not able to file the returns. The same has been addressed to a large extent. The Government has even bifurcated the filing of returns to minimize the load on the servers and provide a better user experience.



Data source is GST portal.

The due dates for filing of returns have been extended from time to time, but the same is not being utilized by the taxpayers. If we see the return filing statistics, we are still miles away from achieving 100%. Till 22<sup>nd</sup> June 2020, the number of returns filed on the GST portal stands at 54.71 Crs. If we see this number in a standalone manner, it is huge, but compared to the actually registered taxpayers, the number is not that great.

From the graph above, we can see that we have not seen 100% return filing for any month. The Government has not implemented enforcement in the initial period to provide the taxpayers some leeway for the taxpayers to adjust and adapt to the new provisions of the law and get used to the filing of returns online.

With the pandemic like situation, the Government has extended the due dates for filing of returns from Feb 2020. The actual status will be known only once the due date is over. The Government has given many amnesty schemes to encourage the return filing from July 2017 to till date by reducing the late fee and capping the late fee per return. Though the due dates were extended, the taxpayers who have defaulted can file the returns with minimal late fees. But the flip side is that the taxpayers cannot avail the input tax credit for the first two years as the due date for the filing of September returns has passed. Frequent extension of due dates is being done to encourage the late filers, but at

the same time, it will discourage the honest taxpayers in the filing of the returns, and this will result in the lower tax collections. Capping of lower late fees for the defaulted taxpayers will also create a sense of restlessness in the honest taxpayers for paying huge amounts. Simultaneously, the departmental officers cannot complete the assessments, and for the tax professionals, it becomes a challenge to keep track of the revised dates from time to time.

Since matching is being done outside the system and lot of tax frauds are happening as there is no validation of data for the processing of refunds or verifying the Annual Returns data, new return formats are being introduced from 1st October 2020 where the taxpayers will be uploading the data in Anx – 1 for outward supplies at HSN level. This will provide loads of data for the department and enable them to go behind the errant taxpayers.

## 8. Refunds

Refund of taxes is normally given in cases where the tax is remitted wrongly or in case of Zero Rated Supplies or in the case of inverted duty structure etc., As per the draft document issued before the launch of GST, it was proposed to be online, and the amount was supposed to be credited to the applicants' bank account at the earliest. But the systems were not ready at the time of launch of GST, and as a result, the taxpayers had to face a lot of hardships for claiming the refunds as it was manual, and another challenge was some of the departmental officers were not aware of the processing of refunds.

Over a period of time, the challenges were addressed, and now the refund processing is simple in case of zero-rated supplies with payment of taxes. Once the returns are filed and the export data matches with the ICEGATE portal, The refund amount is automatically credited to the exporters' bank account. In the case of exports without payment of duties,

Refund amounts are being claimed fraudulently. To address them, now more stringent measures are being adopted and inverted duty structure, now the HSN codes are also required to be reported while filing the refund application. Many circulars are being issued from time to time to clarify the issue of refunds. During the last three years, about 22 circulars were issued. Though the numbers look to be very big, the other side is the Government is listening to the taxpayer's woes and trying to fix the same from time to time.

## 9. Advance Ruling

Advance Ruling is not new to the Indian Taxation; even in GST also Advance Ruling is implemented, but the only difference is, the advance ruling benches are at the state level. There is an appeal mechanism for Advance Ruling if the aggrieved party is not satisfied with the order passed by the Advance Ruling Authority, the same can be appealed with the Appellate Authority for Advance Ruling and can be appealed with National Appellate Authority for Advance Ruling (yet to be notified).

Since advance ruling is at the state level, it is creating challenges for the applicants if they are having a presence in multiple locations. We have seen contradictory rulings are issued in the case of M/s. Giriraj Renewables Private Limited or some controversial orders issued in the case of Directors Remuneration, which got clarified as there was circular issued on the same matter.

There were delays in the initial days of the rollout of GST for the issue of orders by the Authority for Advance Ruling, but now the same is more or less addressed. In the initial days, the application has to be filed manually as the portal was not ready.

The number of orders passed by various state benches of Authority for Advance Ruling till May 2020 is 918, and the majority of the orders are passed in the state of Karnataka, Maharashtra, West Bengal & Tamil Nadu and 156 orders were passed by the Appellate Authority for Advance Ruling across India.



**10. e-invoice**

e-invoicing refers to the process of issue of invoice by the supplier, which is validated by the tax department online and sharing the same with the recipient. At the time of validation, the tax authority issues a unique number, and the same has to be printed on the tax invoice in India along with QR code.

e-invoice was supposed to be implemented in India from 1<sup>st</sup> April 2020, but now the same got postponed to 1<sup>st</sup> Oct 2020. In India, e-invoicing process is different from the process followed in the EU, where the taxpayers have to pay for the services as the private parties manage them, whereas, in India, it is free of cost and managed by the GSTN (the nodal agency for GST related IT Services). The implementation of e-invoice in India is applicable for taxpayers having a turnover above Rs 100 crores for B2B transactions, and the e-invoice is required to be generated on the Invoice Registration Portal. Keeping in view of the challenges faced by the taxpayers for filing of returns, the Government has notified 10 different portals, to minimize the challenges in the generation of e-invoice and also ensure that there are no business disruptions due to the rollout.

Unlike in other countries, where e-invoice is implemented, Business to Government Transactions are not being considered. The transactions which are being considered are

- B2B – Business to Business
- SEZWP – SEZ Supplies with payment of Taxes
- SEZWOP – SEZ Supplies without Payment of Taxes
- EXPWP – Exports with Payment of Taxes
- EXPWOP – Exports without Payment of Taxes

Once the invoice is validated and issued, the following attributes will be returned, and the same have to be stored in the ERP / Accounting package for future reference.

The attributes are

- IRN Number
- Acknowledgement Number
- Acknowledgement Date
- QR Code
- Signed invoice

Similar to the encryption used in the digital signatures, algorithm SHA256RSA is used. The IRN number generated for each invoice is unique, and the length of the string is 64.

Apart from the e-invoicing, the taxpayers who are having a turnover above Rs 500 crores, it is optional for them to print the payment QR Code on the tax invoices in case of B2C transactions.

Though e-invoicing is a good tool for curbing tax evasion, it should be started with companies that have higher turnover and for a limited number of transaction types like in the other countries.

**11. Technology**

Goods and Service Tax in India is heavily driven on technology for the tax administrators as well as for the taxpayers as return filing is online for all taxpayers including the filing of the application for obtaining registration or amendment of registration or payment of taxes or filing of the application for claiming refund to some extent. To address the technological related support for GST, a separate entity is formed called Goods and Service Tax Network, and it is now completely held by the Central Government & State Governments. The portal maintained by the GSTN is [gst.gov.in](http://gst.gov.in), and this portal is used from obtaining registration to the filing of returns.

For the generation of e-waybills, there is a different portal, and it is maintained by the National Informatics Centre, even the proposed e-waybill is being developed by them only. In the initial days

of the rollout of GST, the portal was not stable and had taxpayers had to face a lot of issues. Now the portal is more or less stable but a long way going forward to enable all the forms under GST.

The major difference between the Indian and other nations when it comes to technology, GSTN uses open source software's, and they are highly secure and safe. The services are offered free cost to the taxpayers. Even the proposed e-invoice is being provided free of charges to all the eligible taxpayers. With almost three years of rollout of GST, vast data is collected by the department and based on the data, analytics are being used to detect frauds and errant taxpayers. As part of this only, the blocking of e-waybill is implemented to disable the generation of e-waybills. The errant taxpayers are flagged and monitored from time to time.

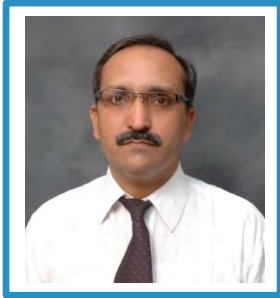
Even the State Governments have adapted technology and developed in-house built apps for monitoring the return filing status, validation of registrations, identifying the fake invoices, etc.,

The taxpayers are also forced to adopt the technology. Adoption of technology by the large taxpayers is not a challenge as they have budgets, but when it comes to the small taxpayers, it is a challenge as they have limited resources and knowledge. To address this, the GSTN has identified software vendors like Logo Infosoft, Cygnet, Focus, etc., These accounting and billing software's are could based or on-premises and some of them like Vyapari, Zoho, etc., are having mobile-based applications. Few of these are cloud-based and makes the life of the taxpayers easy as the tax professionals need not enter the data manually and also wait for the records, especially in COVID like situations. These software's are freely available for taxpayers having turnover below Rs 150 lacs till 31<sup>st</sup> March 2021.

Though we are completing three years of rollout of GST, we are still facing some teething troubles. No reform like GST will not be hassle-free from day one, and it will take some time to mature and for the dust to settle down. The Central Excise Act passed in 1942 is still undergoing litigation in the courts. The trade, industry, and professionals have to work hand in hand to make the reform a successful one. Some of the provisions like taxpayer rating, a refund for the international tourists, or the National Appellate Authority for Advance Ruling are not yet notified. These should be notified at the earliest as it will increase the user experience for the taxpayers and helps in ease of doing business.

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## ITC RULES MISMATCH IN RESULTS

**CMA Anil Sharma**  
Practicing Cost Accountant

*(Sale of used capital goods and ITC in special circumstances u/s 18 of CGST Act, 2017)*  
**Section 18(6)**

*(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher.*

**Rule 40(2)**

*The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.*

**Rule 44(6)**

*The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax:*

*Provided that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in **FORM GSTR-1**.*

**Rule 44(1)(b)** *for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.*

If we go by CGST Rules, two provisions talked about the above section i.e Sec. 18(6) where in methods for calculating the input tax credit is described.

First method is under Rule 40(2) of the CGST Rules which states that input tax credit in the case of supply of capital goods and plant and machinery shall be calculated by **reducing five percentage point for every quarter or part thereof** from the date of issue of invoice.

Secondly, Rule 44(6) read with Rule 44(1)(b) of the CGST Rules also prescribes the method of determining an amount for Section 18(6), where in it states that input tax credit involved in the remaining useful life in months shall be computed on pro rata basis, **taking useful life as five years**.

**We would like to mention that these two methods calculate different amount when quantum of ITC reversal is done. Let us understand this issue with the help of an example:**

Suppose, M/s. ABC Ltd sold its machinery for Rs. 1,65,000/- (inclusive of GST at the rate of 18% of **Rs. 25169/-**) on 25.05.2019 which he purchased on 01.07.2017 for Rs. 3,00,000/- (inclusive of **Rs. 45762/-** as GST @ 18%).

As per Section 18(6) of the CGST Act, M/s ABC Ltd has to pay an amount **equivalent to higher of the following:**

1. an amount equal to the GST levied on transaction value on supply (sale) of the machinery, that is of Rs. 25169/-, or
2. An amount of input tax credit as reduced by such percentage point as prescribed under the rules:

<b>As per Rule 40(2), the amount to be determined is as follows:</b>	<b>As per Rule 44(6) read with Rule 44(1)(b), the amount to be determined is as follows:</b>
Machinery has been used for total 1 year, 10 months and 25 days which constitutes 8 quarters.	Machinery has been used for total 1 year, 10 months and 25 days which constitutes 23 months.
Percentage amount to be reduced: 8 quarters x 5% = 40%	Useful life left for use (according to CGST rules) is 37 months
The amount to be reversed = 45762 - (45762 x 40%) = Rs. 27457/- (60% of ITC availed)	The amount to be reversed: 45762 x (37/60) = Rs. 28220/-
Amount payable (ITC to be reversed / Output liability) = <b>Rs. 27457/-</b> (Being higher of Rs. 25169/- and Rs. 27457/-)	Amount payable (ITC to be reversed / Output liability) = <b>Rs. 28220/-</b> (Being higher of Rs. 25169/- and Rs. 28220/-)

**Case:2**

Suppose, M/s. ABC Ltd sold its machinery for Rs. 22,50,000/- (inclusive of GST at the rate of 18% of **Rs. 3,43,220/-**) on 15.08.2019 which it has purchased on 01.07.2017 for Rs. 50,00,000/- (inclusive of **Rs. 7,62,712/-** as GST @ 18%).

<b>As per Rule 40(2), the amount to be determined is as follows:</b>	<b>As per Rule 44(6) read with Rule 44(1)(b), the amount to be determined is as follows:</b>
Machinery has been used for total 2 years, 1 month and 15 days which constitute 9 quarters.	Machinery has been used for total 2 years, 1 month and 15 days which constitute 26 months.
Percentage amount to be reduced: 9 quarters x 5% = 45%	Useful life left for use (according to CGST rules) is 34 months
The amount to be reversed = 7,62,712 - (7,62,712 x 45%) = Rs. 3,43,220/- (55% of ITC availed)	The amount to be reversed: 7,62,712 x (26/60) = Rs. 3,30,508/-
Amount payable (ITC to be reversed / Output liability) = <b>Rs. 4,19,492/-</b> (Being higher of Rs. 3,43,220/- and Rs. 4,19,492/-)	Amount payable (ITC to be reversed / Output liability) = <b>Rs. 4,32,203/-</b> (Being higher of Rs. 3,43,220/- and Rs. 4,32,203/-)

The above calculation proved that there is some issue with respective rules or the methods adopted which can be a cause of concern and lead to litigation unnecessary.



## 3 YEARS OF JOURNEY - GST

TEAM TRD

GST was rolled on 1<sup>st</sup> July 2017 and in this 2 year several changes have taken place time to time through notifications and circulars for proper structuring of GST. Let us discuss few remarkable changes in GST in last 3 years

### PRE GST COUNCIL MEETINGS

Total 18 GST Council meetings were conducted before rolling out of GST from 22<sup>nd</sup> September 2016 to 30<sup>th</sup> June 2017 to prepare the framework of GST Rules and Provisions

#### 1<sup>st</sup> GST Council Meeting

- It was decided that GST would be implemented from 1<sup>st</sup> April 2017
- Thresholds limit for exemption was settled at Rs. 20 Lakhs and Rs. 10 Lakhs for special category states and this decision would be reviewed after 5 years (during which compensation for any loss of revenue is guaranteed) and a decision regarding any modification to the exemption threshold would be taken thereafter.
- Thresholds limit for Composition scheme was decided at Rs. 50 lakhs. It was also decided that manufacturers and service providers would not fall under Composition scheme as the value addition in these segments was quite high.
- It was also decided that in order to compensate the States for any loss of revenue due to implementation of GST, the revenue collected by the State in the base year needed to be projected at a specified growth rate with respect to a base year. In this connection it was agreed that
  - ✓ 2015-16 would be taken as the base year for compensation
  - ✓ Revenue to be compensated shall consist of all taxes (including cesses) levied by the States and which are now proposed to be subsumed in GST
  - ✓ Compensation may be released quarterly against the figures given by the Central Accounting authority tentatively and final adjustment can be done after getting audited accounts of the year

However, decision regarding projected growth rate was pending

#### 2<sup>nd</sup> GST Council Meeting

- GST draft rules for registration, rules for payment, returns, invoice, refunds and total six issues had been finalized
- It was decided that all the exempted entities under indirect tax would have to pay tax in the new GST regime.

#### 3<sup>rd</sup> GST Council Meeting

- The formula for calculating the projected growth rate for GST compensation was fixed at the rate of 14%.
- It was decided that ITC reversals would be included in the definition of 'revenue subsumed' for the base year 2015-16 for the calculation of compensation to the States for any loss of revenue owing to the implementation of GST for five years.

#### 4<sup>th</sup> GST Council Meeting

- Mainly GST Rates were decided as follows-
  - ✓ **5%** -generally cover the goods which were under combined tax rate of Central Excise and V AT (including cascading on account of these two taxes) between 3% and less than 9%. Such goods are normally consumed by the vulnerable sections of the society or have high impact on inflation.

- ✓ **12%**- generally cover the goods which were under combined tax rate of Central Excise and VAT (including cascading on account of these two taxes) between 9% and less than 15%.
- ✓ **18%**- generally cover the goods which were under combined tax rate of Central Excise and VAT between 15% and less than 21 % (including cascading on account of these two taxes) .
- ✓ **28%**- generally cover the goods which were under combined tax rate of Central Excise and VAT equal to or more than 21 % (including cascading on account of these two taxes).
- ✓ Supply of services would generally be taxed at the rate of 18%

5<sup>th</sup> GST Council Meeting

Provisions of the Draft Model GST was discussed

6<sup>th</sup> GST Council Meeting

The model GST laws regarding CGST and SGST in detail was discussed. The council had pronounced till 99 sections out of 197 sections.

7<sup>th</sup> GST Council Meeting

The draft model bills on State and centre GST legislation was passed

8<sup>th</sup> GST Council Meeting

It was decided that the cess would be levied on a list of items mentioned by GST council and at the end of five years of GST the cess would be added to GST rates to divide it between the Centre and the states.

9<sup>th</sup> GST Council Meeting

- It was decided that the territorial water within the twelve nautical miles would be treated as the territory of the Union of India , but the power to collect the State tax in the territorial waters shall be delegated by the Central Government to the States.
- Decision regarding dual control issues was finalized and the council decided that
  - ✓ Assesses with the turnover of below Rs. 1.5 Crore - 90% of the taxpayers shall vest with the State tax administration and 10% with the Central tax administration.
  - ✓ Assesses with the turnover of more than 1.5 Crore - all administrative control shall be divided equally in the ratio of 50% each for the Central and the State tax administration;
  - ✓ Any IGST disputes would be in consideration of the Centre

10<sup>th</sup> GST Council Meeting

Compensation law was approved

11<sup>th</sup> GST Council Meeting

- The proposal to create Electronic Way Bills System Module as part of the GST System through GSTN was approved
- The Council approved the draft IGST Law & finalized the important CGST and SGST bills
- It was declared that hotels with a turnover below Rs. 50 lakh would pay the lowest tax of 5%.Hotels providing accommodation and restaurant service would normally have an annual turnover of more than Rs. 50 lakh and would thus pay GST at the normal rate.

12<sup>th</sup> GST Council Meeting

- The Council approved the draft IGST Law with few changes , SGST Law , UTGST Law
- The council fixed 15% cess rate for certain demerit items

13<sup>th</sup> GST Council Meeting

- The Council approved the laws & provisions Input Tax Credit; Valuation; Transitional Provisions; Registration; Return; Payment; Refund; and Invoice and Debit/Credit Note

14<sup>th</sup> GST Council Meeting

- The Council approved rate of interest for the delayed payment of tax by the taxpayer and the delayed refund by the Government to the tax payee , rate of TCS by Electronic Commerce Operators (e-operators)
- GST rates on various goods and GST compensation cess rate got approval.

15<sup>th</sup> GST Council Meeting

- The Final Decision was taken that GST would be implemented with effect from 1st July 2017
- The Council approved the GST Rules and the related Forms on (i) Return; (ii) Transition Provisions and (iii) Goods and Services Tax Practitioner Forms , rates of GST on supply of various goods , broad principles of the draft Anti-profiteering Rules.
- The council also agreed to exempt the supply of 'electricity' from the levy of GST

16<sup>th</sup> GST Council Meeting

- The Council approved the GST Rules on Accounts and Records
- The Council increased the threshold limit of annual turnover from Rs. 50 lakh to Rs. 75 lakh for composite taxpayers and decided the list of manufacturers who would be ineligible for Composition scheme.
- The Council also approved tax rate on insulin formulations of all types @ 5% , on bamboo furniture @ 18% , children's picture, drawing or coloring books would be exempted from GST , and exemption from IGST on certain imports namely-bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services; technical exemption for temporary import/re-import
- The council also decided tax rates on various services i.e services provided to Government, job work services , sponsorship service , admission to cinema theatres etc.

17<sup>th</sup> GST Council Meeting

- The Council approved laws and provisions of Advance Ruling , Appeals and Revision, Assessment and Audit and and ease the terrific anti-profiteering clause
- The limit of turnover for special category states under composition scheme was decided Rs. 50 lakh
- It was also decided that Manufacturers of Ice cream and other edible ice, whether or not containing cocoa (21 05 00 00) , Pan masala (2 1 06 90 20), Tobacco and manufactured tobacco substitutes (24) would not be eligible for Composition Scheme
- The council approved GST rate on Hotel Rooms as follows-
  - ✓ GST Rate on hotel rooms where tariff is Rs. 2,500 and above but less than Rs. 7,500 per day shall be 18%
  - ✓ GST Rate on hotel rooms where tariff is Rs. 7,500 and above shall be 28%
  - ✓ GST Rate on supply of food/drinks in air-conditioned restaurant in 5-star or above rated Hotel shall be 18%
- The council also decided GST rate on Lottery as follows
  - ✓ Lottery run by State Governments - 12% of face value of lottery ticket (Face value to be inclusive of GST)
  - ✓ Lottery authorized by State Governments - 28% of face value of lottery ticket (Face Value to be inclusive of GST)
  - ✓ Tax can be levied by the State Governments on the first point of sale by the State Government to the lottery distributor or the sole selling agent appointed by the State Government on reverse charge basis and to exempt agents/stockists below the distributor.

18<sup>th</sup> GST Council Meeting

- This meeting was held on 30th June 2017, just a day before the GST roll out
- The GST rate on fertilizers was reduced from pre-decided 12% to 5% and the tax rate on exclusive parts of tractors was reduced to 18% from 28%.

- It was also decided that IGST would be levied at the time of importation and the value addition due to high sea sales shall be part of the value on which IGST is collected when goods sold on high sea sales basis are imported the first time

**POST GST COUNCIL MEETINGS** – Till now 22 GST Council meetings have been conducted after rolling out of GST

**19<sup>th</sup> GST Council Meeting**

- It was the first meeting after implementation of GST
- The council decided to raise the cess on cigarettes to 31% in a certain category

**20<sup>th</sup> GST Council Meeting**

- The Council approved the payment process of Tax Deduction at Source under GST
- The Council approved the E-Way Bill Rules along with Forms and decided that E-Way Bill Rule would be implemented from 1st October 2017
- Rate of GST for job work was revised at 5% and GST rate on Works Contract services provided to the Government, local authority or government authority was revised at 12% and also GST rates for certain services were revised

**21<sup>th</sup> GST Council Meeting**

- The council revised the rates of various items such as Walnuts , Dhoop batti , Corduroy fabrics , Worked corals etc.
- The council increased the rate of the Compensation Cess on certain specified motor vehicles
- Admission to FIFA U-17 Football World Cup- 2017 events would be exempted from GST

**22<sup>nd</sup> GST Council Meeting**

- The council revised the rates of various items such as Mangoes sliced dried, Namkeens other than those put up in unit container etc.
- The council also decided the specific goods which would be exempted from IGST if those are imported.
- GST rate on Job work services has been revised to give relief to small units
- The services provided by a GTA to an unregistered person (under GST law) including unregistered casual taxable person other than the recipients liable to pay tax on GTA services under reverse charge shall be exempted from GST.
- Few other rates were revised also
- The businesses with turnover up to Rs. 1.5 Crore are allowed to file quarterly returns
- The threshold limit for the composition scheme to Rs. 1 crore from Rs. 75 lakh in turnover has been done
- The reverse charge mechanism system has been suspended as the liability to pay tax resides with the buyer instead of the seller
- E-way bill has been postponed until 1st April 2018
- TCS and TDS applicability postponed until 31st March 2018
- No GST on advances received by SMEs
- No GST registration for interstate service providers up to 20 Lakh

**23<sup>rd</sup> GST Council Meeting**

- Further GST rates was revised on various goods and services
- The businesses with turnover up to Rs. 1.5 Crore are allowed to file GSTR 1 quarterly
- The threshold limit for the composition scheme to Rs. 1 crore from Rs. 75 lakh in turnover has been done
- The tax rates for traders and manufactures was decided at 1% on taxable goods
- Composition tax payers was allowed to make supply upto a limit of Rs 5 lakh for all services except for the Job Work services



24th GST Council Meeting

- It was decided that e-way bill would be mandatory from 1st February 2018
- Refund of provisionally accepted input tax credit was approved

25th GST Council Meeting

- The amount of late fee for non furnishing FORM GSTR-1 , FORM GSTR-5 , FORM GSTR-5A , FORM GSTR-6 was decided
- Rate revision on certain items was done also

26th GST Council Meeting

- Further Introduction of Reverse charge mechanism was deferred for 3 months
- 6 months extended for exporters in tax exemption. Exporters who are enjoying the benefits from export promotion scheme will continue to get exemptions on imports by October 1. By then an e-wallet scheme is expected to be launched to make the process easier

27th GST Council Meeting

- It was decided that supply of warehoused goods before their clearance from the warehouse could not be subjected to levy of Integrated Tax and the same would be collected only when the warehoused goods are cleared for home consumption from the Custom bonded warehouse.
- The council notified the dates for implementation of intra-State e-way bill system
- Discussion regarding New GST Return took place

28th GST Council Meeting

- Further GST rates was revised on various goods and services
- Scope of input tax credit is being widened in respect of few services and goods
- Upper limit of turnover for opting for composition scheme was raised from Rs. 1 crore to Rs. 1.5 crore.
- Composition dealers was allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
- Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively.
- Textile industry would get refunds back from ITC paid
- The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand was increased to Rs. 20 Lakhs from Rs. 10 Lakhs.
- Suspension of RCM provision was extended further for 1 year

29th GST Council Meeting

- 20 % cashback on online B2C transactions via BHIM, RuPay and UPI was provided to encourage cashless transaction
- Discussion to address issues and concerns of Micro, Small & Medium Enterprises (MSME) in GST regime took place

30th GST Council Meeting

- There was a discussion on the 1% tax on commodities Pan India.

31st GST Council Meeting

- Further GST rates was revised on various goods and services
- New Simple GSTR sahaj and sugam would be available from 01.04.2019 on optional basis and from 01.07.2019 it shall be mandatory.
- If return is not filed for 2 consecutive tax period , E-way bill generation will be locked.
- HSN code is required to furnish only in case where value of a particular purchase comprises 10% or more of total value of inward supply.
- Annual Return Filing date was extended till 30.06.2019

- There will be single e-cash ledger for each GST separately.

#### 32nd GST Council Meeting

- A composition scheme would be made available for suppliers rendering either independent services or providing a mixed supply of goods & services with a turnover of up to Rs 50 lakhs p.a Tax rate - 6% (3% CGST + 3% SGST)
- The taxpayers under Composition Scheme would have to file one annual return but payment of taxes would remain quarterly.
- GST Council approved levy of 1% calamity cess on intra State supply of goods and services within the State of Kerala for a period of 2 years.
- The threshold limit for compulsory GST registration and payment of GST for goods has been increased from Rs. 20 lakhs to Rs. 40 lakhs and for North States it has been increased from Rs. 10 lakhs to Rs. 20 lakhs

#### 33rd GST Council Meeting

- Rates and provisions regarding availment of ITC on Real Estate were recommended
- GST rate on lottery was revised also

#### 34th GST Council Meeting

- Few more decisions regarding Real Estate was taken

#### 35th GST Council Meeting

- GST New Return prototype was recommended with their effective date of implementation
- Date of filling GST Annual Return was extended further
- Blocking of E-Way Bills on non-filing GSTR-3B/ GSTR-4 for two consecutive tax periods was extended from 21.06.2019 to 21.08.2019
- E-invoicing would be rolled out from January 2020

#### 36th GST Council Meeting

- GST Rate reduced on Electric Vehicles (EV) and Chargers or Charging Stations for Electric Vehicles
- E-buses (seating capacity exceeds 12 passengers) hired by all the local authorities would be exempted from GST.

#### 37th GST Council Meeting

- GST Rate on various Goods and Services was revised further
- Small Regular Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9 for the FY-2017-2018 and FY-2018-2019 as to give them relief
- Small Composition Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9A for the FY-2017-2018 and FY2018-2019 as it is abolished.
- Implementation of New GST returns Prototype in form no. GST Ret -1-Normal-Monthly, GST-Ret-1-Normal-Quarterly, Sahaj and Sugam has been extended further (Would be implemented April-2020.)

#### 38th GST Council Meeting

- Extension in Due Date of GST Returns for FY 2017-18
- The amount of ITC availed on a provisional basis was restricted to 10% (earlier it was 20%), where invoices or debit notes are not reflected in GSTR-2A.
- Formation of Grievance Redressal Committees (GRC) at Zonal/State level with both CGST and SGST officers and including representatives of trade and industry and other GST stakeholders (GST practitioners and GSTN etc) to address grievances of specific/ general nature of taxpayers at the Zonal/ State level.

- GST rate revised for Long term lease of industrial/ financial infrastructure plots , State run and State authorized lottery , woven and non-woven bags and sacks of polythene or polypropylene strips or the like , whether or not laminated, of a kind used for packing of goods including FIBC (HSN Code 3923/6305)

39th GST Council Meeting

- GST rate revised for Mobile Phones and specified parts , Handmade Matches , Other than Handmade Matches and Maintenance, Repair and Overhaul (MRO) services in respect of aircraft
- Relaxation to MSMEs was announced through making exempted from filing of GSTR 9C for F.Y 2018-19
- Extension in due date for implementation of E-invoicing and QR Code
- Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.) was announced as exempted category from issuing e-invoices or capturing dynamic QR code
- A new facility called ‘Know Your Supplier’ was announced to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.
- Extension of the time to finalize e-Wallet scheme up to 31.03.2021
- Deferment of New Return Prototype

40th GST Council Meeting

Various relaxations have been announced such as waiver or reduction of late fee and Interest for filling GSTR 3B , One time Extension in period for seeking revocation of cancellation of registration to mitigate the challenges faced by Industry due to COVID 19

From 22nd September 2016 to 12th June 2020, within these 3 years 40 GST Council Meetings have been conducted time to time to frame GST Rules, Provisions , Laws. Date of return submission has been extended time to time so that taxpayers can cope up with this new Indirect Tax Regime. Even the small taxpayers have been given relief in filling Annual Return. GST rate has been revised also time to time according to Economic Scenario. We are optimistic that GST will boost our Indian Economy in near future.

# TAX UPDATES, NOTIFICATIONS AND CIRCULARS

## INDIRECT TAX

### **GST Notifications & Circulars**

#### **Central Tax**

##### **Notification No. 48/2020 – Central Tax** **Dated – 19<sup>th</sup> June, 2020**

##### **Seeks to make sixth amendment (2020) to CGST Rules.**

The Central Government, made further to amendments in the Central Goods and Services Tax Rules, 2017.

In the Central Goods and Services Tax Rules, 2017 in rule 26 in sub-rule (1), for the second proviso, following provisos shall be substituted, namely: -

A registered person during the period from the 21st April, 2020 to the 30th September, 2020, shall be allowed to GSTR-3B verified through electronic verification code (EVC).

A registered person during the period from the 27th May, 2020 to the 30th September, 2020, shall also be allowed to furnish the details of outward supplies in FORM GSTR-1 verified through electronic verification code (EVC).”

##### **Notification No. 49/2020 – Central Tax** **Dated – 24<sup>th</sup> June, 2020**

##### **Seeks to bring into force Sections 118, 125, 129 & 130 of Finance Act, 2020 in order to bring amendment to Sections 2, 109, 168 & 172 of CGST Act w.e.f. 30.06.2020**

The Central Government has fixed the 30th June, 2020, as the date on which the provisions of sections 118, 125, 129 and 130 of the said Act, has come into force.

For more details, please follow: <https://www.cbic.gov.in/resources/htdocs-cbec/gst/notfctn-49-central-tax-english-2020.pdf>

##### **Notification No. 50/2020 – Central Tax** **Dated – 24<sup>th</sup> June, 2020**

##### **Seeks to make seventh amendment (2020) to CGST Rules**

Central Government, has made further amendments in the Central Goods and Services Tax Rules, 2017

In the Central Goods and Services Tax Rules, 2017, in rule 7, for the Table, the following Table shall be substituted, namely:-

Section under which composition levy is opted	Category of registered persons	Rate of tax
Section 10(1) and Section 10(2)	Manufacturers, other than manufacturers of such goods as may be notified by the Government	½% of the turnover in the State or Union territory
Section 10(1) and Section	Suppliers making supplies referred to in	2.5% of the turnover in the



10(2)	clause (b) of paragraph 6 of Schedule II	State or Union territory
Section 10(1) and Section 10(2)	Any other supplier eligible for composition levy section 10(1) & 10(2)	½% of the turnover of taxable supplies of goods and services in the State or Union territory
Section 10 (2A)	Registered persons not eligible under the composition levy under subsections (1) and (2), but eligible to opt to pay tax under sub-section (2A), of section 10	3% of the turnover of taxable supplies of goods and services in the State or Union territory.”.

**Notification No. 51/2020 – Central Tax**  
**Dated – 24<sup>th</sup> June, 2020**

**Seeks to provide relief by lowering of interest rate for a prescribed time for tax periods from February, 2020 to July, 2020**

The Central Government has made further amendment in notification No.13/2017 – Central Tax, dated the 28th June, 2017

The rate of interest per annum has been specified in the below mentioned table for the class of registered persons who are required to furnish the returns in FORM GSTR-3B, but fail to furnish the said return along with payment of tax by the due date, namely:

**Table**

<b>Class of registered persons</b>	<b>Rate of interest</b>	<b>Tax period</b>
Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	Nil for first 15 days from the due date, and 9% thereafter till 24th June, 2020	February, 2020, March, 2020, April, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep</i>	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 3rd July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 6th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 12th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 23rd September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 27th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal,</i>	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 5th July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 9th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 15th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 25th September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 29th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020.”

Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi		
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**Notification No. 52/2020 – Central Tax**  
**Dated – 24<sup>th</sup> June, 2020**

**Seeks to provide one time amnesty by lowering/waiving of late fees for non-furnishing of FORM GSTR-3B from July, 2017 to January, 2020 and also seeks to provide relief by conditional waiver of late fee for delay in furnishing returns in FORM GSTR-3B for tax periods of February, 2020 to July, 2020**

The Government, made the following further amendments in the notification No. 76/2018– Central Tax, dated the 31st December, 2018, namely:

In the said notification,- (i) in the third proviso, for the Table, the following Table shall be substituted, namely: –

**Table**

<b>Class of registered persons</b>	<b>Tax period</b>	<b>Condition</b>
Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	February, 2020, March, 2020 and April, 2020	If return in FORM GSTR-3B is furnished on or before the 24th June, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep</i>	February, 2020	If return in FORM GSTR-3B is furnished on or before the 30th June, 2020
	March, 2020	If return in FORM GSTR-3B is furnished on or before the 3rd July, 2020
	April, 2020	If return in FORM GSTR-3B is furnished on or before the 6th July, 2020
	May, 2020	If return in FORM GSTR-3B is furnished on or before the 12th September, 2020
	June, 2020	If return in FORM GSTR-3B is furnished on or before the 23rd September, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi</i>	July, 2020	If return in FORM GSTR-3B is furnished on or before the 27th September, 2020
	February, 2020	If return in FORM GSTR-3B is furnished on or before the 30th June, 2020
	March, 2020	If return in FORM GSTR-3B is furnished on or before the 5th July, 2020
	April, 2020	If return in FORM GSTR-3B is furnished on or before the 9th July, 2020
	May, 2020	If return in FORM GSTR-3B is furnished on or before the 15th September, 2020
June, 2020	If return in FORM GSTR-3B is furnished on or before the 25th September, 2020	

	July, 2020.	If return in FORM GSTR-3B is furnished on or before the 29th day of September, 2020
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**Notification No. 53/2020 – Central Tax****Dated – 24<sup>th</sup> June, 2020****Seeks to provide relief by waiver of late fee for delay in furnishing outward statement in FORM GSTR-1 for tax periods for months from March, 2020 to June, 2020 for monthly filers and for quarters from January, 2020 to June, 2020 for quarterly filers**

The Government, made the following further amendment in the notification No. 4/2018– Central Tax, dated the 23rd January, 2018, namely:

The amount of late fee payable under section 47 shall stand waived for the registered persons who fail to furnish the details of outward supplies in FORM GSTR-1 by the due date, but furnishes the said details on or before the dates mentioned in the below Table:

**Table**

Month/ Quarter	Dates
March, 2020	10 <sup>th</sup> July, 2020
April, 2020	24 <sup>th</sup> July, 2020
May, 2020	28 <sup>th</sup> July, 2020
June, 2020	05 <sup>th</sup> August, 2020
January to March, 2020	17 <sup>th</sup> July, 2020
April to June, 2020	03 <sup>rd</sup> August, 2020

**Notification No. 54/2020 – Central Tax****Dated – 24<sup>th</sup> June, 2020****Seeks to extend due date for furnishing FORM GSTR-3B for supply made in the month of August, 2020 for taxpayers with annual turnover up to Rs. 5 crore.**

The Commissioner has made the following further amendments in the notification No. 29/2020 – Central Tax, dated the 23rd March, 2020, namely:

In the said notification, in the first paragraph, after the fifth proviso, the following provisos shall be inserted, namely:

The taxpayers whose principal place of business is in the States of *Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep,*

- having an aggregate turnover of up to Rs. 5 crore in the previous financial year will file ,
- will file GSTR-3B for the month of August, 2020 on or before the 1st October, 2020:

The taxpayers whose principal place of business is in the States of *Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi*

- having an aggregate turnover of up to Rs. 5 crore in the previous financial year
- will file GSTR-3B for the month of August, 2020 s on or before the 3rd October, 2020.

**Notification No. 55/2020 – Central Tax**  
**Dated – 27<sup>th</sup> June, 2020**

**Seeks to amend notification no. 35/2020-Central Tax in order to extend due date of compliance which falls during the period from "20.03.2020 to 30.08.2020" till 31.08.2020.**

The Government has made further amendment in the notification No. 35/2020-Central Tax, dated the 3rd April, 2020, namely:-

**Notification No. 35/2020 –Central Tax dated 3<sup>rd</sup> April 2020**

Any time limit for completion or compliance of any action, by any authority or by any person, falls during the period from the **20th day of March, 2020 to the 29th day of June, 2020**, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended upto the **30th day of June, 2020**

In the said notification, in the first paragraph, in clause (i)

- i. for the words, figures and letters “29<sup>th</sup> day of June, 2020”, the words, figures and letters “30<sup>th</sup> day of August, 2020” shall be substituted;
- ii. for the words, figures and letters “30<sup>th</sup> day of June, 2020”, the words, figures and letters “31<sup>st</sup> day of August, 2020” shall be substituted.

**Notification No. 56/2020 – Central Tax**  
**Dated – 27<sup>th</sup> June, 2020**

**Seeks to amend notification no. 46/2020-Central Tax in order to further extend period to pass order under Section 54(7) of CGST Act till 31.08.2020 or in some cases upto fifteen days thereafter**

The Government has made amendment in the notification No.46/2020-Central Tax, dated the 9th June, 2020  
**Notification No.46/2020-Central Tax, dated the 9th June, 2020**

Where a notice has been issued for rejection of refund claim, in full or in part and where the time limit for issuance of order in terms of the provisions of sub-section (5), read with sub-section (7) of section 54 falls during the period from the **20th March, 2020 to the 29th June, 2020**, in such cases the time limit for issuance of the said order shall be extended to 15 days after the receipt of reply to the notice from the registered person or the **30<sup>th</sup> June, 2020**, whichever is later

In the said notification, in the first paragraph;

- i. for the words, figures and letters “29th day of June, 2020”, the words, figures and letters “30th day of August, 2020” shall be substituted;
- ii. for the words, figures and letters “30th day of June, 2020”, the words, figures and letters “31st day of August, 2020” shall be substituted.

**Integrated Tax**

**Notification No. 04/2020 – Integrated Tax**  
**Dated – 24<sup>th</sup> June, 2020**

**Seeks to bring into force Section 134 of Finance Act, 2020 in order to bring amendment to Section 25 of IGST Act w.e.f. 30.06.2020.**

The Central Government has fixed the 30th June, 2020, as the date on which the provisions of section 134 of the said Act, has come into force.



**Notification No. 05/2020 – Integrated Tax**  
**Dated – 24<sup>th</sup> June, 2020**

**Seeks to provide relief by lowering of interest rate for a prescribed time for tax periods from**  
**February, 2020 to July, 2020**

The Government has made the following further amendment in notification No. 6/2017– Integrated Tax, dated the 28th June, 2017 namely:

The rate of interest per annum has been specified for the class of registered persons, who are required to furnish GSTR-3B, but fail to furnish the said return along with payment of tax for the months mentioned in the below Table by the due date

**Table**

<b>Class of registered persons</b>	<b>Rate of interest</b>	<b>Tax period</b>
Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	Nil for first 15 days from the due date, and 9% thereafter till 24th June, 2020	February, 2020, March, 2020, April, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep</i>	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 3rd July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 6th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 12th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 23rd September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 27th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, <i>whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi</i>	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 5th July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 9th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 15th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 25th September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 29th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020.”

**Union Territory Tax**

**Notification No. 02/2020 – Union Territory Tax**  
**Dated – 24th June, 2020**

**Seeks to provide relief by lowering of interest rate for a prescribed time for tax periods from**  
**February, 2020 to July, 2020**

The Government has made further amendment in notification No. 10/2017 – Union Territory Tax, dated the 30th June, 2017 namely:

The rate of interest per annum has been specified for the class of registered persons, who are required to furnish GSTR-3B, but fail to furnish the said return along with payment of tax for the months mentioned in the below Table by the due date

**Table**

<b>Class of registered persons</b>	<b>Rate of interest</b>	<b>Tax period</b>
Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	Nil for first 15 days from the due date, and 9% thereafter till 24th June, 2020	February, 2020, March, 2020, April, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 3rd July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 6th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 12th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 23rd September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 27th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020
Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi	Nil till the 30th June, 2020, and 9% thereafter till the 30th September, 2020	February, 2020
	Nil till the 5th July, 2020, and 9% thereafter till the 30th September, 2020	March, 2020
	Nil till the 9th July, 2020, and 9% thereafter till the 30th September, 2020	April, 2020
	Nil till the 15th September, 2020, and 9% thereafter till the 30th September, 2020	May, 2020
	Nil till the 25th September, 2020, and 9% thereafter till the 30th September, 2020	June, 2020
	Nil till the 29th September, 2020, and 9% thereafter till the 30th September, 2020	July, 2020.”

### GST Circulars

#### Circular No. 141/09/2020 – GST Dated – 24<sup>th</sup> June, 2020

#### Clarification in respect of various measures announced by the Government for providing relief to the taxpayers in view of spread COVID-19

Circular No. 136/06/2020-GST, dated 03.04.2020 was issued by the Board to clarify various issues relating to the measures announced by the Government providing relief to the taxpayers. The GST Council, in its 40th meeting held on 12.06.2020, recommended further relief to the taxpayers and accordingly, following notifications have been issued:

<b>Notification No.</b>	<b>Remarks</b>
Notification No.51/2020- Central Tax, dated 24.06.2020.	Seeks to provide relief to taxpayers by reducing the rate of interest from 18% per annum to 9% per annum for specified period.
Notification No.52/2020- Central Tax, dated 24.06.2020	Seeks to provide relief to taxpayers by conditional waiver of late fee for delay in furnishing FORM GSTR-3B for specified

	period.
Notification No.53/2020- Central Tax, dated 24.06.2020.	Seeks to provide relief to taxpayers by conditional waiver of late fee for delay in furnishing FORM GSTR-1 for specified period.

For more details, please follow: [https://www.cbic.gov.in/resources/htdocs-cbec/gst/Circular\\_Refund\\_141\\_11\\_2020.pdf](https://www.cbic.gov.in/resources/htdocs-cbec/gst/Circular_Refund_141_11_2020.pdf)

## Customs Notifications & Circulars

### Tariff Notification

#### **Notification No. 28/2020-Customs** **Dated – 23<sup>rd</sup> June, 2020**

#### **Seeks to prescribe the manner and modalities in respect of WTO committed in-quota tariffs on specified items**

The Central Government has exempted the goods falling within the sub-heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), in such quantity of total imports of such goods in a financial year, as specified in column (4) below (herein after referred to as the ‘tariff rate quota (TRQ) quantity’), when imported into India, from so much of the duty of customs leviable thereon under the said First Schedule as is in excess of the amount calculated at the rate specified in the corresponding entry in column (5) of the said Table (herein after referred to as the In-quota tariff rate), subject to any of the conditions, specified in the Annexure to this notification, the condition number of which is mentioned in the corresponding entry in column (6) of the said Table; namely:

**Table**

Sub-heading or tariff item	Description of goods	Tariff rate quota Quantity	In quota tariff rate	Condition No.
0402 10 or 0402 21 00	Milk and cream in powder, granules or other solid forms, (a) of a fat content by weight not exceeding 1.5%;  (b) of a fat content, by weight, exceeding 1.5% - not containing added sugar or other sweetening matter	10000 MT	15 per cent	(i)
1005 90	Maize (corn), other than seed quality	500000 MT	15 per cent	(i) and (ii)
1512 11	Crude sunflower seed or safflower oil and fractions thereof	150000 MT	50 per cent	(i)
1514 19 or 1514 99	Refined rape, colza or mustard oil and fractions thereof	150000 MT	45 per cent	(i)

#### **ANNEXURE**

Condition No.	Condition
(i)	(a) The TRQ is allotted to the importer by the Directorate General of Foreign Trade, in accordance with paragraph 2.62 of the Handbook of Procedures, 2015-20.  (b) The TRQ authorization shall contain name and address of the importer, IEC code, Customs notification No., sub-heading or tariff item as applicable, quantity and

	<p>validity period of certificate.</p> <p>(c) The TRQ authorization shall be issued electronically by the Directorate General of Foreign Trade and transmitted to ICES system.</p> <p>(d) Imports made against the TRQ shall be allowed only upon debiting the TRQ quantity electronically in the ICES system.</p>
(ii)	<p>Whereas the Hon'ble High Court of judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh vide order dated 31.12.2014 in WPMP No.43494 of 2014 and W.P.No.34771 of 2014, has permitted import of maize only on actual user condition and on payment of Customs duty prevailing, but not TRQ Customs duty, subject to further orders in the Writ Petition.</p> <p>Accordingly, TRQ on Maize shall be subject to order by Hon'ble High Court in the said Writ Petition.</p>

### **Non-Tariff Notification**

#### **Notification No. 53/2020-Customs (NT)**

**Dated – 18<sup>th</sup> June, 2020**

#### **Exchange Rates Notification No.53/2020-Custom (NT) dated 18.06.2020.**

CBIC has determined that the rate of exchange of conversion of each of the foreign currencies into Indian currency or vice versa, effected from 19th June, 2020, relating to imported and export goods.

#### **SCHEDULE-I**

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	<b>For Imported Goods</b>	<b>For Exported Goods</b>
Australian Dollar	53.55	51.25
Bahraini Dinar	208.45	195.40
Canadian Dollar	57.15	55.20
Chinese Yuan	10.95	10.60
Danish Kroner	11.70	11.30
EURO	87.25	84.20
US Dollar	77.05	75.35

#### **Schedule II**

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	<b>For Imported Goods</b>	<b>For Exported Goods</b>
Japanese Yen	72.60	70.00
Korean Won	6.50	6.10

For more details, please follow: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt53-2020.pdf>

### **Anti-Dumping Duty Notification**

#### **Notification No. 16/2020-Customs (ADD)**

**Dated – 10<sup>th</sup> June, 2020**

**Seeks to impose Anti-Dumping Duty on import of Flat rolled product of steel, plated or coated with alloy of Aluminium and Zinc originating in, or exported from China PR, Vietnam and Korea RP.**

In the matter of import of ‘Flat rolled product of steel, plated or coated with alloy of Aluminum and Zinc’ falling under headings 7210, 7212, 7225 and 7226 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) originating in, or exported from People’s Republic of China, Vietnam and Republic of Korea and imported into India,

- the designated authority vide its preliminary findings No. 6/4/2019 DGTR, dated the 15th July, 2019, had recommended imposition of provisional anti-dumping duty on the imports of Flat rolled product of steel, plated or coated with alloy of Aluminum and Zinc, originating in or exported from People’s Republic of China, Vietnam and Republic of Korea;
- the designated authority in its final findings vide notification No. 6/4/2019 DGTR, dated the 21st February, 2020, has come to conclusion that-
  - i. the subject goods have been exported to India from subject countries below its associated normal value, thus resulting in dumping;
  - ii. the domestic industry has suffered material injury due to dumping of the subject goods from the subject countries;
  - iii. the material injury has been caused by the dumped imports from the subject countries,
- and has recommended imposition of definitive anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, so as to remove the injury to the domestic industry;

For more details, please follow: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfn-2020/cs-add2020/csadd16-2020.pdf>

### **Circulars – Customs**

#### **Circular No. 29/2020-Customs**

**Dated – 22<sup>nd</sup> June, 2020**

#### **Procedure for Transshipment of Export Cargo from Bangladesh to third countries through Land Customs Stations (LCSs ) to Port/Airport, in containers or closed bodied trucks)**

Circular 42/2018-Customs dated 2<sup>nd</sup> Nov 2018, which was issued to facilitate exports of Bangladesh to third countries, via transshipment through India. It provides detailed procedure of transshipment in terms of section 54 of the Customs Act, 1962, from LCS to Port/Aircargo as listed below:

S. No.	From (LCS)	To (Port / Aircargo)
1	LCS Petrapole	By road to: i) Kolkata Port ii) Aircargo complex, Kolkata iii) Nhavasheva Port
2	i) LCS Petrapole ii) LCS Gede / Ranaghat	By rail to Nhavasheva Port

For more details, please follow: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-29-2020.pdf>

#### **Circular No. 30/2020-Customs**

**Dated – 22<sup>nd</sup> June, 2020**

#### **Paperless Customs – Electronic Communication of PDF Based Copies of Shipping Bill & e-Gatepass to Custom Brokers/Exporters**

In its continuing endeavor to promote ‘Faceless, Contactless, Paperless Customs’ Board has decided to rely upon digital copies of the Shipping Bill and do away with the requirement of taking bulky printouts from the Service Centre or maintenance of voluminous physical dockets in the Custom Houses. This reform will yield immense benefits in terms of saving the time and cost of compliance for the trade, thereby enhancing the ease



of doing business, while providing enhanced security features for verification of authenticity and validity of the electronic document.

For more details, please follow: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-30-2020.pdf>

## **DIRECT TAX**

**Notification No. 33/2020**

**Dated – 23<sup>rd</sup> June, 2020**

### **Notification regarding Greater Noida Industrial Development Authority**

The Central Government has notified for the purposes of the said clause, 'Greater Noida Industrial Development Authority', (PAN AAALG0129L), an authority constituted by the State Government of Uttar Pradesh, in respect of the following specified income arising to that Commission, namely:

- a. Grants received from the State Government;
- b. Moneys received from the disposal/90 years lease of immovable properties;
- c. Moneys received by the way of lease rent & fees or any other charges from the disposal/90 years lease of immovable properties;
- d. The amount of interest earned on the funds deposited in the banks;
- e. The amount of interest/penalties received on the deferred payment received from the Allotees of various immovable properties; and
- f. Water, sewerage and other municipal charges from the Allotees of various immovable properties.

This notification shall be deemed to have been applied for the period from 01-06-2011 to 31-03-2012 in the assessment year of 2012-2013 and also from the assessment years 2013-2014, 2014-2015, 2015-2016 and 2016-2017.

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_33\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_33_2020.pdf)

**Notification No. 34/2020**

**Dated – 23<sup>rd</sup> June, 2020**

### **Notification regarding Maharashtra Electricity Regulatory Commission**

The Central Government has notified for the purposes of the said clause, 'Maharashtra Electricity Regulatory Commission', Mumbai (PAN AAAGM0004R), a commission established by the State Government of Maharashtra, in respect of the following specified income arising to that Commission, namely:

- (a) Grants from Government of Maharashtra;
- (b) Fees for annual licence;
- (c) Interest on Fixed Deposit and Savings Account;
- (d) Fees for application/petition filed;
- (e) Fees for Documents;
- (f) Penalty for delayed payment of Annual Licence Fees;
- (g) Fees for RTI;
- (h) Sale of Scrap;
- (i) Interest on Loans and Advances given to employees;
- (j) Fees for annual performance review;
- (k) Fees for determination of tariff; and
- (l) Fees for initial licence.

This notification shall apply with respect to the assessment years 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026.

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_34\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_34_2020.pdf)

**Notification No. 35/2020**

**Dated – 24<sup>th</sup> June, 2020**

**Extension of time limits under the Income-tax Act, 1961 and related Acts**

The Central Government has specified, for the purposes of the said sub-section (1),-

- i. the 31st day of December, 2020 shall be the end date of the period during which the time limit specified in, or prescribed or notified under, the specified Act falls for the completion or compliance of such action as specified under the said sub-section; and
- ii. the 31st day of March, 2021 shall be the end date to which the time limit for completion or compliance of such action shall stand extended:

Provided that where the specified Act is the Income-tax Act, 1961 and the compliance relates to-

- i. furnishing of return under section 139 thereof, for the assessment year commencing on the - (a) 1st day of April, 2019, the end date shall be extended to the 31st day of July, 2020; (b) 1st day of April, 2020, the end date shall be extended to the 30th day of November, 2020;
- ii. delivering of statement of deduction of tax at source under sub-section (2A) of section 200 or statement of collection of tax at source under sub-section (3A) of section 206C thereof for the month of February or March, 2020, or for the quarter ending on the 31st day of March, 2020, as the case may be, the end date shall be extended to the 15th day of July, 2020;
- iii. delivering of statement of deduction of tax at source under sub-section (3) of section 200 or statement of collection of tax at source under proviso to sub-section (3) of section 206C thereof for the month of February or March, 2020, or for the quarter ending on the 31st day of March, 2020, as the case may be, the end date shall be extended to the 31st day of July, 2020;
- iv. furnishing of certificate under section 203 thereof in respect of deduction or payment of tax under section 192 of that Act for the financial year 2019-20, the end date shall be extended to the 15th day of August, 2020;
- v. section 54 or 54GB referred to in item (I) of sub-clause (i) of clause (c) of sub-section (1) of section 3 of the Ordinance or sub-clause (ii) of the said clause, the end date in respect of the time limit for the completion or compliance and the end date for making the said completion or compliance, shall be the 29th day of September, 2020 and the 30th day of September, 2020 respectively;
- vi. any provisions of Chapter VI-A under the heading “B.- Deductions in respect of certain payments” thereof, referred to in item (I) of sub-clause (i) of sub-section (1) of section 3 of the Ordinance, the end date in respect of the time limit for the completion or compliance and the end date for making the said completion or compliance, shall be the 30th day of July, 2020 and the 31st day of July, 2020 respectively; and
- vii. furnishing of report of audit under any provision thereof for the assessment year commencing on the 1st day of April, 2020, the end date shall be extended to the 31st day of October, 2020:

Provided further that the extension of the date as referred to in sub-clause (b) of clause (i) of the first proviso shall not apply to Explanation 1 to section 234A of the Income-tax Act, 1961 in cases where the amount of tax on the total income as reduced by the clauses (i) to (vi) of sub-section (1) of the said section exceeds one lakh rupees:

Provided also that where the specified Act is the Direct Tax Vivad se Vishwas Act, 2020, the 30th day of December, 2020 shall be the end date of the period during which the time limit specified in, or prescribed or

notified there under falls for the completion or compliance of the action and the 31st day of December, 2020 shall be the end date to which the time limit for completion or compliance of such action shall stand extended. This notification has been forced from the 30th June, 2020.

**Notification No. 36/2020**  
**Dated – 25<sup>th</sup> June, 2020**

**Notification regarding Real Estate Regulatory Authority**

The Central Government has notified ‘Real Estate Regulatory Authority’ as a ‘class of Authority’ in respect of the following specified income arising to that Authority, namely:

- (a) Amount received as Grant-in-aid or loan/advance from Government;
- (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016;
- (c) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that each of the Real Estate Regulatory Authority

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the financial years;
- (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of Section 139 of the Income-tax Act, 1961; and
- (d) shall file the audit report along with return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_36\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_36_2020.pdf)

**Notification No. 37/2020**  
**Dated – 25<sup>th</sup> June, 2020**

**Notification regarding Real Estate Regulatory Authority**

The Central Government notified, ‘Real Estate Regulatory Authority’ as specified in the schedule to this notification, as a ‘class of Authority’ in respect of the following specified income arising to that Authority, namely:

- (a) Amount received as Grant-in-aid or loan/advance from Government;
- (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016;
- (c)
- (d) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that each of the Real Estate Regulatory Authority:

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the financial years;
- (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of Section 139 of the Income-tax Act, 1961; and
- (d) shall file the audit report along with return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_37\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_37_2020.pdf)

**Notification No. 38/2020**

**Dated – 26<sup>th</sup> June, 2020**

**Income-tax (13th Amendment) Rules, 2020**

CBIC made further amendments in the Income-tax Rules, 1962

- a) in rule 2BB, after sub-rule (2), the following sub-rule shall be inserted, namely:—  
An employee, being an assessee, who has exercised option under section 115BAC and sub-section (5) shall be entitled to exemption only in respect of the allowances mentioned in sub-clauses (a) to (c) of sub-rule (1) and at serial no.11 of the Table below sub-rule (2) to the extent and subject to the conditions, if any, specified therein.”;
- b) in rule 3, in sub-rule (7), in clause (iii), after the proviso, the following proviso shall be inserted, namely:  
“Provided further that the exemption provided in the first proviso in respect of free food and nonalcoholic beverage provided by such employer through paid voucher shall not apply to an employee, being an assessee, who has exercised option under sub-section (5) of section 115BAC.”

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_38\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_38_2020.pdf)

**Notification No. 39/2020**

**Dated – 29<sup>th</sup> June, 2020**

**Corrigendum to Notification No 35/2020 regarding extension of time limits under the Income-tax Act, 1961 and related Acts**

Further amendment has made in notification number 35/2020, issued on 24th June, 2020, at page 3, namely :

- (i) in line 30, for “section 54 or 54GB” read “sections 54 to 54GB”;
- (ii) in line 35, for “sub-clause (i)” read “sub-clause (i) of clause (c)”

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_39\\_2020.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_39_2020.pdf)

## UPDATES

### RELIEF IN LATE FEE TO TAXPAYERS FILING FORM GSTR-3B AND FORM GSTR-1

Due to COVID-19 pandemic and challenges faced by taxpayers, Government has extended dates for GST filings vide [Notifications 51 to 54/2020](#) dated 24.06.2020 and [Circular No. 141/1/2020-GST](#) dated 24th June, 2020

#### Late Fee Relief to Normal Taxpayers filing Form GSTR-3B:

**Taxpayers having aggregate turnover > Rs. 5 Cr. in preceding FY**

Tax period	Late fees waived if return filed on or before
Feb, 2020	24th June, 2020
March, 2020	24th June, 2020
April, 2020	24th June, 2020
May, 2020	27th June, 2020 (extended date for filing)

**Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY**

Tax period	Late fees waived if return filed on or before (For Group A States)*	Late fees waived if return filed on or before (For Group B States)*
Feb, 2020	30th June, 2020	30th June, 2020
March, 2020	03rd July, 2020	05th July, 2020
April, 2020	06th July, 2020	09th July, 2020
May, 2020	12th Sept., 2020	15th Sept., 2020
June, 2020	23rd Sept., 2020	25th Sept., 2020
July, 2020	27th Sept., 2020	29th Sept., 2020

- \* **Group A-** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep
- \* **Group B-** Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi

**Note:** Taxpayers who are yet to file Form GSTR-3B for any month(s) from July, 2017 till Jan., 2020, can now file Form GSTR-3B from 1st July, 2020 till 30th Sept., 2020, without any late fee, for those months in which they did not have any tax liability. However, for the months they had a tax liability, their late fee is capped at Rs 500 per return.

#### Late Fee Relief to Normal Taxpayers filing Form GSTR-1:

Tax period	Due Date	Waiver of late fee if return filed on or before
March 2020	11.04.2020	10.07.2020
April 2020	11.05.2020	24.07.2020
May 2020	11.06.2020	28.07.2020
June, 2020	11.07.2020	05.08.2020
Quarterly taxpayers Jan to March 2020	30.04.2020	17.07.2020
Quarterly taxpayers April to June 2020	31.07.2020	03.08.2020

**Note:** If the Form GSTR-3B and Form GSTR-1 for the period mentioned in Tables above is not filed by the notified dates, late fee will become payable from the due dates for these returns.



**RELIEF IN PAYMENT OF INTEREST TO TAXPAYERS FILING FORM  
GSTR-3B**

**Taxpayers having aggregate turnover > Rs. 5 Cr. in preceding FY**

<b>Tax period</b>	<b>Due Date</b>	<b>No interest payable till</b>	<b>Interest payable @ 9% from &amp; till</b>	<b>Interest payable @ 18% from</b>
Feb, 2020	20th March, 2020	4th April, 2020	5th April to 24th June, 2020	25th June, 2020
March, 2020	20th April, 2020	5th May, 2020	6th May to 24th June, 2020	25th June, 2020
April, 2020	20th May, 2020	4th June, 2020	5th June to 24th June, 2020	25th June, 2020
May, 2020	27th June, 2020 (extended date for filing)	27th June, 2020	--	28th June, 2020

**Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY  
(Group A-Mentioned in Page 1)**

<b>Tax period</b>	<b>Due Date</b>	<b>No interest payable till</b>	<b>Interest payable @ 9% from &amp; till</b>	<b>Interest payable @ 18% from</b>
Feb, 2020	22nd March, 2020	30th June, 2020	1st July to 30th Sept., 2020	1st Oct., 2020
March, 2020	22nd April, 2020	3rd July, 2020	4th July to 30th Sept., 2020	1st Oct., 2020
April, 2020	22nd May, 2020	6th July, 2020	7th July to 30th Sept., 2020	1st Oct., 2020
May, 2020	12th July, 2020 (extended date for filing)	12th Sept., 2020	13th Sept to 30th Sept., 2020	1st Oct., 2020
June, 2020	22nd July, 2020	23rd Sept., 2020	24th Sept to 30th Sept., 2020	1st Oct., 2020

**Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY  
(Group B-Mentioned in Page 1)**

<b>Tax period</b>	<b>Due Date</b>	<b>No interest payable till</b>	<b>Interest payable @ 9% from &amp; till</b>	<b>Interest payable @ 18% from</b>
Feb, 2020	24th March, 2020	30th June, 2020	1st July to 30 <sup>th</sup> Sept., 2020	1st Oct., 2020
March, 2020	24th April, 2020	5th July, 2020	6th July to 30th Sept., 2020	1st Oct., 2020
April, 2020	24th May, 2020	9th July, 2020	10th July to 30th Sept., 2020	1st Oct., 2020
May, 2020	14th July, 2020 (extended date for filing)	15th Sept., 2020	16th Sept to 30th Sept., 2020	1st Oct., 2020
June, 2020	24th July, 2020	25th Sept., 2020	26th Sept to 30th Sept., 2020	1st Oct., 2020

## **RELIEF IN OPTING FOR COMPOSITION BY TAXPAYERS & FILING OTHER RETURNS**

Due to COVID-19 pandemic and challenges faced by taxpayers, Government has extended dates for GST filings. These are notified in [Notifications 30, 34 & 35/2020](#) dated 03.04.2020 & 47/2020 dated 09.06.2020.

### Opt in for Composition in FY 2020-21

**Normal Taxpayers wanting to opt for Composition should not file GSTR3B and GSTR 1 for any tax period of FY 2020-21 from any of the GSTIN on the associated PAN.**

Form	Tax period (FY)	Extended Date
GST CMP-02	2020-21	30.06.2020
GST ITC-03	2019-20 (As on 31-3-2020)	31.07.2020

### Compliances for Composition taxpayers:

Form	Tax period	Extended Date
GST CMP-08	Jan to March 2020	07.07.2020
GSTR-4	FY 2019-20	15.07.2020

### NRTP, ISD, TDS & TCS taxpayers:

Return Type	To be filed by	Tax Period	Due Date	Extended Date
GSTR-5	Non Resident Taxpayers	March, April & May, 2020	20th of succeeding month	30th June, 2020
GSTR-6	Input Service Distributors	-do-	13th of succeeding month	30th June, 2020
GSTR-7	Tax Deductors at Source (TDS deductors)	-do-	10th of succeeding month	30th June, 2020
GSTR-8	Tax Collectors at Source (TCS collectors)	-do-	10th of succeeding month	30th June, 2020

### Extension of validity period of EWB:

The validity of E-way bills (EWBs), generated on or before 24th March, 2020, and whose validity expiry date lies on or after 20th March, 2020, is deemed to have been extended till 30th June, 2020.

**EXTENSION IN VARIOUS TIME LIMITS UNDER DIRECT TAX**

<b>Topic</b>	<b>Due date (extended)</b>
Original and revised Income Tax Return for F.Y 2018-19	31 <sup>st</sup> July 2020
Income Tax Return for F.Y 2019-20(audited and non audited)	30 <sup>th</sup> November 2020
Tax Audit Report for F.Y 2019-20	31 <sup>st</sup> October, 2020
Payment of self assessment tax having self assessed tax liability upto Rs. 1 lakh	30 <sup>th</sup> November 2020
No extension in due date of payment of self assessment tax having self assessed tax liability more than Rs. 1 lakh and delayed payment would attract interest under section 234A as per IT Act	
Various payments for claiming deduction under Chapter-VIA-B (section 80C , 80D , 80G) of the IT Act for FY 2019-20 <ul style="list-style-type: none"> <li>• time limit for the completion or compliance</li> <li>• date for making the said completion or compliance</li> </ul>	<ul style="list-style-type: none"> <li>• 30<sup>th</sup> July 2020</li> <li>• 31<sup>st</sup> July 2020</li> </ul>
Various investment/ construction/ purchase for claiming benefit/ deduction in respect of capital gains under sections 54 or 54GB of the IT Act <ul style="list-style-type: none"> <li>• time limit for the completion or compliance</li> <li>• date for making the said completion or compliance</li> </ul>	<ul style="list-style-type: none"> <li>• 29<sup>th</sup> September, 2020</li> <li>• 30<sup>th</sup> September, 2020</li> </ul>
Vivad se Viswas <ul style="list-style-type: none"> <li>• time limit for the completion or compliance</li> <li>• date for making payment without additional amount</li> </ul>	<ul style="list-style-type: none"> <li>• 30<sup>th</sup> December, 2020</li> <li>• 31<sup>st</sup> December, 2020</li> </ul>
Date for furnishing of TDS/ TCS statements for F.Y 2019-20	31 <sup>st</sup> July 2020
Date of issuance of TDS/ TCS certificates pertaining to the FY 2019-20	15 <sup>th</sup> August, 2020
PAN Aadhaar linking	31 <sup>st</sup> March, 2021
Date for passing of order or issuance of notice by the authorities and various compliances under various Direct Taxes & Benami Law	31 <sup>st</sup> March, 2021
Date for commencement of operation for the SEZ units received necessary approval by 31 <sup>st</sup> March, 2020 for claiming deduction under section 10AA of the IT Act	30 <sup>th</sup> September, 2020

# PRESS RELEASE

## DIRECT TAX

### Press Release

Date 24<sup>th</sup> June, 2020

### **Extension of various time limits under Direct Tax & Benami Laws**

In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliance requirements across sectors due to the outbreak of Novel Corona Virus (COVID-19), the Government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 [the Ordinance] on 31st March, 2020 which, inter alia, extended various time limits.

1. In order to provide further relief to the taxpayers for making various compliances, the Government has issued a Notification on 24th June, 2020, the salient features of which are as under:

- I. The time for filing of original as well as revised income-tax returns for the FY 2018-19 (AY 2019-20) has been extended to 31st July, 2020.
- II. Due date for income tax return for the FY 2019-20 (AY 2020-21) has been extended to 30th November, 2020. Hence, the returns of income which are required to be filed by 31st July, 2020 and 31st October, 2020 can be filed upto 30th November, 2020. Consequently, the date for furnishing tax audit report has also been extended to 31st October, 2020.
- III. In order to provide relief to small and middle class taxpayers, the date for payment of self assessment tax in the case of a taxpayer whose self assessment tax liability is upto Rs. 1 lakh has also been extended to 30th November, 2020. However, it is clarified that there will be no extension of date for the payment of self-assessment tax for the taxpayers having self assessment tax liability exceeding Rs. 1 lakh. In this case, the whole of the self-assessment tax shall be payable by the due dates specified in the Income-tax Act, 1961 (IT Act) and delayed payment would attract interest under section 234A of the IT Act.
- IV. The date for making various investment/ payment for claiming deduction under Chapter-VIA-B of the IT Act which includes section 80C (LIC, PPF, NSC etc.), 80D (Mediclipaim), 80G (Donations) etc. has also been further extended to 31st July, 2020. Hence the investment/ payment can be made upto 31st July, 2020 for claiming the deduction under these sections for FY 2019-20.
- V. The date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB of the IT Act has also been further extended to 30th September, 2020. Therefore, the investment/ construction/ purchase made up to 30th September, 2020 shall be eligible for claiming deduction from capital gains.

- VI. The date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the IT Act has also been further extended to 30th September, 2020 for the units which received necessary approval by 31st March, 2020.
- VII. The furnishing of the TDS/ TCS statements and issuance of TDS/ TCS certificates being the prerequisite for enabling the taxpayers to prepare their return of income for FY 2019-20, the date for furnishing of TDS/ TCS statements and issuance of TDS/ TCS certificates pertaining to the FY 2019-20 has been extended to 31st July, 2020 and 15th August, 2020 respectively.
- VIII. The date for passing of order or issuance of notice by the authorities and various compliances under various Direct Taxes & Benami Law which are required to be passed/ issued/made by 31st December, 2020 has been extended to 31st March, 2021. Consequently, the date for linking of Aadhaar with PAN would also be extended to 31st March, 2021.
- IX. The reduced rate of interest of 9% for delayed payments of taxes, levies etc. specified in the Ordinance shall not be applicable for the payments made after 30th June, 2020.

3. The Finance Minister has already announced extension of date for making payment without additional amount under the “Vivad Se Vishwas” Scheme to 31st December 2020, necessary legislative amendments for which shall be moved in due course of time. The said Notification has extended the date for the completion or compliance of the actions which are required to be completed under the Scheme by 30th December, 2020 to 31st December, 2020. Therefore, the date of furnishing of declaration, passing of order etc under the Scheme stand extended to 31st December, 2020.

4. Deferment of the implementation of new procedure for approval/ registration/ notification of certain entities u/s 10(23C), 12AA, 35 and 80G of the IT Act has already been announced vide Press Release dated 8th May, 2020 from 1st June, 2020 to 1st October, 2020. It is clarified that the old procedure i.e. pre-amended procedure shall continue to apply during the period from 1st June, 2020 to 30th September, 2020. Necessary legislative amendments in this regard shall be moved in due course of time.

5. The Finance Minister has already announced reduced rate of TDS for specified non-salaried payments to residents and specified TCS rates by 25% for the period from 14th May, 2020 to 31st March, 2021. The announcement was also followed by the Press Release dated 13th May, 2020. The necessary legislative amendments in this regard shall be moved in due course of time.



## JUDGEMENTS

### INDIRECT TAX

#### **18% GST is applicable on Mehendi / Henna Powder: AAR**

**Applicant - Sunil Kumar Gehlot**  
**Case No. - Raj/AAR/2020-21/01**  
**Date – 4<sup>th</sup> March 2020**

#### Fact of the Case

- The applicant, Sunil Kumar Gehlot is engaged in the manufacture of hair dye powder in Sojat city.
- The applicant intends to manufacture Mehendi/henna powder in the future and so wish to seek clarification on the classification and rate of GST applicable on the Mehendi/henna powder.
- The applicant sought the advance ruling on the issue of whether henna is classifiable under chapter 14 or 33.

#### Decision of the Case

- The Authority consisting of members J.P. Meena and Hemant Jain observed that it is a well-known fact that Henna/Mehendi powder has a natural property of dye/tanning and is generally used as hair dye.
- Therefore, the AAR observed that the product is rightly classifiable under chapter heading 3305 as preparations for use on the hair and covered under amended Notification No. 41/2017-Central Tax (Rate) dated 14 November 2017 and attracts 18% GST (CGST 9% and SGST 9%).

#### **5% GST is applicable on Psyllium Husk Powder: AAR**

**Applicant - M/S Sarda Bio Polymers Pvt. Ltd**  
**Case No. - Raj/AAR/2020-21/02**  
**Date – 4th March 2020**

#### Fact of the Case

- The applicant, Sarda Bio Polymers Pvt. Ltd is engaged in the manufacture of Psyllium Husk Powder in Pali having GST registration.

- The applicant intends to seek clarification on the classification and rate of GST applicable on the Psyllium Husk Powder.

#### Decision of the Case

- The Authority consisting of members J.P. Meena and Hemant Jain observed that Psyllium/Isabgol is a plant of which parts are used to prepare powder to be used as pharmaceutical products
- As the plants and parts of plants (including seeds and fruits), whether frozen or dried, cut or not cut, crushed or not crushed and powdered or not powdered falls under S. No. 73 of Schedule-I of Notification No. 1/2017 Central Tax (Rate) dated 28.06.2017 (as amended) and attracts GST @ 5% (SGST 2.5% + CGST 2.5%).

#### **GST Registration is required for Medical Stores run by Charitable Trust: AAR**

**Applicant - M/s Nagri Eye Research Foundation**  
**Case No. - Guj/GAAR/R/2020/08**  
**Date – 12th March 2020**

#### Fact of the Case

- The applicant, M/s Nagri Eye Research Foundation is a Charitable Trust and is running a medical store where medicines are given at a lower rate and the motive of the trust is not profit.
- The applicant has sought the advance ruling on the issues whether GST Registration is required for medical stores run by Charitable Trust and whether medical stores providing medicines at a lower rate amounts to the supply of goods.

#### Decision of the Case

- The Authority consisting of Sanjay Saxena and Mohit Agarwal observed that the applicant is selling medicines from its medical store. Medicine is goods as per subsection 52 of Section 2 of the CGST Act, 2017. Medicine is a taxable supply as per

subsection 108 of section 2 of the CGST Act, 2017 and GST is leviable on medicine as per Chapter-30 of HSN code.

- The applicant is providing medicines from its medical store at a lower rate so the price paid by the customers is a consideration for the applicant as defined in subsection 31 of Section 2 of the CGST Act, 2017.
- Further, the activity of the supply of goods by the applicant does not fall under the list appearing in Schedule-III of the CGST Act, 2017.
- Therefore, the Authority conclude that the applicant is making taxable supply from its medical store, so as and when aggregate turnover (here medicine) of applicant exceeds threshold limit as specified in sub-section(1) of Section 22 of the CGST Act, 2017, the applicant has to obtain registration under the relevant provisions of the CGST Act, 2017.

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**No GST on Security Service and Supply of Manpower to Government Departments: AAR Applicant - M/s. A. B. Enterprise Case No. - Guj/GAAR/R/2020/18 Date – 19th March 2020**

**Fact of the Case**

- The applicant, M/s. A. B. Enterprise is a partnership firm registered under GST and is engaged in the business of providing manpower services to Government as well as Non-Government entities and has been providing such services for the past several years
- The aforesaid supply of services includes manpower supply for housekeeping, cleaning, security, data entry operators, etc. at various positions in such Government departments.
- The applicant sought the advance ruling on the issue Whether the applicant is eligible to claim exemption benefit under Sr.No.3 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017 for Pure services (supply of manpower, security service) provided to Central Government, State Government, Local Authorities, Governmental Authorities, Government Entities as submitted in Annexure-A to the application.

**Decision of the Case**

- The Authority consisting of Sanjay Saxena and Mohit Agarwal ruled that the applicant is eligible to claim exemption benefit under Sr. No.3 of Notification No.12/2017-Central Tax (Rate) dated June 28, 2017, for pure services (supply of manpower, security service) provided to Central Government, State Government, Local Authorities, Governmental Authorities, Government Entities, subject to the condition that the services provided to these entities are provided by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution of India or in relation to any function entrusted to a Municipality under Article 243W of the Constitution of India.
- The AAR ruled that the exemption sought by the applicant will depend upon the nature of services provided by them in terms of specific contracts entered by them with respective service recipients

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**18% GST on Popcorn manufactured by Heating of Raw Corn/Maize Grain Applicant - M/s. Jay Jalaram Enterprises Guj/GAAR/R/03/2020 Date – 5th March 2020**

**Fact of the Case**

- The applicant, M/s. Jay Jalaram Enterprises are a proprietorship concern and manufacture Pop Corn, which is sold in a sealed plastic bag bearing a registered brand name as [J.J.'s] Popcorn, under the Trade Marks Act, 1999.
- They submitted that their product is manufactured by using corn/maize grains. The Raw corn grains are heated in an electric machine/oven and due to the heat so given to the grains, they turn into puffed corn/popcorns
- Then after they are sieved so as to remove some grains which are left un- puffed. During the process Salt, Edible Oil, and Turmeric Powder are mixed in the required quantity. Thereafter, the product is packed in a plastic pouch in a quantity of 15 gm.
- The applicant sought the advance ruling on the issue relating to the classification, and the

rate of CGST/SGST would be applicable to the supply made by the applicant on Popcorn.

#### Decision of the Case

- The Authority Agarwal ruled that J.J.'s Popcorn is manufactured from raw corn/maize grains, which, by heating turn into puffed corns/popcorns and then to make it palatable other ingredients like salt and turmeric powder along with oil are added to it fits the description as 'Prepared foods obtained by the roasting of cereal'.
- Since it is not Corn flakes Paws, Mudi and the like or Bulgur wheat, it will fall under the residual tariff item 1904 10 90 of the First Schedule to the Customs Tariff Act, 1975. By virtue of this, the said product falls under entry at Sr. No. 15 of Schedule III of Notification No.1/2017 CENTRAL TAX (Rate) Dated 28-6-2017 and attracts 9% CGST and 9% SGST or 18% IGST.

### DIRECT TAX

#### **Michelin India not eligible for Deduction of Expenses incurred for Sales Promotion in Indian Market: ITAT**

**Michelin India Pvt. Ltd. vs. The JCIT , New Delhi**

**Case No.- ITA No. 2415/Del/2014**

**Date - 22nd June 2020**

#### Fact of the Case

- The assessee is a trader in tires of the "Michelin" brand in India. The assessee claimed that it was incurring said expenditure wholly and exclusively for carrying on its business in India.
- The Assessing Officer, while completing the assessment against the assessee held that the expenditure incurred by the assessee needs to be disallowed on two counts i.e. first it was not incurred wholly and exclusively for the purpose of business and second it was benefiting the assessee in long run hence, capital in nature.
- Before the Tribunal, the assessee claimed that it was incurring said expenditure wholly and exclusively for carrying on its business in India. However, transfer pricing adjustment was made on account of the aforesaid

expenditure incurred on advertisement and publicity.

#### Decision of the Case

- The Tribunal observed that the aforesaid expenditure under the head advertisement & publicity has been incurred by the assessee for the following purposes:- I. Dealer signage and boards; II. Printing of Brochures, tire technical guides, merchandise; III. Product Launches; IV. Print adverts in newspapers and magazines; V. Seminars and Exhibitions; VI. Hoarding etc;
- This fact was brought to the knowledge of the Assessing Officer but has not been considered by the Assessing Officer
- The Tribunal said that Looking at the nature of expenses incurred, it is apparent that the same primarily pertain, to sales promotion of the products in the Indian market. The expenditure being essentially incurred with the object to boost the sales of the assessee though the brand is owned by the AE does not warrant any disallowance in the hands of the assessee

#### **Transactions through Current Accounts for Business purposes isn't 'Deemed Dividend': ITAT**

**M/s. Exotica Housing & Infrastructure Company vs. The Income Tax Officer**

**Case No. - ITA No. 5188/Del/2019**

**Date 24th June 2020**

#### Fact of the Case

- The assessee, M/s. Exotica Housing & Infrastructure Company is engaged in the business of commission agent and property development.
- The A.O. completed assessment under section 143(3) of the Income Tax Act, 1961, after making the impugned addition of Rs.2,88,92,817/- under section 2(22)(e) of the Income Tax Act on account of deemed dividend. The total income was assessed at Rs.3,05,11,890/-.
- The A.O. observed that during the year under consideration, the assessee company has received loans and advances from M/s Exotica Housing and Infra Projects Pvt. Ltd., which was squared off during the year.

- The assessee held 98% shares of M/s Exotica Housing and Infra Project Pvt. Ltd. Therefore, A.O. has taken a view that the case of the assessee has come within the purview of section 2(22)(e) of the Act and the amount received was to be considered as deemed dividend in the hands of the assessee.
- The assessee challenged the addition before the CIT(A), which was dismissed by the CIT(A).

#### Decision of the Case

- The ITAT observed that the ledger account of the subsidiary company in the books of the assessee company, which reveals that initially, the assessee company has taken amount from the subsidiary company which was repaid and thereafter, it is the assessee company which has given the amount to the subsidiary company on most of the occasions and later on the subsidiary company has returned the amount to the assessee.
- Therefore, such facts would clearly reveal that provisions of Section 2(22)(e) would not be attracted in the case of assessee company because on most of the occasions the assessee company has advanced the amount to the subsidiary company and ultimately the balance is squared-up at the end of the year.
- The tribunal ruled that the transactions carried out through current account for business purposes would not fall within the definition of “Deemed Dividend”. So Section 2(22)(e) of the Income Tax Act, 1961, would not apply.

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**Capital Gain Tax not leviable merely on  
Registration of Sale Deed: ITAT  
ACIT Kota vs. Sh. Ijyaraj Singh  
Case No.- ITA No. 152/JP/2019  
Date- 18th June 2020**

#### Fact of the Case

- In the present problem Sh. Ijyaraj Singh is the applicant
- The assessee transferred his land through a registered sale deed for a consideration of Rs 3.40 crores paid by cheques. Out of these cheques, two were dishonored and returned unpaid to the assessee.

- The Revenue, while completing the assessment against the assessee demanded income tax from the assessee as capital gain tax for transferred of land through registered sale deeds wherein the sales consideration was mutually agreed upon, accepted and deemed to be received before signing and registering the sale deed before the Registering Authority
- The assessee contended that registration is not a proof of an operative transfer and transfer by way of sale will become effective only on payment of the entire consideration amount

#### Decision of the Case

- The Tribunal noted that the effective transfer of title in the land shall happen only on encashment and clearance of both the cheques and not at the time of execution and registration of the sale deed.
- Therefore, mere handing over the cheques which have been subsequently dishonored and returned unpaid to the assessee cannot be held to be a discharge of full sale consideration at the time of execution of the sale deed and there is clearly a violation of the terms of sale deed by Shri Rajeev Singh
- So there is no transfer of the impugned land and no income accrues and consequently, no liability towards capital gains tax arises in the hands of the assessee. This brings us to the concept of real income which can only be brought to tax and there cannot be any levy of tax on hypothetical income which has neither accrued/arisen or received by the assessee.”

.....

**NDTV liable to pay Capital Gain Tax on Sale  
of Shares: ITAT  
ACIT Delhi vs. New Delhi Television Ltd.  
Case No. – 3865/Del/2014  
Date – 16th June 2020**

#### Fact of the Case

- In the present case the assessee is engaged in the business of television news broadcasting through its three different channels

- The assessee sold shares that were purchased by it before 13 months of a company and subsequently sold at a substantially higher price to the associate concern of the assessee and disclosed the same as a capital gain. It is the shares of an unlisted company which were transferred by the assessee.

### Decision of the Case

- The Tribunal stated that the income arising from the transfer of unlisted shares would be considered under the head capital gain irrespective of the period of holding.
- The learned assessing officer as well as the learned CIT – A merely proceeded on the basis of an allegation that assessee wanted to show the higher profit in its books of account. It is not denied that the assessee was the owner of the shares, it held it for 13 months, there is no allegation that the price paid by the buyer was unfounded.
- As per circular the Tribunal hold that the excess of consideration realized by the assessee on sale of the above shares is chargeable to tax as capital gain and not as income from other sources. In view of this ground number nine of the appeal of the assessee is allowed

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**ATMs are Computers, Entitled to a Higher Rate of Depreciation: Karnataka HC Commissioner of Income Tax vs. M/s NCR Corporation Pvt. Ltd**  
**Case No. – 242 of 2011**  
**Date – 16th June 2020**

### Fact of the Case

- In the present case the assessee, M/s NCR Corporation Pvt. Ltd. is engaged in the business of manufacture of automated teller machines (ATMs) and distribution of NCR book products and commissions in India.
- The assessee had taken premises on lease for a period of three years. The assessee claimed expenditure on account of leasehold improvements as revenue expenditure in the computation of income.
- The assessing officer by an order held that leasehold improvements expenditure was incurred to bring into existence an asset or an advantage for the enduring benefit of

business, his property is computable as capital expenditure.

- The assessing officer further held that the assessee has changed the revenue recognition method and therefore it is not possible to ascertain true and correct profit of the assessee for the accounting year in question. It was further held that ATMs cannot be termed as computers and therefore are eligible for depreciation to the extent of 25%.

### Decision of the Case

- The Income Tax Appellate Tribunal by an order dated 28.02.2011 inter alia held that the expenditure incurred by the assessee for leasehold improvements has to be treated as revenue expenditure under Section 37 of the Act. It was further held that ATMs are computers and therefore, the assessee is eligible for depreciation of 60%.
- The issue raised before the High Court was whether the tribunal is correct on facts and in law in holding that ATMs and encoders are computers eligible for 60% depreciation.
- The two-judge bench of Karnatak HC held that a computer is an integral part of an ATM machine and on the basis of information processed by the computer in an ATM machine only, the mechanical function of the dispensation of cash or deposit of cash is done. So, ATMs are computers and are entitled to a higher rate of depreciation. “
- Therefore, the tribunal has rightly held that the assessee is entitled to change the method of accounting,” the bench added.



# TAX COMPLIANCE CALENDAR AT A GLANCE

## GST CALENDAR

Revised Due Date for GSTR - 3B					
State	Turnover in Preceding F.Y.	Month (Revised Due Date)	Without Interest	9% Interest	18% Interest
<b>For All State</b>	<b>Turnover is more than Rs. 5 crore</b>	<b>February to April, 2020</b>	<b>15<sup>th</sup> day from the due date</b>	<b>If filed by 24<sup>th</sup> June, 2020</b>	<b>If filed after 24<sup>th</sup> June, 2020</b>
Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep	Turnover is upto 5 Cr	February 2020	30 <sup>th</sup> June 2020	30 <sup>th</sup> September, 2020 (For all months)	After 30 <sup>th</sup> September, 2020 (For all months)
		March 2020	3 <sup>rd</sup> July 2020		
		April 2020	6 <sup>th</sup> July 2020		
		May 2020	12 <sup>th</sup> Sept 2020		
		June 2020	23 <sup>rd</sup> Sept 2020		
		July, 2020	27 <sup>th</sup> Sept 2020		
Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi	Turnover is upto 5 Cr	February 2020	30 <sup>th</sup> June 2020	30 <sup>th</sup> September, 2020 (For all months)	After 30 <sup>th</sup> September, 2020 (For all months)
		March 2020	5 <sup>th</sup> July 2020		
		April 2020	9 <sup>th</sup> July 2020		
		May 2020	15 <sup>th</sup> Sept 2020		
		June 2020	25 <sup>th</sup> Sept 2020		
		July, 2020	29 <sup>th</sup> Sept 2020		

Revised Due Date for GSTR - 1		
Sl. No.	Month/Quarter	Date
1	March, 2020	10 <sup>th</sup> day of July, 2020
2	April, 2020	24 <sup>th</sup> day of July, 2020
3	May, 2020	28 <sup>th</sup> day of July, 2020
4	June, 2020	05 <sup>th</sup> day of August, 2020
5	January to March, 2020	17 <sup>th</sup> day of July, 2020
6	April to June, 2020	03 <sup>rd</sup> day of August, 2020

## DIRECT TAX CALENDAR - JULY, 2020

### 07.07.2020

- Due date for deposit of Tax Deducted/Collected for the month of June, 2020. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.
- Due date for deposit of TDS for the period April 2020 to June 2020 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H

### 15.07.2020

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of June, 2020 has been paid without the production of a challan.
- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB & 194M in the month of May, 2020.
- Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2020.
- Quarterly statement of TCS deposited for the quarter ending 30 June, 2020
- Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2020.
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of June, 2020

### 30.07.2020

- Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2020
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA for the month of June, 2020
- Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of June, 2020
- Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of June, 2020

### 31.07.2020

- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending June 30, 2020.
- Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is July 31, 2020)
- Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2020)
- Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or 11(1) (if the assessee is required to submit return of income on or before July 31, 2020)
- Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the previous year 2019-20 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before July 31, 2020.)

## COURSES OFFERED BY TAX RESEARCH DEPARTMENT

### Eligibility criterion for admission in TRD Courses

- ✓ Qualified Cost & Management Accountants (Members)
- ✓ Other Professionals (CS, CA, MBA, M.Com, Lawyers)
- ✓ Executives from Industries and Tax Practitioners
- ✓ Students who are either CMA qualified or CMA pursuing

#### CERTIFICATE COURSE ON TDS

**Course Fee** - Rs. 10,000 + 18% GST  
*20% Discount for Members, CMA  
 Final Passed Candidates and  
 CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000 + 18% GST  
**Duration** – 30 Hours  
**Mode of Class** – Online

#### CERTIFICATE COURSE ON INCOME TAX RETURN FILLING

**Course Fee** - Rs. 10,000 + 18% GST  
*20% Discount for Members, CMA  
 Final Passed Candidates and  
 CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000 + 18% GST  
**Duration** – 30 Hours  
**Mode of Class** – Online

#### CERTIFICATE COURSE ON GST

**Course Fee** - Rs. 10,000 + 18% GST  
*20% Discount for Members, CMA  
 Final Passed Candidates and CMA  
 Final pursuing Students*

**Exam Fees** - Rs. 1,000 + 18% GST  
**Duration** – 72 Hours  
**Mode of Class** – Online  
*\* Special Discount for Corporate*

#### ADVANCED CERTIFICATE COURSE ON GST

**Course Fee** - Rs. 14,000 + 18% GST  
*20% Discount for Members, CMA  
 Final Passed Candidates and  
 CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000 + 18% GST  
**Duration** – 40 Hours  
**Mode of Class** – Online

#### CRASH COURSE ON GST FOR COLLEGE AND UNIVERSITY

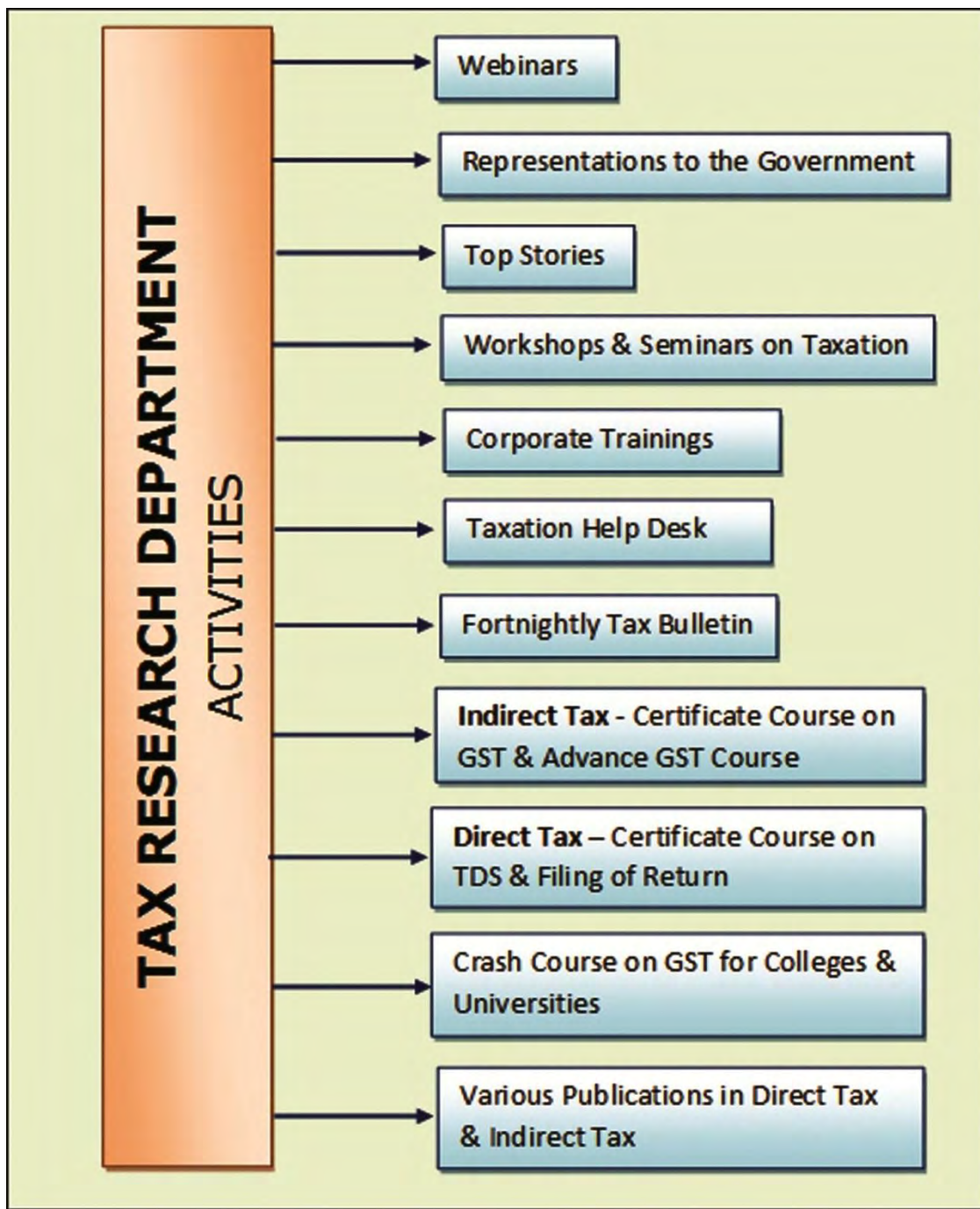
**Batch Size** – 50 (Minimum)

**Eligibility criterion** - B.COM/B.B.A pursuing or completed  
 M.COM/M.B.A pursuing or completed

**Course Fee** - Rs. 1,000 + 18% GST  
**Exam Fees** - Rs. 200 + 18% GST  
**Course Duration** - 32 Hours

**For enquiry about courses, mail at – [trd@icmai.in](mailto:trd@icmai.in)**

## Tax Research Department (TRD) A JOURNEY TOWARDS EXCELLENCE



## E-PUBLICATIONS OF TAX RESEARCH DEPARTMENT

Impact of GST on Real Estate	Handbook on GST on Service Sector
Insight into Customs - Procedure & Practice	Handbook on Works Contract
Input Tax Credit & In depth Discussion	Handbook on Impact of GST on MSME Sector
Exemptions under the Income Tax Act, 1961	Insight into Assessment including E-Assessment
Taxation on Co-operative Sector	Impact on GST on Education Sector
Guidance Note on GST Annual Return & Audit	Addendum_Guidance Note on GST Annual Return & Audit
Sabka Vishwas-Legacy Dispute Resolution Scheme 2019	An insight to the Direct Tax- Vivad se Vishwas Scheme 2020
Guidance Note on Anti Profiteering	International Taxation and Transfer Pricing
Advance Rulings in GST	Handbook on E-Way Bill

For E-Publications, Please visit Taxation Portal -  
<https://icmai.in/TaxationPortal/>



## TAXATION COMMITTEES - PLAN OF ACTION

### Proposed Action Plan:

1. Successful conduct of Certificate Course on GST.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/ registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

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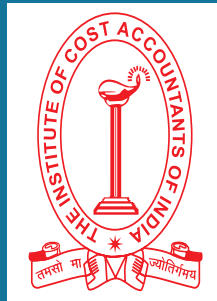
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## Contact Details:

Tax Research Department  
12, Sudder Street, Kolkata - 700016

Phone: +91 33 40364747/ +91 33 40364798/ +91 33 40364711

E-mail: [trd@icmai.in](mailto:trd@icmai.in)



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

**Headquarters:** CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

**Delhi Office:** CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

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