

CENTRAL GOODS AND SERVICE TAX BUDGET PROPOSALS:



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Section 16(2)(ba): By Inserting clause to this Section, one additional condition is proposed for eligibility of Input Tax Credit (ITC). A registered person will be eligible to claim ITC only if such ITC, which is communicated to registered person under Section 38, is not restricted.

Section 38: This Section is newly substituted. It is proposal that registered person will be eligible to claim credit of ITC, if such credit is appearing in auto generated statement made available in prescribed Form and further it is not restricted in auto generated match-mismatch statement. Restriction in auto generated statement may be due to various reasons viz, within such period of taking registration as may be prescribed, default in tax payment for such period as may be prescribed, tax payable as per GSTR-1 is more than tax payable as per GSTR 3B, claiming of higher ITC than what is reflected as per Section 38(2)(a), default in discharging tax liability in accordance with Section 49(12) or such other reasons as may be prescribed.

Section 16(4): It is proposed to extend the time limit of availing ITC of invoice or debit note pertaining to financial year. As per existing provisions, time limit for claiming input credit is earliest of date of filing Annual Return or due date of furnishing return of September following the end of financial year. As per the proposal, time limit for claiming input credit is earliest of date of filing Annual Return or 30th November of subsequent financial year.

Section 29(2): It is proposed to amend clause (b) to empower Proper Officer to cancel the registration of a composition dealer if the annual return in Form GSTR 4 is filed beyond 3 months from the due date. Also, it is proposed to amend clause (c) to empower Proper Officer to cancel the registration of person other than composition dealer, if the return in Form GSTR 3B is not furnished for as many continuous tax periods as may be prescribed.

Section 34: It is proposed to extend the time limit for issuance of credit note till the date of furnishing Annual Return or 30th November following the end of relevant financial year whichever is earlier.

Section 37, 39 & 52: It is proposed to extend the time limit to 30th November following end of relevant financial year for rectification of errors or omissions in i) Form GSTR 1 Pertaining to statement of outward supplies u/s. 37, ii) in Form GSTR 3B pertaining to return u/s. 39 and iii) in Form GSTR 8 pertaining to statement to be furnished by e-commerce operator u/s. 52.

Section 37(4): By inserting this sub Section, it is proposed that Form GSTR 1 for any subsequent period shall not be accepted unless details of outward supplies in Form GSTR 1 for all previous periods are furnished.

Section 39(5): At present, the due date to furnish return in Form GSTR 5 by Non-resident taxable person is 20th of following month. It is now proposed to propone the time limit to 13 days instead of 20 days.

Section 39(10): It is proposed to amend this sub Section so as to restrict the registered person to furnish return in Form GSTR 3B for any tax period unless return in Form GSTR 3B as well as return in Form GSTR 1 for all the previous tax periods are furnished.

Section 41: By substituting this Section, it is proposed that ITC availed shall be reversed along with interest if the tax thereon is not paid by the supplier. It is further provided that the recipient shall be entitled to re-avail this ITC in the prescribed manner on supplier making payment of the tax at a later date.

Section 42, 43 & 43A: Section 42 of matching, reversal and reclaim of ITC, Section 43 of matching, reversal and reclaim of reduction in output tax liability and Section 43A relating to procedure for furnishing of return and availing of ITC are proposed to be omitted being no more required.

Section 47: It is proposed to levy late fees of Rs. 100 per day subject to maximum of Rs. 5,000/- per return for delay in filing Form GSTR 7 u/s. 52 pertaining to return of tax deducted at source by e-commerce operator.

Section 49(10): Newly substituted sub Section provides for transfer of any amount of tax, interest, penalty, fees or any other amount lying in electronic cash ledger under CGST Act to electronic cash ledger of IGST, CGST, SGST, UGST or Cess or IGST or CGST of a distinct person as specified in Section 25(4) and 25(5). It is further provided that such transfer shall not be allowed if there is any unpaid liability in electronic liability register.

Section 49(12): By inserting this new sub Section, the Government has taken power to specify the maximum portion of output tax liability that tax payer can discharge by utilizing ITC, subject to conditions and restrictions.

Section 50(3): Newly substituted sub Section provides to levy interest @18% p.a. on ITC where such credit is wrongly availed and utilized. This will be effective retrospectively from 01/07/2017. At present, interest is charged @ 24% p. a.

Section 54:

- In spite of provision contained in 1st proviso to Section 54(1) for claiming refund of balance in cash ledger through GSTR 3B, system permitted this to claim through RFD 01 only. It is proposed to notify Form for such refund claim.
- Further, time limit for claiming refund by UNO, Multilateral Financial Institution, Consulate or Embassy of Foreign Countries etc. is extended from present 6 months from the end of the quarter in which supply corresponding to ITC was received to 2 years from the last day of quarter in which inward supply is received.
- By deleting words 'under sub Section 3' in sub Section 10, the power to withhold the refund by Proper Officer in case of default in filing return, paying tax, etc. is now being proposed for refund under all reasons of refund. Uptill now, this was applicable for refund of unutilized ITC for zero rated supply and inverted duty structure.

- A new sub Clause (ba) in Clause 2 has been inserted to provide clarity regarding the relevant date for filing refund in respect of supplies made to Special Economic Zone Unit/ Developer. Time limit of claiming such refund is two years from the date of furnishing Form GSTR 3B by the supplier.

Miscellaneous:

- It is proposed not to levy tax on supply of unintended waste generated during the production of fish meal falling under Heading 2301, except for fish oil from 01/07/2017 to 30/09/2019.
- Service by way of grant of alcoholic liquor License against consideration in the form of License Fees or Application Fees or by whatever name called by the State Government, is declared as an activity or transactions which shall be treated neither a supply of goods nor a supply of service vide Notification No. 25/2019- central tax (R) dated 30/09/2019. This Notification has been given retrospective effect from 01/07/2017. It is further proposed that no refund shall be granted for taxes already paid on the above activates or transactions.

