

The GST Council in its 39 meeting held on 14 March 2020 at New Delhi discussed and approved:

- (i) Recommendations on IT Road Map .
- (ii) Changes related to GST Rates; and
- (iii) Certain amendments in the GST Law and Procedures;

I. Recommendations on IT Roadmap – A presentation was made by Mr. Nandan Nilekani on behalf of Infosys (IT implementation Partner) to the 39 GST Council on the issues being faced by Taxpayers in the GST System. Following were summary of the discussions –

1. It was discussed to link statement of outward supplies in Form GSTR 1 to the liability in Form GSTR 3B .
2. Further, it was also discussed to link Input Tax Credit (ITC) in Form GSTR 3B to the details of supplies reflected in Form GSTR 2A
3. Nandan Nilekani to attend the next 3 meetings of the GST Council and update the status of implementation of the decisions taken by the Council and assist the Council in taking appropriate decisions on technology issues
4. IT system is to be augmented to concurrently handle 3 lakh taxpayers (currently limit being 1.5 lakh taxpayers)
5. In order to tackle evasion and preventing the gaming of the system, implementation of Aadhaar authentication and spike rules to be initiated.

The move to concurrently handle 3 lakh taxpayers is welcome. This may assist taxpayers in accessing the portal during peak filing period.

II. Changes in GST Rates

Sl. No.	Recommendation	Rate of GST	Effective date
1	Mobile phone and specified parts (currently taxed at 12%)	18%	1st April '20
2	All type of Matches (handmade and other matches) – Current rate for handmade is 5% and other matches is 18%	12%	1st April '20
3	Rate for Maintenance, Repair and Overhaul (MRO) services for aircraft to change place of supply for B2B MRO services to the location of recipient. Domestic MRO will also get protection due to 5% tax paid under section 3(7) of the Customs Tariff Act, 1975 on most imported goods (sent abroad for repairs) as this tax is not available as credit. (Current rate 18%)	5% with full ITC	1st April '20

III. Changes related to Laws and Procedure

- | Sl. No. | Proposal Category |
|----------------|--|
| 1 | Due date for annual return in FORM GSTR-9 and reconciliation statement in FORM GSTR-9C for FY 2018-19 to be extended to 30.06.2020 (earlier date for filing the said returns was 31.03.2020) . |
| 2 | Relaxation from furnishing Form GSTR 9C to taxpayers having aggregate turnover below Rs. 5 crores. |
| 3 | No Late fees for delayed filing of the Annual return for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores. |
| 4 | Continuation of existing system of furnishing FORM GSTR-1 & FORM GSTR-3B till September . |
| 5 | Interest for delay in payment of GST (delay in filing of GSTR 3B) to be charged on the net cash tax liability (only on the portion which is paid in cash) w.e.f. 01.07.2017 (Law to be amended retrospectively). |
| 6 | Where GST registrations have been cancelled till 14.03.2020, application for revocation of cancellation of registration can be filled up to 30.06.2020 (extension of period of application as one-time measure to facilitate those who want to conduct business). |
| 7 | A new facility called ' Know Your Supplier ' to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business . |
| 8 | Extension of due dates for FORM GSTR-3B for the month of July, 2019 to January, 2020 till 24th March, 2020 for |

registered persons having principal place of business in the **Union territory of Ladakh**.

- 9 Bunching of refund claims allowed across financial years to facilitate Exporters.
- 10 **Deferment of E-invoice and QR Code** for certain class of registered persons (insurance company, banking company, financial institution, nonbanking financial institution, GTA, passenger transportation service etc.) to be exempted from issuing e-invoices or capturing dynamic QR code.

Date of implementation of e-invoicing and QR Code to be extended to 01.10.2020

- 11 To curb fake invoicing and fraudulent passing of ITC, restrictions to be imposed on passing of the ITC in case of new GST registrations, before ***physical verification of premises and Financial KYC of the registered person.***
- 12 **Circular to be issued in respect of –**
 - a. Clarification in apportionment of ITC in cases of business reorganization u/s 18 (3) of CGST Act read with rule 41(1);
 - b. Appeals during non-constitution of the Appellate Tribunal;
 - c. Clarification on refund related issues; and
 - d. Clarification on special procedure for registered persons who are corporate debtors under the provisions of the **Insolvency and Bankruptcy Code, 2016**, undergoing the corporate insolvency resolution process.

13 Amendment to the CGST Rules –

- Procedure for reversal of ITC in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under rule 43 (1)(c).
- Ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;

To allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;

- To provide for **recovery of refund on export of goods** where export proceeds are not realized within the **time prescribed under FEMA;** and
- **To operationalize Aadhaar authentication for new taxpayers.**