

#GTTaxUpdates

Update from 39th GST Council Meeting (1/3)

Summary

Various decisions were taken at the recently concluded 39th GST Council meeting. Some of them include:

- Deferment of e-invoice, QR code and e-wallet scheme
- Revision in goods and service tax (GST) rate on mobile phones, footwear, textiles and fertilisers
- Measures for trade facilitation
- Extension of due dates for filing annual returns etc.

The recommendations/decisions shall be given effect through notifications/circulars.

GST rate structure to correct inverted duty structure

The Council has recommended the following changes in GST rates with effect from 1 April 2020.

Item	Old rate	New rate
Mobile phones and specified parts	12%	18%
Handmade matches	5%	12%
Other than handmade matches	18%	12%
Maintenance, repair and overhaul (MRO) services	18%	5% (with full ITC*)



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Update from 39th GST Council Meeting (2/3)

Measures for trade facilitation

Interest on delay in payment of GST	Interest on delay in payment of GST to be charged on the net cash tax liability with effect from 1 July 2017.
Extension of period for revocation of registration	Where registrations have been cancelled till 14 March 2020, application can be filled up to 30 June 2020 for revocation of cancellation of registration.
Extension of due date for filing annual returns	Due date for filing the annual return and the reconciliation statement for financial year (FY) 2018-19 has been extended to 30 June 2020.
Relaxation to MSMEs from furnishing of reconciliation statement	Relaxation to MSMEs from furnishing reconciliation statement in Form GSTR-9C, for FY 2018-19, for taxpayers having aggregate turnover below INR 5 crore.
No late fees for delayed filing of annual return and reconciliation statement	Late fees shall not be levied for delayed filing of the annual return and the reconciliation statement for FY 2017-18 and 2018-19 for taxpayers with aggregate turnover less than INR 2 crore.

Deferment of e-invoice, QR code and e-wallet scheme

- The dates for implementation of e-invoicing and quick response (QR) code has been extended to 1 October 2020. Further, certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, goods travel agency, passenger transportation service etc.) will be exempted from issuing e-invoices or capturing dynamic QR code.
- The time for finalising the e-wallet scheme has been extended to 31 March 2021.



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Update from 39th GST Council Meeting (3/3)

Other important recommendations

- **Refund claims:** In order to facilitate exporters, it has been proposed to club the refund claims across FY.
- **Existing return system to be continued:** Existing system of furnishing Form GSTR-1 and Form GSTR-3B to be continued till September 2020.
- **Extension of present exemptions:** Present exemptions from IGST and cess on the imports made under the Advance Authorisation (AA), Export Promotion Capital Goods (EPCG) and Export Oriented Units (EOU) schemes has been extended up to 31 March 2021.
- **Measures to curb fake invoicing and fraudulent ITC:** To curb fake invoicing and fraudulent passing of ITC, restrictions will be placed on passing of the ITC in case of new GST registrations, before physical verification of premises and financial KYC of the registered person.
- **Introduction of new facility:** A new facility called Know Your Supplier will be introduced to enable every registered person to have basic information about the suppliers with whom they conduct/propose to conduct business.
- **Special procedure for corporate debtors under the provisions of Insolvency and Bankruptcy Code (IBC), 2016:** Special procedure to be prescribed for registered persons who are corporate debtors under the provisions of IBC 2016 and are undergoing corporate insolvency resolution process, to enable them to comply with GST laws during the corporate insolvency resolution process (CIRP) period.
- **Clarification in apportionment of ITC in cases of business reorganisation:** It is recommended to issue circular to clarify apportionment of ITC in cases of business reorganisation such as merger, demerger, amalgamation etc.