

Highlights of the 39th GST Council Meeting

13th April, 2020

1. Deferment of the new GST return system & E-invoicing

The implementation of the new GST return system has been postponed to 1st October 2020. Also, the implementation of e-invoicing and the QR code has been deferred to 1st October 2020.

The present return system (GSTR-1, GSTR-2A & GSTR-3B) will be continued until September 2020.

2. Changes in the GST rates

- GST on mobile phones and specified parts was increased from 12% to 18%. This decision was taken to avoid difficulties due to the inverted duty structure.
- All types of matches have been rationalised to a single GST rate of 12%. Till now, the handmade ones were taxed at 5% and the rest was taxed at 18%.
- GST on Maintenance, Repair and Overhaul (MRO) service in respect to aircraft was reduced from 18% to 5% with full ITC.
- All these rate changes will come into effect from 01 April 2020.

3. Interest on delayed payments

Now, the interest for delayed GST payment will be calculated on the net tax liability. This amendment will apply retrospectively from 1st July 2017.

4. Extension of GSTR-9 and 9C

The GSTR-9 & 9C deadline is extended to 30 June 2020 for FY 2018-19. Also, the turnover limit will be increased from Rs 2 crore to Rs 5 crore for mandatory annual return filing. Hence, filing GSTR-9C is optional for the taxpayers having the turnover less than Rs 5 crore.

The taxpayers with an aggregate annual turnover of less than Rs 2 crore in FY 2017-18 and FY 2018-19 will not pay any late fee for delayed filing of GSTR-9.

5. Know your supplier

A new scheme called 'Know your Supplier' has been introduced so that the taxpayers are informed about the basic details of the suppliers with whom they transact or propose to conduct business.

6. Waiver and extension of due dates

The GSTR-1 for 2019-20 will be waived for certain taxpayers who could not opt for the special composition scheme (notification No. 2/2019-Central Tax (Rate) dated 7th March 2019) by filing Form CMP-02.

The due date of Form GSTR-3B for July 2019 to January 2020 is extended till 24th March 2020 for taxpayers with a principal place of business in the Union Territory of Ladakh. Also, a similar extension is recommended for Form GSTR-1 and Form GSTR-7.

7. Amendment to revocation of cancellation

Taxpayers who have cancelled their GST registration till 14th March 2020 can file an application for revocation of cancellation of registration. The window to fill this application is available till 30th June 2020. The extension is a one-time measurement to facilitate those who want to continue conducting the business.

8. Amendments to the CGST Rules

- Procedure for reversal of input tax credit in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under rule 43 (1) (c);
- Ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;
- To allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;
- To provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA; and
- To operationalize Aadhaar authentication for new taxpayers.

9. Other decisions

- Infosys Chairman, Mr Nandan Nilekani to present progress updates about the GST IT systems at the next three GST Council meetings.
- The time limit for finalisation of the e-Wallet scheme for consumers is extended till 31st March 2021.
- A special GST procedure was prescribed during the CIRP period for the GST registered corporates who are undergoing insolvency/resolution procedure under IBC Code, 2016.
- A transition plan is laid down till 31st May 2020 for the taxpayers belonging to Dadra and Nagar Haveli & Daman and Diu, due to the merger in January 2020.
- Refund claims will now be processed in bulk for the benefit of the exporters.
- Present IGST and cess exemptions on the imports made under the AA/EPCG/EOU schemes will continue up to 31st March 2021.

Clarifications

- What is E Invoicing and QR code ?

'E-invoicing' is a system in which invoices are authenticated electronically by GSTN (GST Network, the IT backbone for new indirect system) for further use on the common GST portal. Business with turnover of more than Rs 500 crore will issue 'e-invoicing' with a Quick Response (QR) code.

- What is Inverted duty structure under GST ?

So, under GST, inverted duty structure means inputs (inward supplies) used are having a higher GST rate compared to the GST rate of finished goods (outward supplies). In simple terms, it means GST rate for raw materials have a higher tax rate whereas the GST rate on finished goods are lower.