

AUGUST 2020 | 4TH WEEK

TAXWEEKLY

*A Weekly magazine on recent updates in
Tax regime.*

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TAXWEEKLY MAGAZINE

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Interest on delayed payment of GST to be on “Net Liability”

In 39th council meet GST council recommended to levy interest on "net" liability retrospectively from 1st July 2017. But via Notification No. 63/2020-Central Tax dated 25th August 2020 they made it a prospective amendment from 1st September 2020.

Various professionals were calling it a breach of trust.

Keeping in mind the recommendations of council, on 26th August 2020 CBIC issued a press release assuring that no recoveries on gross GST liability shall be made for the past periods.

CBIC shall stand on its recommendation to levy interest on net GST payments. CBIC stated that amendment can't be made retrospectively due to certain technical limitations.

This will ensure full relief to the taxpayers as decided by the GST Council.

CBIC explanation came in response to an assortment of comments in the social media with respect to Notification dated 25th August 2020 regarding charging of interest on delayed payment of GST on net liability (the tax liability discharged in cash) w.e.f. 1st September 2020.

Details of import of goods in GSTR-2A

Source – GST Press Release

Two new tables have been inserted in GSTR-2A for displaying details of import of goods from overseas and inward supplies made from SEZ units / SEZ developers.

Taxpayers can now view their bill of entries data which is received by the GST System (GSTN) from ICEGATE System (Customs). The present data upload has been done on a trial basis to give a feel of the functionality and to get feedback from the taxpayers on the same.

Currently, the system is displaying data up to 6th August, 2020. Further, taxpayers may note that system is currently does not contain import information for bill of entries filed at non-computerized ports (non-EDI ports) and imports made through courier services/post office. This will be made available shortly.

It may also be noted that amendment information made in the details of bill of entries will also be provided soon.

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No matter how carefully you plan your goals they will never be more than pipe dreams unless you pursue them with gusto.

W. Clement Stone

ITC Statement Form GSTR-2B, made available on GST Portal for taxpayers

Source – GST Press Release

1. GSTR-2B is an auto-drafted Input Tax Credit (ITC) statement generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1 & 5 and Form GSTR-6 filed by ISD.

2. Taxpayers can now reconcile data generated in Form GSTR-2B, with their own records and books of accounts. Using this reconciliation, they can now file their Form GSTR 3B and they can ensure that

- > no credit is taken twice,
- > credit is reversed as per law, &
- > tax on reverse charge basis is paid.

3. Generated Form GSTR-2B consists of:

- > A summary of ITC available as on the date of its generation and is divided into credit that can be availed and credit that is to be reversed (Table 3)
- > A summary of ITC not available and is divided into ITC not available and ITC reversal (Table 4)

4. It is a static statement, generated once on 12th of following month.

- > It consists of all documents filed by suppliers/ISD in their Form GSTR-1, 5 & 6, between 00:00 hours on 12th day of preceding month to 23:59 hours, on 11th day of current month. Thus, statement generated on 12th of August will contain data from 00:00 hours of 12th July to 23:59 hours of 11th

> The details filed in GSTR-1 & 5 (by supplier) & GSTR-6 (by ISD) would reflect in the next open GSTR-2B of the recipient irrespective of supplier's/ISD's date of filing.

For e.g, if a supplier files a document INV-1 dt. 15.07.2020 on 11th August, it will get reflected in GSTR-2B of July (generated on 12th August).

If the document is filed on 12th August, 2020 the document will be reflected in GSTR-2B of August (generated on 12th September).

5. It also contains information on imports of goods from the ICEGATE system including data on imports from Special Economic Zones Units / Developers. (This will be made available in GSTR-2B from 12th September 2020 onwards).

Reverse charge credit on import of services is not part of this statement and need to be entered by taxpayers in Table 4(A) (2) of FORM GSTR-3B.

6. Steps to Download: Taxpayers can access their GSTR-2B through:

Login to GST Portal > Returns Dashboard > Select Return period > GSTR-2B.

7. Important features: Taxpayers can:

> View or download Summary Statement or Section wise details in excel or PDF format.

> Taxpayers can view supplier wise summary or document wise details.

> Email / SMS to taxpayer will be sent informing them about generation of GSTR-2B.

Process for Aadhar Authentication in GST Registration

Source – GSTN Website

1. Aadhaar Authentication process has been introduced, for the persons applying for GST registration as Normal Taxpayer/ Composition/ Casual Taxable Person/ Input Service Distributor (ISD)/ SEZ Developer/ SEZ Unit etc, in Form GST REG 01 (refer Notification No 62/2020-CT dt 20.08.2020).

2. Under this, Individuals, Authorised signatory of all types of businesses, Managing and Authorised partners of a partnership firm and Karta of an Hindu undivided family, applying for new registration, can opt to undergo e-KYC authentication of their Aadhaar number.

3. Applicants, who, either do not provide Aadhaar, while applying for new registration or whose Aadhar authentication fails in validation, would be subjected to site verification by the tax department. However, Tax authority based on the documents produced can grant registration.

4. Timelines for grant of registration are:

- In case of successful authentication of Aadhaar, registration will be deemed approved within 03 working days
- If Aadhar authentication is not opted for or if authentication fails in validation and no SCN is issued within 21 days by tax official, registration will be deemed approved
- Tax Officer can issue SCN within the period specified for grant of registration, like in cases of successful Aadhar authentication i.e. 03 working days, or in cases when taxpayer do not opt to provide Aadhaar or when Aadhar authentication fails i.e. 21 days.

Applicants can submit their reply within 07 working days from issue of SCN

5. Important points while opting for Aadhaar authentication is as follows:

- Once registration application is submitted, an authentication link will be shared on GST registered mobile numbers and email ids mentioned in the GST application
- On clicking the verification link, a window for Aadhaar Authentication will open where they have enter Aadhaar Number and the OTP received by them on the mobile number linked with Aadhaar
- Taxpayer need to complete Aadhaar authentication of all Promoters/ Partners/ Authorized Signatories/ Karta etc. as mentioned in the application to avail this option
- Applicant can access the link again for authentication by navigating to My Saved Applications > Aadhaar Authentication Status > RESEND VERIFICATION LINK
- Persons already registered on GST portal are not required to undergo Aadhaar authentication at this stage
- Persons who are not resident /citizen of India are exempted from the Aadhaar authentication process

Key Highlights 41st GST Council Meeting held on 27th August 2020

In 41st GST Council Meeting it has been discussed that the shortfall for the Financial Year 2020-21 will be Rs 2,35,000 crore. Out of this, Rs 97,000 crore is the shortfall due to GST implementation, whereas the rest is considered as due to COVID-19.

The states have been provided with two options to meet the shortfall of compensation cess.

Option I- The centre can facilitate Rs 97,000 crore to states as borrowings, through a special window by the RBI, and this can be repaid after 5 years on the collection of cess paying a reasonable rate of interest.

Option II- The states can borrow Rs 2,35,000 crore directly from the RBI. The states will have to evaluate both these options within seven working days when the GST Council will again meet to finalize the choices.

Further clarifications have been given as follows:

1. The centre will provide a further relaxation of 0.5% in states' borrowing limit under the FRBM Act for Rs.2.03 lakh crore to facilitate states to borrow more depending upon the severity of COVID-19 impact.
2. The pros and cons of both the options have been discussed also.

If the state goes for the first option, it will be entitled to the compensation cess for later years also with support by the centre.

If the state goes for the second option, there will be involvement of more amount of borrowing that is paid by using the cess collected during the transition.

3. The arrangement will remain valid only for the FY 2020-21. Hence, the GST Council will reassess the situation in April 2021 and decide for the 5th year.

4. The states can borrow money with the G-security linked interest rates without any hurdles.

5. Once the arrangement is approved by the GST Council, the centre will proceed to clear these dues with the help of the RBI and also take care of the rest of the financial year.

6. The states must take a decision based on the compensation cess they can expect in the future periods/years.

About Rs 3 lakh crore would be the need of compensation to be paid to states while compensation cess collected would be Rs 65,000 crore. April-July compensation is around Rs 1.50 lakh crore.

The GST Council is in planning stage to provide quick update on the level of preparedness of the GSTN in implementing the E-invoicing system from 1st October 2020.

Borrowing options to meet the GST Compensation requirement for 2020-21

The two borrowing options to meet the GST Compensation requirement for 2020-21 consequent to the discussions in the 41st meeting of the GST Council held on 27th August, 2020 has been communicated to States.

States, as per the document attached with this press note, to communicate their preference within seven working days. A meeting of State Finance Secretaries with the Union Finance Secretary and Secretary (Expenditure) is scheduled to be held on 1st September, 2020 for clarifying issues, if any.

Other updates:

- ITR 1, 2, 3, 4 & 5 for AY 2020-21 is available for e-Filing. Other ITRs will be available shortly
- Govt foregoes Rs 46K cr in interest by making a retrospective amendment to levy interest on late gst payment on net liability.



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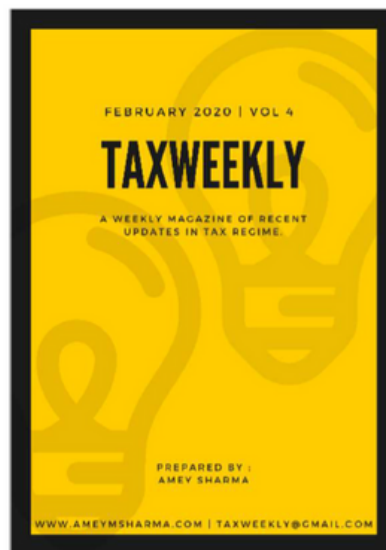
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PREVIOUS EDITIONS



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I am a student pursuing chartered accountancy course and currently undergoing Articleship at M. Sharma S. Agrawal & Co. Nagpur. I have interests in field of direct and indirect taxation. I have presented papers on the same at the ICAI student conferences and also written various articles on GST and income tax at various platforms.

