

# **GST** **GUIDE**



**Gist of 39<sup>th</sup> GST Council Meeting**

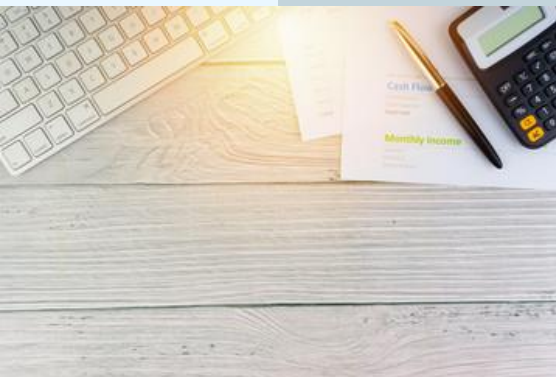
**Reimbursement of actual expense:  
Composite supply (AAR-MH)**

**GST Knowledge: All about E-Invoice,  
2A Reconciliation**

**RAMA Iris Update: New fields added in  
2A reconciliation result**

**Eway bill system now integrated with  
National Vahan Database- May block  
generation of Eway bill for unregistered  
vehicles.**

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# Notifications, Circulars and Amendments to Law/Rule



## Gist of 39<sup>th</sup> GST Council Meeting (Press Release on 14-Mar-20)

### **Form 9 and Form 9C**

- Due date for filing GSTR 9 and 9C for FY 2018-19 extended to 30-Jun-20
- Relaxation to MSMEs (having aggregate turnover < Rs.5 Crs) from furnishing Form 9C for FY 2018-19
- Late fee waived off for filing form 9 and 9C for FY 2017-18 and 2018-19 for taxpayers having turnover of less than Rs.2 crores.

### **E-Invoicing**

- Implementation date of E- Invoicing and QR Code is extended to 01-Oct-20.
- Certain class of registered persons (Insurance co, banking co, financial institutions, non-banking financial institution, GTA etc.) to be exempted from issuing E-invoicing or QR code.
- Interest for delay in payment of GST to be charged on Net Cash Liability W.E.F 01-Jul-17(Law to be amended)
- GSTR1 and GSTR 3B shall continue till Sep-20. Implementation of new system deferred till Oct-20.
- Cancelled registration till 14-Mar-20 will be given a one-time chance to apply for continuing old registration till 30-Jun-20 if they intend to continue business.
- Special procedure for GST compliance is being prescribed for registered persons who are corporate debtor and are undergoing the Corporate Insolvency Resolution Process.



- Bunching of refund claims allowed across financial years to facilitate exporters.
- Amendments in CGST rules w.r.t. reversal of ITC on capital goods, Refunds etc.
- Extension of present exemption from IGST and Cess on Imports made under AA/EPCG/EOU up to 31-Mar-21

### **GST Rates**

- GST rates on mobiles and allied parts increased from 12% to 18%
- GST rate on Maintenance, Repair and Overhaul services for aircraft reduced to 5% from 18%. Full ITC will also be allowed
- Rationalization of GST rates for goods enjoying Inverted Duty Structure is deferred to next GST Council meeting

# Notifications, Circulars and Amendments to Law/Rule



## Summary of notifications released during Feb-20

Notification / Orders	Issue Date	Notification Highlights
Notification No.07/2020-CT	03-Feb-20	From Jan-20 period onwards, GSTR-3B due dates will be 20th or 22nd or 24th of the next month for those with last year's annual turnover up to Rs.5 crore. (Refer Annx-1)
Notification No.06/2020-CT	03-Feb-20	The last date for furnishing of annual return/reconciliation statement in FORM GSTR-9/FORM GSTR-9C for the period from 01-Mar-17 to 31-Mar-18 extended to 5 <sup>th</sup> & 7 <sup>th</sup> Feb-20 depending on the state of GST registration.
Notification No. 1/2020-CT (R) and Notification No. 1/2020-IT (R)	21-Feb-20	GST Rate on Lottery to be 28% W.e.f 01-Mar-20
Order No-01/2020-GST	07-Feb-20	Extension of time limit for submitting the declaration in FORM GST TRAN-1 till 31-Mar-20 for those who could not submit the same on account of technical difficulties on GST portal and whose cases have been recommended by the Council.

# Advance Authority Rulings (GST)

## **Reimbursement of actual expense: Composite supply**

### **Case: E-Square Leisure AAR (MH)**

#### **Facts of the case:**

The Applicant is engaged in the business of accommodation in hotels, inns, guest house etc.

- The Applicant intends to enter into a contractual agreement of renting of immovable property and also intends to collect expenses of electricity, water charges etc. from the lessee in actual.
- Applicant is of the view that utility expenses are variable in nature whereas rent is always fixed by way of contractual agreement. Thus, it can be inferred that reimbursement of expense is not covered under the definition of supply, hence GST is not applicable.
- Without prejudice, even if reimbursement is qualified as supply, the same is not liable to GST, if incurred in the capacity of 'pure agent'.

#### **Issues raised before the Authority:**

Whether GST is to be levied on reimbursement of expenses from the lessee by the lessor at actuals

In case GST is to be levied, what would be the applicable rate of GST

Whether reimbursement of expenses by Applicant can qualify as expenses incurred as a 'Pure Agent' and would not be considered in the value of supply for levy of tax.

#### **Ruling by the authority:**

- Renting of immovable property would be the main supply and provision of other utilities such as electricity, and water supply, fuel etc. would be in the nature of ancillary supply.

- The utility charges reimbursed by the Applicant from lessee forms part of composite supply. Thus, GST is payable at a rate as applicable to the principal supply.
- Applicant has failed to establish themselves as a "pure agent" as defined under the GST Valuation Rules. Therefore, the cost incurred by the Applicant and subsequent reimbursement thereof cannot be excluded from the value of supply.

Under GST, authorities are of view that the same would be constituted as "Composite supply" and accordingly, chargeable to GST.

#### **RAMA Says:**

The above AAR helps in understanding the concept of reimbursement of expenses, especially in case of renting of immovable property business where charges like electricity, water charges, DG backup charges etc. are recovered from the lessee on actuals. Even though the lessor has mentioned the clause in the agreement that such charges will be recovered on actuals, it cannot be kept out of the preview of value of supply. These charges are considered as ancillary to the principal supply of renting of immovable property and hence will form part of the value of supply.

Taxpayers involved in such business shall review their value of supply and accordingly decide the taxability on reimbursement of expense.

The concept of pure agent cannot be applied in above case reason being the condition to be satisfied for acting as pure agent are not fulfilled.



# GST Knowledge- E-Invoicing

## Introduction

The GST Council approved the standard of e-invoice in its 37th meeting held on 20-Sep-19 and accordingly, on 13-Dec-19, Government has issued [Notification No 68/2019 CT](#) to [72/2019 CT](#), laying down legal roadmap for E-Invoicing. E-Invoicing will be applicable on voluntary basis from Jan-20 and mandatory from Oct-20(as per press release issued by CBIC on 14-Mar-20, yet to be notified) on specified class of Taxpayers.

## Misconceptions

Biggest misconception about E-invoice, in the minds of GST Registered person / Professionals/ Consultant is that, E-Invoice means, preparing Tax invoice on GST Portal.

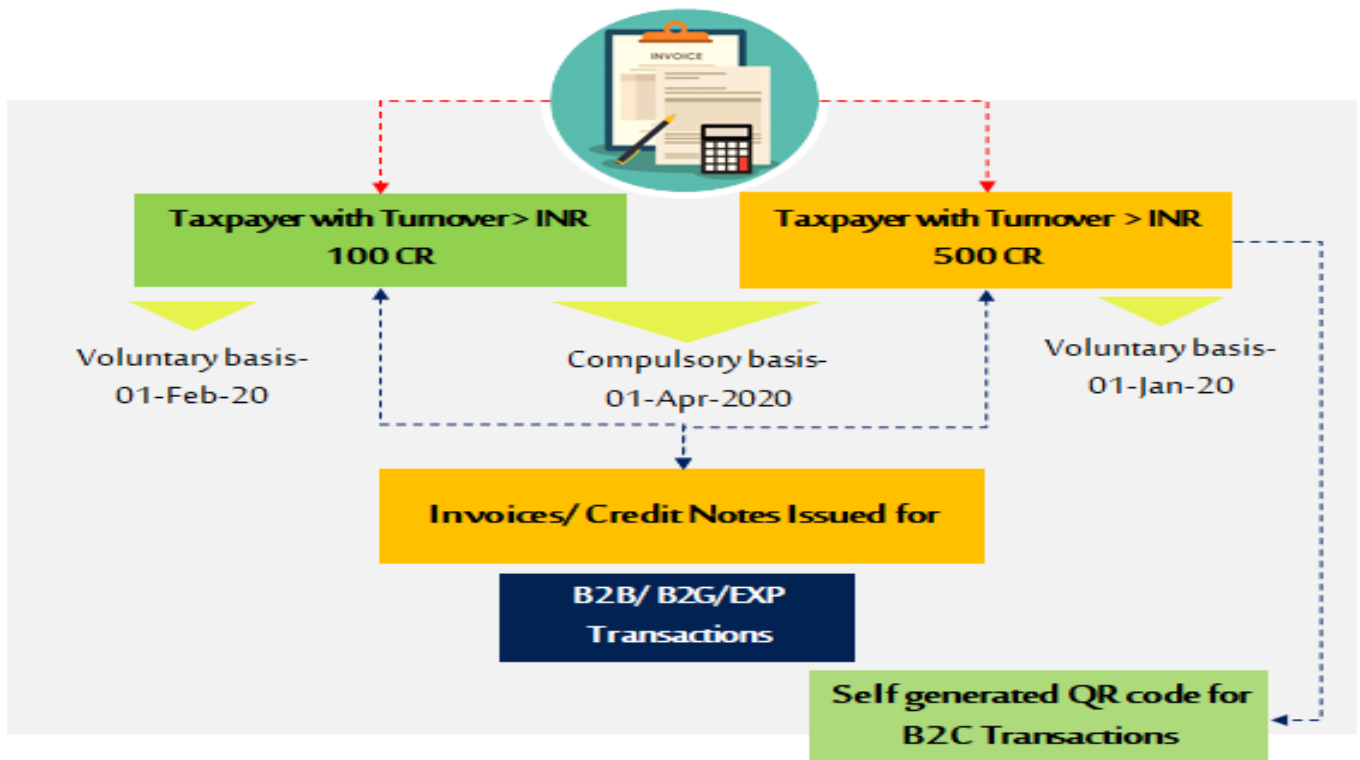
There was a misconception that e-invoice will be generated from E-Invoice portal. However, Invoices will continue to be generated using an Accounting or billing software. Under E-Invoice, Invoice is prepared on ERP software, JSON file will be created and which will be uploaded on portal.

## Benefits

Government envisaged below benefits from E-Invoice

- Elimination of fake invoices
- Substantial reduction in input credit verification issues
- One time reporting on B2B invoice data, to reduce reporting in multiple formats (one for GSTR 1 or ANX 1 and the other for e-way bill)

## Applicability



# GST Knowledge- E-Invoicing

## Steps of Generation of E-Invoice under GST

### STEP 1 – Generation of Invoice and JSON

- Generation of the invoice by the seller in his own accounting or billing system (it can be any software utility/ERP that generates invoice)
- The invoice must conform to the e-invoice (standards). Seller should have a feature in its ERP that will output invoice data in JSON format.
- Those who do not use any accounting software or IT tool to generate the invoice, will be provided an offline tool to key-in data of invoice and then submit the same

The suppliers (seller's) software should be capable to generate a JSON of the final invoice that is ready to be uploaded to the IRP. The IRP will only take JSON.

### STEP 2 – Uploading of JSON

- Seller to upload the JSON of the e-invoice into the IRP.
- The JSON may be uploaded directly on the IRP or through GSPs or through third party provided Apps)

### STEP 3 – Validation of data by IRP

- IRP will validate the json file from its existing Central Registry for deduplication of IRN. If invoice is already existing on portal, IRN will not be generated and error report will be generated.



- If invoice details are proper as per Invoicing rules, (Based on JSON uploaded) IRN will be generated
- On receipt of confirmation from Central Registry, IRP will add its signature on the Invoice Data as well as a QR code to the JSON.

### STEP 4 – Sharing of E-invoice

Signed E-invoice data along with IRN will be shared to supplier and recipient of goods or services if Email ids are registered.

Signed E-invoice data will be transferred to GST portal for automatic updation of ANX1 (Outward Supplies) and ANX2 (Inward Supplies) and E-way Bill Portal for creation of Part A of E-way Bill.

It is to be noted that from 01-Oct-20, If Invoice doesn't have IRN, it will not be a valid tax invoice (Except taxpayers having turnover of less than Rs.100 crores)

# GST Knowledge -E-Invoicing



## Modes of Generation of E-Invoice

Multiple modes will be made available so that taxpayer can use the best mode based on his/her need. The modes given below are envisaged at this stage under the proposed system for e-invoice, through the IRP (Invoice Registration Portal):

1. Web based
2. API based
3. Offline tool based (As of Now Available only for Taxpayers having T/O> 500 CR)

## Some Important points of E-Invoice

**Signature on E-invoice** The e-invoice will be digitally signed by the IRP after it has been validated. Once it is registered on IRP/GST System, it will not be required to be signed by Authorized Signatory.

**E-invoice Currency** — Default currency of E-Invoice will be INR. Supplier can display the currency in E-invoice.

**Printing** — E-invoice can be printed. It is valid only if it has IRN.

**Cancellation of E-Invoice** — The e-invoice mechanism enables invoices to be cancelled. This will have to be reported within 24 hours. Any cancellation after 24hrs could not be possible; however, one can manually amend the same on GST portal before/after filing the returns.

**E Way Bill** — E-Invoice will not replace E-way bill. For transportation of goods, the e-way bill will continue to be mandatory



# GST Knowledge - 2A Reconciliation



**2A Reconciliation:** - GSTR-2A reconciliation primarily involves matching the data uploaded by the suppliers with those of the recipient's purchase data. This basically includes comparing the GSTR-2A auto-populated from supplier's data and the purchase data recorded by the receiver of the supplies in his books. This matching concept also ensures that all the transactions which took place in a particular period have been recorded

**Amendment in CGST Rules for ITC-** As per rule 36(4) Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the supplier under sub-section(1) of section 37, shall not exceed 10% of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the supplier under section 37(1)

It is to be noted that the restriction is not imposed through the common portal and it is the responsibility of the tax payer that credit is availed in terms of the said rule and therefore the availment of restricted credit in terms of sub rule (4) of rule 36 of CGST Rules shall be done on self-assessment basis by the taxpayers.

## Points to Consider to Avail ITC:-

1. Taxpayers may avail full ITC in respect of IGST paid on import, documents issued under RCM, credit received from ISD etc.
2. Eligible inputs is available only in respect of the invoices or debit notes of the vendors who have filed their GSTR1 (outward supplies) on or before due date of filing of return
3. The taxpayer can avail provisional ITC of not more than 10% of eligible matched credits. Total inputs which are not reflected in 2A but recorded in purchase register should be computed and mapped with the above mentioned 10% provisional credits. Lower of both the amount will be considered as provisional inputs.
4. The balance ITC may be claimed by the taxpayer in any of the succeeding months provided the details of requisite invoices are uploaded by the suppliers. However its is to be ensured that credit on invoices have not been considered in 10% provisional inputs.

# GST Knowledge- 2A Reconciliation

## Example :-

Particulars	Amount
Total Eligible Inputs for the month of Jan-20 -A	1,00,000
Inputs reflected in GSTR2A- B	80,000
Inputs not reflected in GSTR2A- C= (A-B)	20,000
Provisional 10% inputs of matched credits- D= 10% of B	8,000
Eligible Provisional Credit- E = Lower of C and D	8,000
Total Eligible credits to be availed in GSTR3B -F = B+E	88,000
Inputs carried forward in unclaimed credit G = A-F	12,000

### Action to be Taken

1. Monthly transfer of inputs to provisional credits wrt to inputs which are not reflected in GSTR2A but recorded in the books of accounts.
  2. Rigorous follow up with the vendors whose inputs are not reflected in GSTR2A
  3. Planning to work with Quarterly Return filers as the regular taxpayer can avail ITC of these quarterly return filer only in second succeeding month of the end of every quarter.
  4. The company need to take corrective actions for inputs which are reflected in GSTR2A but not recorded in the books of accounts in order to reduce cash flow.
- Challenges for 10% ITC Rule:-**
1. GSTR2A being dynamic report it is not possible for the taxpayers to get the same report as it stood on past date
  2. The taxpayers funds get blocked as he is required to pay taxes on inward supplies as well as on the outward supplies unless the invoices gets reflected in GSTR2A.
  3. Additional manpower or additional work load on the taxpayers to follow up with the vendors who have not filed the return on monthly basis. Also monthly reconciliation of input ledger with credit ledger to be done to transfer the balance inputs into provisional credit ledger.
  4. Quarterly return filers shall file their return only on quarterly basis but at the same time as per the GST law the taxpayers is required to file GSTR3B on monthly basis. Therefore the taxpayer is not able to claim the inputs in the same month in which GST is paid by him on his inward supplies. The taxpayer would be able to claim credit only after 4 months. This will create hardship for small taxpayers as recipients would try to get supplies from the dealers who opt for monthly returns.

# RAMA IRIS GST / Portal Updates



## **GSTR-2A Reconciliation Result:**

There are eight additional fields added in the GSTR-2A Result which will help us in knowing the filing status of our supplier.

Following Fields are added in the result downloaded:

Taxpayer Type (e.g. Regular, Composition, etc.)

GSTIN Status (e.g. Active, Cancelled, etc.)

Last GSTR-1 Filing Period

Date of GSTR-1 filing

Last GSTR-3B Filing Period

Date of GSTR-3B filing

GSTR-3B Compliance status (e.g. GSTR-3B returns not filed for 2 months)

Filing Frequency

Now we need not check the compliance status of our suppliers separately for the transactions standing in 'Purchaser Only' thus, easing the process of monthly reconciliation for filing GSTR-3B returns.

## **E-way Bill Portal Update**

Eway bill system has been integrated with Vahan system of Transport Department. Vehicle number entered in Eway bill details will be checked automatically with National Vahan database of Government on the entering the same. If Vehicle no. is not available in the Vahan system user will get "Alert Message" about the non-availability of the vehicle in the Vahan database. However later, such vehicle number will not be allowed for generation of e-way bill.

For demo enquiry, please contact  
**Mr. Kapil Bansal: +91 97693 63338**

# Annexure-1

22nd of the next month:	
Chhattisgarh	Telangana
Madhya Pradesh	Andhra Pradesh
Gujarat	Daman and Diu
Maharashtra	Dadra and Nagar Haveli
Karnataka	Puducherry
Goa	Andaman and Nicobar Islands
Kerala	Lakshadweep
Tamil Nadu	

24th of the next month:	
Himachal Pradesh	Mizoram
Punjab	Tripura
Uttarakhand	Meghalaya
Haryana	Assam
Rajasthan	West Bengal
Uttar Pradesh	Jharkhand or Odisha
Bihar	Ladakh
Sikkim	Chandigarh
Arunachal Pradesh	Jammu and Kashmir
Nagaland	Delhi
Manipur	

**Disclaimer:** The views expressed in various sections of the guide are based on understanding of the GST Laws and study of notifications, circulars, rulings and judgements issued by various competent authorities, however, in no case these should be considered as opinion expressed on a particular scenario that would require a deeper understanding of the transaction in consideration.

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