

GST GUIDE



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Notifications, Circulars and Amendments to law/rule



Restriction to Generate E-way Bill for GST Return Defaulters w.e.f. 21-Jun-19 (Notification No. 22/2019-Central Tax, dt. 23-04-2019):

Tax payers shall not be allowed to generate E-way bill if GST returns are not filed for two consecutive months (Regular Tax Payer) or two consecutive tax periods (Composition Scheme Tax Payers) – Rule 138E of CGST Rules, 2017

> RAMA Says:

1. The notification mentions non-filing of “returns”, if it means both GSTR 1 & 3B, then it will be critical for tax payers to ensure declaring the revenue as well as timely payment to avoid business interruptions
2. The large business enterprises should ensure critical partners in their supply chain are compliant to avoid supply chain disruptions
3. No worries for services industry

Change in the Order of Utilization of ITC - Rule 88A of the CGST Rules, 2017 (Circular no. 98/2019 dated 23.04.2019-CT / Notification No. 16/2019 dated 29-03-2019)

As per the new rule 88A of CGST rules 2017, IGST credit is to be utilized first towards payment of IGST liability and the balance credit can be **utilized in any manner or in any order against CGST/SGST/UTGST liabilities**

> RAMA Says:

1. Certainly, a much-awaited relief for taxpayers for higher utilization of ITC almost equivalent to the original provisions (before amendment of Sec.49)
2. However, corresponding changes on the GSTN Portal are still awaited with no visibility on timelines



Notifications, Circulars and Amendments to law/rule

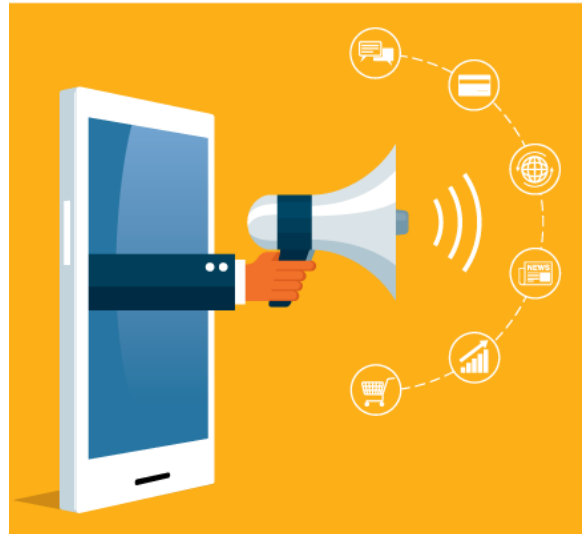
File Returns Within 30 days from Date of Order of Revocation of Cancellation (Notification 20/2019-Central Tax, dt. 23-04-2019):

In case GST registration is cancelled on account of failure to furnish the GST returns, tax payer shall furnish all returns due within the period of 30 days from the date of order of revocation of cancellation of registration.

Further, Circular No.99/2019 dated 23.04.2019 is issued giving a one-time opportunity to apply for revocation of cancellation of registration on or before the 22nd July, 2019 for tax payers whose registration was cancelled due to non-filing of GSTR-3B or GSTR-4 and such tax payers could not apply for revocation within 30 days period.

RAMA Says:

1. Great opportunity for all tax payers having a cancelled registration, however, the requirements of filing of returns for availing the opportunity must be carefully understood and complied.



Simplified GST Return for Tax Payers Registered Under Composition Scheme (Notification No. 21/2019-Central Tax ,dt. 23-04-2019):

Small traders and manufacturers with a turnover up to Rs.1.5 Cr. (Rs.75 Lakhs in special category states) and service providers with turnover up to Rs.50 lakhs can opt for composition scheme. These tax payers need to file simplified GST returns as follows:

Form No.: GST CMP-08

Periodicity: Quarterly

Due Date: 18th Day of the month succeeding such quarter

Description: Statement of self-assessed tax

Notifications, Circulars and Amendments to law/rule

Form No.: GSTR-04

Periodicity: Annual

Due Date: 30th April following the end of such financial year

Description: Annual Return

These above forms have been brought into effect with the amendment in CGST rules via Notification No. **20/2019-Central Tax, dt. 23-04-2019.**

Notification with regards to Extension of Due Date of filing GST Returns :

Notification No. 17/2019- Central Tax dated 10.04.2019

Type: GSTR-1 (Taxpayers having aggregate turnover greater than 1.5 Cr)

Due Date: 11.04.2019

Extended Date: 13.04.2019

Notification No. 18/2019- Central Tax dated 10.04.2019

Type: GSTR-7 (Registered person required to deduct TDS)

Due Date: 10.04.2019

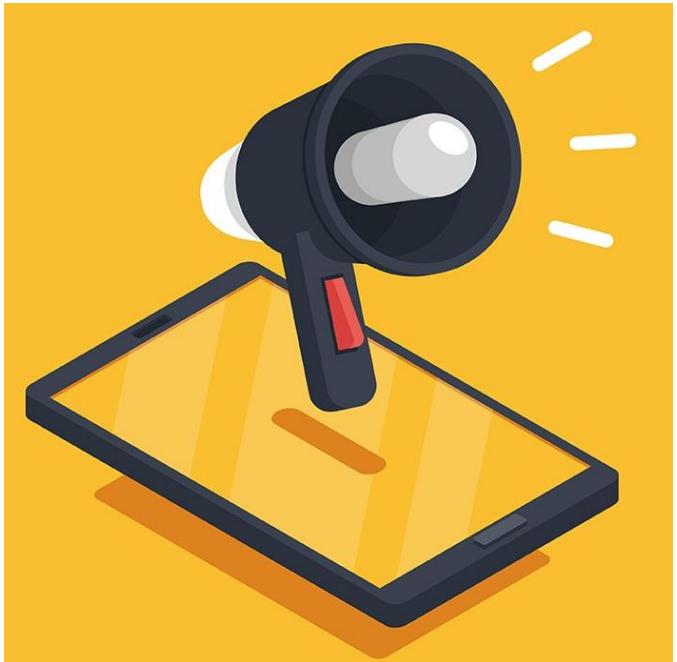
Extended Date: 12.04.2019

Notification No. 19/2019- Central Tax dated 22.04.2019

Type: GSTR- 3B

Due Date: 20.04.2019

Extended Date: 23.04.2019



Process for Service Providers Opting for Composition Scheme (Circular No. 97/16/2019-GST dt.05.04.2019) :

CBIC via Notification No. 02/2019- CT (R) dated 07.03.2019 had notified the composition scheme for service providers. Such composition scheme was to be opted by the tax payer by filing form GST CMP-02 by 30th April, 2019.

Notifications, Circulars and Amendments to law/rule



Clarification on GST Exemptions as follows :

Circular No.	Subject	Description
100/2019dt. 30.04.2019	GST Applicability on Seed Certification Tags	Seed tagging provided by Central /State government is exempt. However if the seed tagging is done from other department or manufacturer then such a supply will be liable to GST
101/2019dt. 30.04.2019	GST exemption on the upfront amount payable in instalments for long term lease of plots.	Upfront amount such as premium, salami, cost, price, development charges or any other name payable for a long-term period of 30 years in instalments is exempt. Such exemption is applicable only on industrial plots or plots for development for financial business.

Advance Authority Rulings (GST)

No higher GST on charges for preferential location, car parking, common areas & facilities –

Providing service of construction of a dwelling unit in a residential complex, bundled with services relating to the preferential location of the unit, which includes services of floor rise and directional advantage amounts to composite supply under GST.

Facts of the Case

Bengal Peerless Housing Development Company Ltd. (“**the Applicant**”) is engaged in developing real estate projects in West Bengal. For the issue under consideration, it is providing service of construction of a dwelling unit in a residential complex, bundled with services relating to the preferential location of the unit, which includes services of floor rise, directional advantage and car parking. The Applicant is offering a single consolidated price based on Standard Built-up Area (SBUA).

Matter under Consideration

Whether services relating to the preferential location of the unit and right to use car parking space and common areas and facilities along with Construction Service offered by the

applicant to the buyer of a flat in a housing complex is a composite supply? If so, whether abatement is applicable on the entire value of the composite supply?

Observation and Findings:

Actual enjoyment of the construction service and the other services mentioned in the above bundle are separated by time. However, the other services can be enjoyed only after the supply of construction service is complete.

It notes that, though actual provisioning of the construction and other services are made at different points of time, they can be supplied in a bundle, because, supply as defined under section 7(1) of the GST Act includes ‘agreement to supply even if actual supply is to be made at a future date, provided and to the extent the recipient pays in advance’

Held:

Basis the above findings, the West Bengal AAR vide order no. 01/WBAAR/2019-20 dated May 02, 2019 opined that, the services being supplied by the Applicant is a composite supply, construction service being the principal supply. Entire value of the composite supply is, therefore, to be treated, for the purpose of taxation, as supply of construction service.

Advance Authority Rulings (GST)

Input tax credit is admissible even if consideration is paid through book adjustment

Facts of the Case

The Applicant is engaged in the manufacturing and retailing of jewellery and articles made of gold, silver, platinum, diamonds and other precious stones.

The Applicant has a network of franchisee-operated stores.

The Applicant raises tax invoices on the Franchisee for the supply of jewellery and other articles and also for Franchise Support Services in terms of the Agreement periodically.

On its part, the Franchisee also raises tax invoices on the Applicant for the supply of old gold, silver etc., received from the customers.

The Applicant intends to settle the mutual debts through book adjustments.

Matter under Consideration

Whether the input tax credit is admissible when he settles through book adjustment the debt created on inward supplies from the Franchisee.

Observations and findings:

The Authority for Advance Ruling, West Bengal (“AAR”) finds that ‘Consideration’ as defined under Sec 2(31) provides the scope and ambit for modes of payment and includes ‘in relation to the supply of goods or services, any payment, made or to be made, whether in money or otherwise, and also the monetary value of any act or forbearance’ and hence the definition of ‘consideration’ is wide enough to covers almost all form of payment and hence ‘reduction in book debt’ or ‘adjustment of book’ is also a valid ‘consideration’.

Held:

The Hon’ble AAR vide order no. 02/WBAAR/2019-20 dated May 08, 2019 held that Unless the law specifically restricts the recipient from claiming the input tax credit when consideration is paid through book adjustment, credit of input tax cannot be denied on this ground alone.

The GST Act and rules made there under does not restrict the recipient from claiming the input tax credit when consideration is paid through book adjustment, subject to the conditions and restrictions as may be prescribed and, in the manner, specified in Sections 16 and 49 of the GST Act.

Case Laws

1. Interest is Payable on Gross Tax Liability – High Court Telangana.

Facts of the Case:

- i. Megha Engineering & Infrastructures Ltd., (the petitioner) is engaged in the manufacture of MS Pipes and in the execution of infrastructure projects
- ii. The petitioner had delayed in filing the returns in GSTR-3B for the period Oct'17 to May'18
- iii. They paid tax liability (net of ITC) along with interest calculated on the net tax liability at the time of filing of returns
- iv. The GST Department thereafter, issued a letter demanding interest on the gross tax liability
- v. In response to the said demand, the petitioner filed a writ before Telangana High Court

Decision:

Megha Engineering has to discharge Interest Liability on gross Liability rather than after adjusting ITC as ITC is available as set off only when it is shown in GSTR-3B and the same is filled on time. The petitioner thus, cannot escape from this liability.



RAMA Says:

1. Section 50 mentions that interest liability is mandatorily attracted on the entire tax remained unpaid beyond the due date prescribed.
2. Factually, the amount eligible for credit is already paid by the assessee ahead in the supply chain and hence should not be considered as unpaid.
3. GST Council proposed to amend section 50 of CGST Act in 31st GST Council meeting held on 22-Dec-18 to provide that interest should be charged only on the net tax liability of the taxpayer after taking into account admissible input tax credit.
4. However the same is still pending to be amended in the law.

GST Portal Functionality

Following new features have now been made available on the GST Portal:

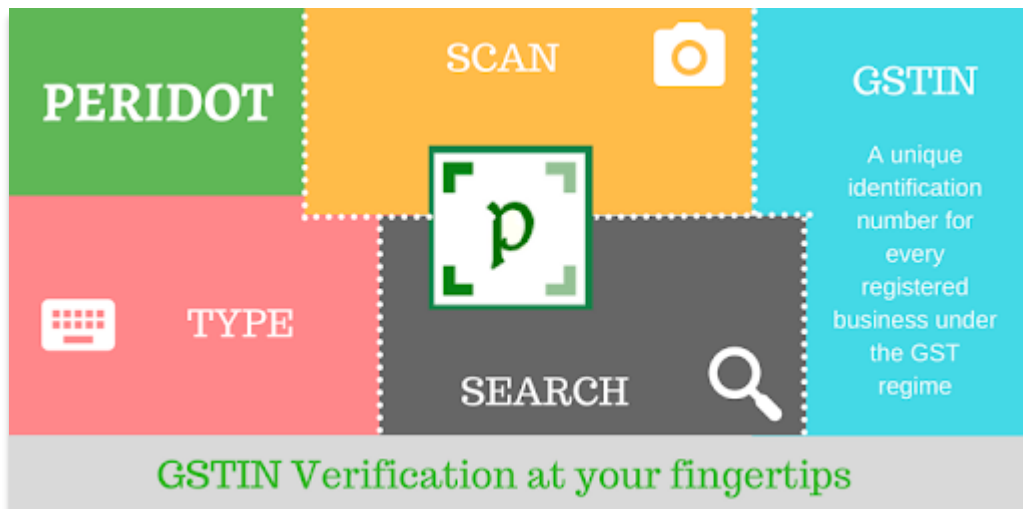
- Preparation of Form GST REG-21(revocation application of registration) by GSTP, on behalf of NRTP/TDS/TCS/ OIDAR taxpayer.
- Offline GST utility for filing form GSTR-9A (Annual return form for composition tax payers).
- Online and offline Utility of form GSTR-9C (GST Audit)
- Further DRC-03 has also been updated with additional reasons such as Annual return and Reconciliation statement. This indicates that excess liability as identified in GSTR-9/9A or GSTR -9C has to be paid of via DRC-03.

Following enhancements introduced for generation E-way bill :

- Auto calculation of distance based on PIN codes for generation of e-way bill.
- Knowing the distance between two PIN codes.
- Blocking the generation of multiple e-way bills on one Invoice/Document.
- Extension of e-way bill in case the consignment is in transit/movement.
- Report on list of e-way bills about to expire.



RAMA IRIS GST - New Features



- 1) **Mobile App:** - There is an **Iris mobile app named IRIS Peridot (Available on Play store and iOS)**, a handy tool to get vendor's / customer's GSTIN information on your fingertip. Just need to scan a vendor invoice / feed GSTIN and the app will fetch the updated details of that GSTIN such as GSTIN Status (Regular, SEZ) with Its Legal & Trade name & Return filing status etc.
- 2) **Compliance Tracker:-** It helps to know return filing status, GST Session status, download data
- 3) **GSTIN Validation:** Facility to validate **up to 500 GSTN** numbers through **Utilities Tab** at one instance
- 4) **HSN Search:** Search HSN / SAC code and tax rate based on HSN/SAC Code or description of goods or services
- 5) **GSTR-9:** IRIS gives auto-computed details for GSTR 9 and allows to save GSTR 9 details to GSTN portal through IRIS. Even calculations are provided of GSTR-1 month wise.
- 6) **Advance Reconciliation:** Advance features for reconciliation of entries in Purchase Registers with the GSTR 2A even though the invoice number formats are different, accounted in different FY, based on values etc.



- Rise in GST collection with 10% growth over a year:** Gross collection for the month of Apr'19 was Rs 1.13 trillion (Rs. 1.13 lakh crore), that's a record high despite rate rationalisation in Dec'18.
- Starbucks didn't reduce price of coffee despite GST rate cut:** Directorate General of Anti Profiteering (DGAP) has found that Starbucks profited Rs. 4.51 crore by hiking the base price after reduction in tax rates on restaurants from 18% to 5% w.e.f. 15-Nov-17.

- Businesses may have to generate GST e-invoice on govt portal:** The proposed 'e-invoice' is part of the exercise to check GST evasion. To start with, businesses above a specified threshold will get a unique number for every e-invoice generated, the number can be matched with the invoices reported in GSTR 1.
- Great move by CBDT to curb tax evasion; Exchange of information between IT department and GST department:** CBDT vide order dated 30.04.2019 has directed the Income Tax Authority to share information of assessee to the Nodal officer of GSTIN.

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.



Indirect Taxes being part of business activities flow with transactions, hence impact assessment becomes important.

Team RAMA with its apt knowledge on GST Laws and business acumen have expertise in providing advisory services on GST.

Team RAMA provides GST Compliance, Advisory & Support services across industries in all states of India.

THANK YOU!

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