

Changes proposed by GST Council in its meeting held on 17-09-2021

The GST Council in its meeting held on 17-09-2021 has made certain recommendation which includes changes in the rates of taxes on certain goods and services, changes in inverted duty structure on certain goods, issuing clarification on classification of certain goods and services, changes in compliances etc. Some of the important changes in compliances proposed are as under:

- 1 Late fee for delayed filing of FORM GSTR-1 to be auto-populated and collected in next open return in FORM GSTR-3B.

2	In order to charge interest on net cash liability, Section 50 (3) of the CGST Act to be amended retrospectively, w.e.f. 01.07.2017, to provide that interest is to be paid by a taxpayer on “ineligible ITC availed and utilized” and not on “ineligible ITC availed”. Therefore, if the ITC is only availed and not utilized, no interest will be payable. It has also been decided that interest in such cases should be charged on ineligible ITC availed and utilized at 18% w.e.f. 01.07.2017.
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- 3 Rule 59(6) of the CGST Rules to be amended with effect from 01.01.2022 to provide that a registered person shall not be allowed to furnish FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month.

4	Unutilized balance in CGST and IGST cash ledger may be allowed to be transferred between distinct persons (entities having same PAN but registered in different states), without going through the refund procedure, subject to certain safeguards. <i>No such option has been made available if the distinct person is having multiple registrations in the same state.</i>
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- 5 Rule 36(4) of CGST Rules, 2017 to be amended, once the proposed clause (aa) of section 16(2) of CGST Act, 2017 is notified, to restrict availment of ITC in respect of invoices/ debit notes, to the extent the details of such invoices/ debit notes are furnished by the supplier in FORM GSTR-1/ IFF and are communicated to the registered person in FORM GSTR-2B.

As per section 16(2)(aa) of CGST Act inserted vide Section 109 of Finance Act, 2021 (effective date to be notified), registered person shall not be entitled to avail input tax credit, unless the details of the invoice or debit note has been furnished by the supplier in the statement of outward supplies [GSTR-1] and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37 of CGST Act [in GSTR-2A and GSTR-2B of recipient].

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6	<p>Requirement of filing FORM GST ITC-04 under rule 45 (3) of the CGST Rules has been relaxed as under:</p> <ul style="list-style-type: none">• Taxpayers whose annual aggregate turnover in preceding financial year is above Rs. 5 crores shall furnish ITC-04 once in six months;• Taxpayers whose annual aggregate turnover in preceding financial year is upto Rs. 5 crores shall furnish ITC-04 annually.
7	<p>Aadhaar authentication of registration to be made mandatory for being eligible for filing refund claim and application for revocation of cancellation of registration.</p>
8	<p>Refund shall be disbursed in the bank account, which is linked with same PAN on which registration has been obtained under GST.</p>
9	<p>Provision to be incorporated in in CGST Rules, 2017 for removing ambiguity regarding procedure and time limit for filing refund of tax wrongfully paid as specified in section 77(1) of the CGST/SGST Act and section 19(1) of the IGST Act.</p>
10	<p>W.e.f. 01.01.2021, the date of issuance of debit note (and not the date of underlying invoice) shall determine the relevant financial year for the purpose of section 16(4) of CGST Act, 2017</p>
11	<p>E Commerce Operators are being made liable to pay tax on following services provided through them</p> <ul style="list-style-type: none">• transport of passengers, by any type of motor vehicles through it [w.e.f. 1st January, 2022] i.• restaurant services provided through it with some exceptions [w.e.f. 1st January, 2022]
12	<p>Only those goods which are actually subjected to export duty i.e., on which some export duty has to be paid at the time of export, will be covered under the restriction imposed under section 54(3) of CGST Act, 2017 from availment of refund of accumulated ITC. Therefore, if goods are not subjected to export duty then refund of such accumulated ITC won't be permitted</p>
13	<p>There is no need to carry the physical copy of tax invoice in cases where invoice has been generated by the supplier in the manner prescribed under rule 48(4) of the CGST Rules, 2017</p>

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