

In brief

Seeks to bring into force certain provision of Finance (No. 2) Act, 2019 w.e.f. 1st January, 2020



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Notifications CGST

Enforcement of certain provisions of the Finance (No. 2) Act, 2019 amending the CGST Act, 2017:

[Notification No. 1/2020 – Central Tax dated 1st January, 2020](#)

The notification prescribes 1st January, 2020 as the day from which the following sections of Finance (No. 2) Act, 2019 shall be enforced:

Clause of Finance (No. 2) Act	Section of CGST Act, 2017 which is amended vide Finance (No. 2) Act	Description of Amendment
93	10	Alternate composition scheme prescribed for service providers and mixed suppliers (supplier of goods and services) who are not eligible for earlier composition scheme.
94	22	Higher threshold exemption limit from INR 20 lakhs to such amount not exceeding INR 40 lakhs as may be prescribed in case of supplier who is engaged exclusively in the supply of goods.
95	25	Mandatory Aadhar authentication for registration.
96	31A (New Section)	Facilitation of digital payment facility to be provided by class of registered person as may be prescribed.
98	44	Commissioner empowered to extend the due date for furnishing Annual Return (GSTR-9) and Reconciliation Statement (GSTR-9C).
99	49	Facility provided to transfer an amount from one head to another head in the Electronic Cash Ledger.

In brief

Clause of Finance (No. 2) Act	Section of CGST Act, 2017 which is amended vide Finance (No. 2) Act	Description of Amendment
101	52	Extension of the due date for furnishing monthly and annual statement by person collecting tax at source.
102	53A (New Section)	Provision for transfer of amount in the Electronic Cash Ledger between the Centre and States as a consequence of the new facility under section 49.
111	168	Section 44(1), Section 52(4) and Section 52(5) included within the ambit of Section 168 to enable the Commissioner or Jt. Secretary to exercise the powers specified in the said section with the approval of the Board.
112	171	New sub-section (2A) inserted to empower the Authority to impose penalty equivalent to 10% of the profiteered amount.

Amendment of CGST Rules, 2017 vide Central Goods and Services Tax (Amendment) Rules, 2020:

[Notification No. 2/2020 – Central Tax dated 1st January, 2020](#)

The notification provides for amendments in the following rules:

- **Rule 117:** Due date for furnishing FORM GST TRAN-1 extended to 31st March, 2020 in respect of registered persons who could not submit the said declaration by the due date on account of technical difficulties on the common portal and in respect of whom the Council has made a recommendation for such extension. Due date for furnishing FORM GST TRAN-2 extended to 31st April, 2020 in respect of registered persons who file FORM GST TRAN-1 as per aforesaid provisions by 31st March, 2020.
- **Rule 48:** Schema provided for preparation of FORM GST INV-01.

Value of Lottery:

[Notification No. 8/2020 – Central Tax dated 2nd March, 2020](#)

The notification prescribes w.e.f. 1st March, 2020, the value of lottery to be higher of 100/128 of the face value of the ticket or of the price as notified in the Official Gazette by the Organising State.

Seeks to make amendment to CGST Rules, 2017

Valuation of Lottery

In brief

Seeks to exempt foreign airlines from furnishing reconciliation statement in FORM GSTR-9C subject to conditions.

Exemption to foreign airlines from submission of Reconciliation Statement:

[Notification No. 9/2020 – Central Tax dated 16th March, 2020](#)

The notification exempts foreign airlines from furnishing Reconciliation Statement in FORM GSTR-9C provided, a statement of receipts and payments account for the financial year in respect of its Indian Business operations, duly authenticated by a practicing Chartered Accountant in India, is submitted for each GSTIN by 30th September of the year succeeding the financial year.

Return

In brief

Lottery subject to GST @28%

MRO services in respect of aircraft subject to GST @5%

Safety matches subject to GST @12%.
Telephones for cellular/wireless network and its related parts subject to GST @18%

Seeks to bring into force certain provision of Finance (No. 2) Act, 2019 w.e.f. 1st January, 2020

Place of supply of MRO services – location of service recipient

Notifications CGST (Rate)

GST Rate for lottery:

[Notification No. 1/2020 – Central Tax \(Rate\) dated 21st February, 2020](#)

It seeks to amend Notification No.1/2017-Central Tax Rate dated 28th June, 2017 so as to notify rate of GST on supply of Lottery @ 28% instead of 12% w.e.f. 1st March, 2020.

Maintenance, Repair and Overhaul (MRO) services in respect of aircraft:

[Notification No. 2/2020 – Central Tax \(Rate\) dated 26th March, 2020](#)

GST applicable @ 5% on maintenance, repair or overhaul services in respect of aircrafts, aircraft engines and other aircraft components or parts w.e.f. 1st April, 2020.

GST Rate on safety matches; telephones for cellular/wireless networks and parts thereof:

[Notification No. 3/2020 – Central Tax \(Rate\) dated 25th March, 2020](#)

Following amendments are effective from 1st April, 2020:

- The rate of 5% on handmade safety matches and 18% on other than handmade has been made removed and **uniform rate of 12%** has been notified for all types of safety matches falling under the HSN Code 3605 00 10.
- Telephones for cellular networks or other wireless networks and its related parts shall now be taxable @ 18%.

Notifications IGST

Enforcement of certain provisions of the Finance (No. 2) Act, 2019 amending the IGST Act, 2017:

[Notification No. 1/2020 – Integrated Tax dated 1st January, 2020](#)

The notification prescribes 1st January, 2020 as the day from which Clause 114 of the Finance (No. 2) Act, 2019 inserting Section 17A in the IGST Act comes into force to provide for transfer of amount in the Electronic Cash Ledger between the Centre and States as a consequence of the new facility given to the tax payer under Section 49 of the CGST Act, 2017.

Place of Supply for MRO services:

[Notification No. 2/2020 – Integrated Tax dated 26th March, 2020](#)

The notification prescribes that the place of supply of services pertaining to supply of maintenance, repair or overhaul (MRO) service in respect of aircrafts, aircraft engines and other aircraft components or parts supplied to a person for use in the course or furtherance of business shall be the location of recipient of service. This seeks to amend Notification No. 4/2019 IGST dated 30.09.2019.

Return

In brief

Standard Operating Procedure to be followed by exporters

Clarification in respect of time limit for filing appeal due to non-constitution of Appellate Tribunal and disposal of appeals

Circulars CGST

Standard Operating Procedure to be followed by exporters:

[Circular 131/1/2020 – GST dated 23rd January, 2020](#)

To mitigate the risk of refund claimed of IGST paid on export of goods by fraudulent claim of credit, the following measures have been adopted:

1. Stringent risk parameters-based checks driven by rigorous data analytics and Artificial Intelligence tools are applied based on which certain exporters are taken up for further verification, which represent a small fraction of total number of exporters claiming refund. The refund scrolls in such cases are kept in abeyance till the verification report in respect of such cases is received from the field formations. Further, the export consignments/shipments of concerned exporters are subjected to 100 % examination at the customs port.
2. Such exporters whose scrolls have been kept in abeyance for verification and are so informed either by the jurisdictional CGST or Customs should fill the requisite information (Annexure A and additional information, if any) and submit the same to the jurisdictional authorities for verification.
3. Verification shall be completed within 14 working days of submission. If not completed, the same should be escalated to the Jurisdictional Principal Chief Commissioner/Chief Commissioner of Central Tax who should take appropriate action to ensure that the same gets completed within the next 7 working days.
4. In case refund remains pending for more than one month, exporter may register his grievance by providing relevant details which shall be examined by a Committee headed by Member GST, CBIC.

Clarification in respect of appeal in regard to non-constitution of Appellate Tribunal:

[Circular 132/2/2020 – GST dated 18th March, 2020](#)

The Appellate Tribunal has not been constituted and therefore appeal cannot be filed within the prescribed time limit. In order to remove the difficulty, the Central Goods and Services Tax (Ninth Removal of Difficulties) Order, 2019 dated 3rd December, 2019, states that appeal to the Tribunal can be made within 3 months (6 months in case of appeals by the Government) from the date of communication of order or date on which the President or the State President, as the case may be, of the Appellate Tribunal enters office, whichever is **later**. Hence, as of now, the prescribed time limit to make application to Appellate Tribunal will be counted from the date on which President or the State President enters office. Accordingly, it is advised that the appellate authorities may dispose all pending appeals expeditiously without waiting for the constitution of the appellate tribunal.

In brief

Clarifications in respect of
refund related issues

Clarification on refund related issues:

[Circular 135/05/2020 – GST dated 31st March, 2020](#)

Clarifications provided on the following refund related issues:

1. **Bunching of refund claims across Financial Years:**

[Circular Number 125/44/2019-GST dated 18th November, 2019](#), placed a restriction that the period for which refund is claimed cannot spread across financial years. However, the Act places no bar in claiming refunds by clubbing different months across successive financial years. Circulars can supplant but not supplement the law. Accordingly, the restriction on clubbing of tax periods across financial years has been removed.

2. **Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate:**

Refund of accumulated ITC on account of inverted duty structure under the provisions of Section 54(3)(ii) of the CGST Act, 2017 would not be applicable in cases where the input and the output supplies are the same and the inversion is due to change in the GST Rate of the same goods.

3. **Change in the manner of refund of tax paid on supplies other than zero-rated supplies:**

Any refund of tax paid on supplies other than zero-rated supplies will now be admissible proportionately in the respective original mode of payment i.e. in cases of refund, where tax to be refunded has been paid through both cash and credit, then refund to be paid in cash and by credit shall be calculated in the same proportion in which the electronic cash ledger and electronic credit ledger has been debited for discharging the total tax liability for the relevant period for which refund application is filed. Such refund, shall be accordingly paid by issuance of order in FORM GST RFD-06 for amount refundable in cash and FORM GST PMT-03 to re-credit the amount attributable to credit as ITC in the electronic credit ledger.

4. **Guidelines for refund of accumulated ITC under Section 54(3):**

Para 36 of [Circular No. 125/44/2019-GST dated 18th November, 2019](#) provided uploading of tax invoices on which credit has been claimed but the details thereof have not been reflected in GSTR-2A. However, in wake of insertion of sub-rule 4 to Rule 36 of the CGST Rules which places restrictions on claiming credit based on the details reflecting in GSTR-2A, refund to be restricted to the ITC as per the invoices, whose details are reflecting in GSTR-2A.

5. **Requirement to mention HSN/SAC Code:**

HSN/SAC code is now required to be mentioned in the Annexure B, which is Statement of invoices, to facilitate distinction between ITC on capital goods and/or input services to determine eligibility of refund. This provision is with the intention of disallowing GST refund related to ITC on Capital Goods.

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