

DA TAX UPDATE INDIRECT TAX

An E-Tax update from
Darda Advisors LLP

43rd GST Council Meeting Update

Issue -21



GOODS AND SERVICES
TAX COUNCIL

Amnesty schemes and late fee waiver related

Return	Condition	Late fee capped to
GSTR 3B	For tax periods from July, 2017 to April, 2021, if furnished between 01 June 2021 to 31 August 2021	Nil tax liability - Maximum of Rs 500/- (Rs. 250/- each for CGST & SGST) per return Others- maximum of Rs 1000/- (Rs. 500/- each for CGST & SGST) per return
GSTR 1 & 3B	Nil outward Supplies in GSTR 1	Rs 500 (Rs 250 CGST + Rs 250 SGST)
	Annual Aggregate Turnover (AATO) < Rs. 1.5 Crores	Maximum of Rs 2000 (1000 CGST+1000 SGST)
	Rs. 1.5 Cr < AATO < Rs. 5 Cr	Maximum of Rs 5000 (2500 CGST+2500 SGST)
	AATO > Rs. 5 Cr	Maximum of Rs 10000 (5000 CGST+5000 SGST)
GSTR 4	Nil tax liability	Rs 500 (Rs 250 CGST + Rs 250 SGST)
	Other than nil tax liability	Rs 2000 (Rs 1000 CGST + Rs 1000 SGST)
GSTR 7		Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST)
		Capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST)

Return and extension of date related

Return	Period	Taxpayer	Existing Due date	Extended Due date	Interest rate waiver
GSTR 1/IFF	May 2021	Normal & Quarterly	11 June 2011	26 June 2011	NA
GSTR 3B/ PMT-06	Mar 2021	Small taxpayers (aggregate turnover upto Rs. 5 crore)	22/24 Apr 2021	No extension	<ul style="list-style-type: none"> 22/24 April 2021 to 6/8 May 2021 – Nil 7/9 May 2021 -22/24 June 2021 – 9% 23/25 June 2021 onwards - 18%
	April 2021	Small taxpayers (AT upto Rs. 5 crore)	25 May 2021	No extension	<ul style="list-style-type: none"> 25 May 2021 to 9 June 2021 – Nil 10 June 2021 to 10 July 2021 – 9% 11 July 2021 onwards - 18%
	May 2021	Small taxpayers	25 June 2021	No extension	<ul style="list-style-type: none"> 25 June 2021 to 10 July 2021 – Nil 11 July 2021 to 26 July 2021 – 9% 27 July 2021 onwards - 18% No late fee till 22/24 July 2021

Return and extension of date related

Return	Period	Taxpayer	Existing Due date	Extended Due date	Interest rate waiver
GSTR 3B	May 2021	Large taxpayers (AT more than Rs. 5 crore)	20 June 2021	No extension	<ul style="list-style-type: none"> • 20 June 2021 to 5 July 2021 – 9% • 6 July 2021 onwards - 18% • No late fee till 20 June 2021
GSTR 4	FY 20-21	Composition Dealers	31 May 2021	31 July 2021	NA
ITC-04	Qy March 2021	Normal	31 May 2021	30 June 2021	NA

- **Cumulative application of rule 36(4)** for availing ITC for tax periods **April, May and June, 2021** in the return for the period **June, 2021**.
- **Allowing** filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till **31 August 2021**
- Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from **15 April, 2021 to 29 June, 2021**, to be extended upto **30 June, 2021**

Trade facilitation measures - Sectoral Changes

Real Estate – Time of Supply for JDA

- Real Estate Builders enter into a Joint Development Agreement with the Landowners for allocation of flats/units on which GST is charged on such transfer. However, Time of Supply for the same is completion certificate
- Now, the amendment to be made so that the developer promotor shall be allowed to pay GST relating to such apartments any time before or at the time of issuance of completion certificate

Shipping Industry – PoS and rate reduction

- GST on MRO services in respect of ships/vessels shall be reduced to 5% (from 18%).
- Similar benefit already provided to Aircraft industry
- PoS (Place of Supply) of B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service. Thus, the same would be eligible for Zero rated benefit as export of services and It will give competitive advantage to the industry as compared to neighboring counties

Trade facilitation measures - Sectoral Changes

Milling And Toll Related

- Clarification to be issued in relation to supply of service by way of milling of wheat/paddy into flour (fortified with minerals etc. by millers or otherwise)/rice to Government/local authority etc. for distribution of such flour or rice under PDS is exempt from GST if the value of goods in such composite supply does not exceed 25%. Otherwise, such services would attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS.
- Clarification could be issued regarding GST is payable on annuity payments received as deferred payment for construction of road. Benefit of the exemption is for such annuities which are paid for the service by way of access to a road or a bridge

Government Entity/PSUs Related

- Clarification to be issued regarding those services supplied to a Government Entity by way of construction of a rope-way may attract GST at the rate of 18%
- Clarification to be issued regarding services supplied by Govt. to its undertaking/PSU by way of guaranteeing loans taken by such entity from banks and financial institutions is exempt from GST

Changes in GST rates on supply of goods and services

Covid relief items

1. As a COVID-19 relief measure, a number of specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and COVID-19 vaccines, etc., have been recommended for full exemption from IGST, even if imported on payment basis, for donating to the government or on recommendation of state authority to any relief agency. This exemption shall be valid upto 31 August 2021. Hitherto, IGST exemption was applicable only when these goods were imported “free of cost” for free distribution. The same will also be extended till 31 August 2021. It may be mentioned that these goods are already exempted from Basic Customs duty. Further in view of rising Black Fungus cases, the above exemption from IGST has been extended to Amphotericin B.
2. As regards individual items, it was decided to constitute a Group of Ministers (GoM) to go into the need for further relief to COVID-19 related individual items immediately. The GOM shall give its report by 08 June 2021.

Changes in GST rates on supply of goods and services

Other goods

3. To support the Lymphaetic Filarisis (an endemic) elimination programme being conducted in collaboration with WHO, the GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% (from 12%).
4. Certain clarifications/clarificatory amendments have been recommended in relation to GST rates. Major ones are, -
 - a. Leviability of IGST on repair value of goods re-imported after repairs
 - b. GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) to apply even if these goods are sold separately

5. Services

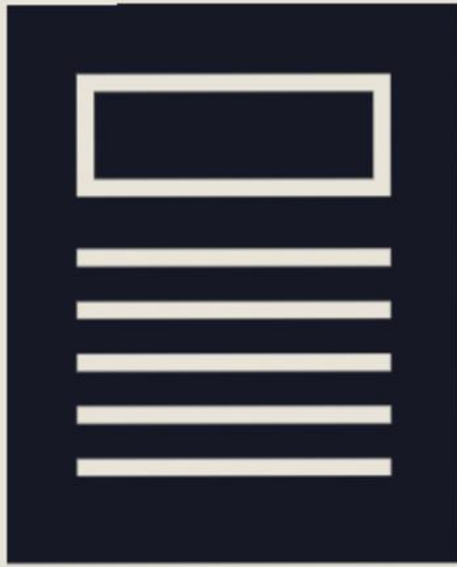
- i. To clarify those services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid-day meals under any midday meals scheme, sponsored by Government is exempt from levy of GST irrespective of funding of such supplies from government grants or corporate donations

Changes in GST rates on supply of goods and services

- ii. To clarify these services provided by way of examination including entrance examination, where fee is charged for such examinations, by National Board of Examination (NBE), or similar Central or State Educational Boards, and input services relating thereto are exempt from GST

Other changes related to GST law and procedure

1. Simplification of Annual Return for Financial Year 2020-21:
 - i. Amendments in section 35 and 44 of CGST Act made through Finance Act, 2021 to be **notified**. This would ease the compliance requirement in furnishing reconciliation statement in FORM GSTR-9C, as taxpayers would be able to self-certify the reconciliation statement, instead of getting it certified by chartered accountants. This change will apply for Annual Return for FY 2020-21.
 - ii. The filing of **annual return** in FORM GSTR-9 / 9A for **FY 2020-21** to be **optional** for taxpayers having aggregate annual turnover **upto Rs 2 Crore**;
 - iii. The **reconciliation statement** in FORM GSTR-9C for the **FY 2020-21** will be required to be filed by taxpayers with annual aggregate turnover **above Rs 5 Crore**
2. Retrospective amendment in section 50 of the CGST Act with effect from 01 July 2017, providing for payment of interest on net cash basis, to be notified at the earliest
3. GST Council recommended amendments to make **GSTR-1/3B return** filing as the **default return** filing system in GST.



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GST Council Meeting

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