

# TAX INFO

Dated: 06.10.2020

Latest update on GST Law: Information regarding **Recommendations of 42<sup>nd</sup> GST Council Meeting** based on the **Press Release dated 05.10.2020.**

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The 42<sup>nd</sup> GST Council was held on 05.10.2020 under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman through video conferencing in Delhi, and discussed the followings

1. **Due date of furnishing quarterly GSTR-1** by quarterly taxpayers is revised to 13<sup>th</sup> of the month succeeding the quarter w.e.f. 01.01.2021.
2. **GSTR-3B will be auto-generated from GSTR-1:**
  - a. Liability will be auto-populated from GSTR-1 w.e.f. 01.01.2021.
  - b. ITC will be auto-populated from supplier's GSTR-1 in GSTR-2B for monthly filers w.e.f 01.01.2021 and for quarterly filers w.e.f. 01.04.2021
  - c. To ensure auto-population from GSTR-1 to GSTR-3B, FORM GSTR 1 would be mandatorily required to be filed before FORM GSTR3B w.e.f. 01.04.2021
3. The present GSTR-1/3B return filing system to be extended till 31.03.2021 and the GST laws to be amended to make the GSTR-1/3B return filing system as the default return filing system.
4. **Taxpayers having aggregate annual turnover of less than Rs. 5 cr.,** returns to be filed on a quarterly basis with monthly payments w.e.f. 01.01.2021. Such quarterly taxpayers would, for the first two months of the quarter, have an option to pay 35% of the net cash tax liability of the last quarter using an auto generated challan.
5. **Revised Requirement of declaring HSN for goods and SAC for services** in invoices and in FORM GSTR-1 w.e.f. 01.04.2021 as under:
  - a. HSN/SAC at 6 digits for supplies of both goods and services for taxpayers with aggregate annual turnover above Rs. 5 crores;
  - b. HSN/SAC at 4 digits for B2B supplies of both goods and services for taxpayers with aggregate annual turnover upto Rs. 5 crores;
  - c. Government to have power to notify 8 digit HSN on notified class of supplies by all taxpayers.
6. **Refund** to be paid/disbursed in a validated bank account linked with the PAN & Aadhaar of the registrant w.e.f. 01.01.2021.
7. Various amendments in the CGST Rules and FORMS have been recommended which includes **provision for furnishing of Nil FORM CMP-08 through SMS**.

Hence, the approved framework aims to simplify return filing and further reduce the taxpayer's compliance burden as discussed in the GST Council Meeting but the author's has many doubts listed as under:

- a) Dealer having turnover less than Rs. 5 crores but opted to file returns on monthly basis, whether he is not required to file GSTR-3B for January, 2020 and February, 2020.
- b) Portal would enable GSTR-3B for January, 2020 and February, 2020 for such above dealer because he had opted for monthly dealer for FY 2020-21, whether portal will impose late fees for such non-filing of GSTR-3B as stated in the Press Release.
- c) In the absence of GSTR-1 by Quarterly Dealers, ITC would not flow to GSTR-2B then how this ITC would be claimed by monthly dealer for the month of January, 2020 and February, 2020. In his Auto Populated GSTR-3B by Monthly Dealers.
- d) Real time uploading of invoices in GSTR-1 by quarterly dealer not discussed in present GST Council Meeting in spite of much awaited demand by the trade & industry for obeying Rule 36(4). Monthly dealer would get only 13 days for a month invoice and what about segregation of work load on portal system and different dates for category 1 or 2 states.
- e) Monthly dealer would get ITC from GSTR-2B w.e.f. 01.01.2021, then whether Rule 36(4) would be operative for such monthly dealer for the month of January, 2020 and February, 2020
- f) Not discussed for Auto Populated GSTR-2B in Static forms would be made available on 14<sup>th</sup> days of each month.
- g) Quarterly dealer would pay tax in the first and second month of the quarter have an option to pay 35% of the net cash tax liability of the last quarter using an auto generated challan, if it is an option then what is the alternate requirement of law.

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