

Indirect Taxes



Summary of Key Decisions taken in 43rd GST Council Meeting

- **Covid Relief Items**

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 31.08.2021. Hitherto, IGST exemption was applicable only when these goods were imported “free of cost” for free distribution. The same will also be extended till 31.8.2021. 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.

- **Other Goods**

- i. The GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% from 12%.
- ii. Certain 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.

- **Services**

- i. 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.
- ii. 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.
- iii. To make appropriate changes in the relevant notification for an explicit provision to make it clear that land owner promoters could utilize credit of GST charged to them by developer promoters in respect of such apartments that are subsequently sold by the land promotor

and on which GST is paid. 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.

- iv. To extend the same dispensation as provided to MRO units of aviation sector to MRO units of ships/vessels so as to provide level playing field to domestic shipping MROs vis a vis foreign MROs and accordingly:
 - a. GST on MRO services in respect of ships/vessels shall be reduced to 5% from 18%.
 - b. PoS of B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service.
- v. 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.
- vi. 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.
- vii. Services supplied to a Government Entity by way of construction of a rope-way will attract GST at the rate of 18%.
- viii. 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.

• **Measures for Trade facilitation:**

Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns: To provide relief to the taxpayers, late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021 has been reduced / waived as under:

Late Fees	Condition
Capped to a maximum of INR 500/- per return (Rs. 250 each for CGST & SGST)	Taxpayers not having any tax liability for the said tax periods.
Capped to a maximum of INR 1000/- per return (Rs. 500 each for CGST & SGST)	For other taxpayers.

The reduced rate of late fee would apply if GSTR-3B returns for these tax periods are furnished between 01.06.2021 to 31.08.2021.

Rationalization of late fee imposed under section 47 of the CGST Act: To reduce burden of late fee on smaller taxpayers, the upper cap of late fee is being rationalized to align late fee with tax liability/ turnover of the taxpayers, as follows:

- i. The late fee for delay in furnishing of FORM GSTR-3B and FORM GSTR-1 to be capped, per return, as below:

Late Fees	Condition
Capped to a maximum of INR 500/- (Rs. 250 each for CGST & SGST)	Taxpayers not having any tax liability and nil outward supply
Capped to a maximum of INR 2000/- (Rs. 1000 each for CGST & SGST)	Taxpayers having Annual Aggregate Turnover (AATO) in preceding year upto Rs 1.5 crore
Capped to a maximum of INR 5000/- (Rs. 2500 each for CGST & SGST)	Taxpayers having AATO in preceding year between Rs 1.5 crore to Rs 5 crore
Capped to a maximum of INR 10000/- (Rs. 5000 each for CGST & SGST)	Taxpayers having AATO in preceding year above Rs 5 crore

- ii. The late fee for delay in furnishing of FORM GSTR-4 by composition taxpayers to be capped to Rs 500 (Rs 250 CGST + Rs 250 SGST) per return, if tax liability is nil in the return, and Rs 2000 (Rs 1000 CGST + Rs 1000 SGST) per return for others.
- iii. Late fee payable for delayed furnishing of FORM GSTR-7 to be reduced to Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST) and to be capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST) per return.

All the above proposals to be made applicable for prospective tax periods.

- **COVID-19 related relief measures for taxpayers**
For small taxpayers (aggregate turnover upto Rs. 5 crore)

- i. March & April 2021 tax periods:
 - a. NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, reduced rate of 9% thereafter for further 45 days and 30 days for March, 2021 and April, 2021 respectively.
 - b. Waiver of late fee for delay in furnishing return in FORM GSTR-3B for the tax periods March / QE March, 2021 and April 2021 for 60 days and 45 days respectively, from the due date of furnishing FORM GSTR-3B.
 - c. NIL rate of interest for first 15 days from the due date of furnishing the statement in CMP-08 by composition dealers for QE March 2021, and reduced rate of 9% thereafter for further 45 days.
- ii. For May 2021 tax period:

- a. NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, and reduced rate of 9% thereafter for further 15 days.
- b. Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for taxpayers filing monthly returns for 30 days from the due date of furnishing FORM GSTR-3B.

For large taxpayers (aggregate turnover more than Rs. 5 crore)

- i. A lower rate of interest @ 9% for first 15 days after the due date of filing return in FORM GSTR-3B for the tax period May, 2021.
- ii. Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for the tax period May, 2021 for 15 days from the due date of furnishing FORM GSTR-3B.

Other COVID-19 related relaxations

- i. Extension of due date of filing GSTR-1/ IFF for the month of May 2021 by 15 days.
- ii. Extension of due date of filing GSTR-4 for FY 2020-21 to 31.07.2021.
- iii. Extension of due date of filing ITC-04 for QE March 2021 to 30.06.2021.
- iv. 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.
- v. Allowing filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till 31.08.2021.

Relaxations under section 168A of the CGST Act:

Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from 15th April, 2021 to 29th June, 2021, to be extended upto 30th June, 2021, subject to some exceptions.

[Wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply]

- **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.
- Retrospective amendment in section 50 of the CGST Act with effect from 01.07.2017, providing for payment of interest on net cash basis, to be notified at the earliest.

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