



## Inside this edition

- Blocking of GSTR1 in case of non-filing of GSTR-3B
- GST levied on recovery of notice pay from employees in lieu of notice period.

*and more...*

## NOTIFICATIONS



### **Blocking of GSTR1 in case of non-filing of GSTR3B under Rule 59 of CGST Rules**

The sub-rule (6) to Rule 59 has been now inserted to not to allow a registered person to furnish details of outward supplies of goods or services or both under section 37 in FORM GSTR-1:

- If the registered person requires to furnish monthly returns and has not furnished the return in FORM GSTR-3B for preceding two months.
- If the registered person requires to furnish quarterly returns and has not furnished the return in FORM GSTR-3B for preceding tax period.
- If the registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of ninety-nine per cent. of such tax liability under rule 86B, has not furnished the return in FORM GSTR-3B for preceding tax period.

**Source: Notification No. 01/2021 – Central Tax, dated January 01, 2021**

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## ADVANCE RULING



### **Financial assistance received in lieu of services to be provided by Indian subsidiary to holding company outside India is a supply of services**

**Issue: Whether financial assistance received in lieu of services by the Indian subsidiary from holding company outside India is a supply of services.**

**Facts:** The consideration received by the applicant was under a service contract requiring the applicant to construct a training and production center and providing training to students, unskilled workers, etc. of skilled and unskilled categories of services provided by the holding company.

The Hon'ble AAR Maharashtra held that financial assistance to be received by the Indian subsidiary is a 'consideration' for supply and agreeing to do some acts under contract by an Indian Subsidiary pursuant to financial-aid received under Germany's economic programme for developing countries is 'supply of service' classifiable under SAC Heading 999792 A2Z Taxcorp LLP January 11, 2021 vide **Notification-11/2017 - Central Tax (Rate) dated June 28, 2017**, which pertains to "Agreeing to do an Act".

**Source: Order No. GST-ARA-20/2019-20/B-59, dated December 15, 2020**

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### **GST should be levied on notice pay received from employees in lieu of notice period**

**Facts:** Notice Pay is an amount mutually agreed for breaching of employment contract in not serving the stipulated notice period.

The transaction of the employer agreeing to the obligation of tolerating an act i.e., to agree to let go an employee without any advance notice for payment (notice pay), will be covered under Clause 5(e) to Schedule II to CGST Act, as a declared service.

Hence, the Applicant is liable to pay GST @18% under the entry of “services not elsewhere classified” (Entry No. 35 of the Notification No. 11/2017- Central Tax (Rate) dated June 28, 2017), on recovery of notice pay from the employees who leave the Company without completing the notice period as per the appointment letter.

**Source: AAR No. GUJ/GAAR/R/51/2020, dated July 30, 2020**

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### **CGST & SGST would be levied on intermediary services provided to foreign principal**

**Issue: Whether the services provided by the Applicant as an intermediary are liable to Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) or Integrated Goods and Services Tax (IGST)?**

**Facts:** The definition of of an ‘intermediary’ under Section 2 of IGST Act, 2017, as they are acting as an agent and facilitating the process for sale of machinery by their foreign principals to the Indian parties and for providing such service to the foreign principal the Applicant is receiving the commission. It is very clear from the facts of transaction that the Applicant is acting as an “agent.”

Wherein, the intermediary services provided by the Applicant is stated in sub-section (8)(b) of Section 13 of the IGST Act. Section 13(8) of the IGST Act, clearly mentions that the place of supply in respect of the services described under the said sub-section shall be the location of the supplier of services

**Source: AAR No. GUJ/GAAR/R/98/2020, dated October 14, 2020**

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## **CUSTOMS**



### **CBIC issued instructions for requirement of filing of Bill of Coastal Goods (BCG)**

Representations have been received that at various ports like Cochin, VoCPT (Tuticorin), Paradip, Haldia and Kolkata, Bill of Coastal Goods (BCG) is still required to be filed for pure coastal vessels operating from EXIM berths whereas, in terms of Notification 57/2016-Cus (N.T.), dated 27.04.2016, only a Manifest is required to be submitted for pure coastal vessels operating from Exim berths.

The issue has been examined. All coastal vessels carrying exclusively coastal goods and operating from either coastal or EXIM berths has been exempted from the provisions of Sections 92, 93, 94, 95, 97 and 98(1) of the Customs Act, 1962 vide Notification No. 56/2016-Cus (N.T.), dated 27.04.2016.

Further, in respect of coastal vessels loading or unloading coastal goods at EXIM berths, provisions of Sections 30 & 41 of the Customs Act, 1962 have been made applicable and a new format for filing a coastal manifest in respect of such vessels has been notified vide Notification

No. 57/2016-Cus (N.T.), dated 27.04.2016. Accordingly, the master of such vessel or his agent shall submit:

(a) coastal arrival manifest for the goods, which are unloaded or meant to be carried forward to other destination ports;

(b) coastal departure manifest for the goods loaded, including goods on board for other destinations

Therefore, it is reiterated that there is no requirement of filing a Bill of coastal Goods as was clarified as per para 4(a) of the CBIC Circular no. 14/2016-Cus, dated 27.04.2016 consequent to issue of CBIC Notification no. 56/2016(NT) dated 27.04.2016, if the coastal vessels are carrying exclusively coastal goods whether berthing at coastal berth or EXIM berth.

**Source: Instructions No. 01/2021-Customs dated January 14, 2021**

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## **GST REVENUE COLLECTION**

The gross GST revenue collected in the month of January 2021 is ₹ 1,19,847 crore of which CGST is ₹ 21,923 crore, SGST is ₹ 29,014 crore, IGST is ₹ 60,288 crore (including ₹ 27,424 crore collected on import of goods) and Cess is ₹ 8,622 crore (including ₹ 883 crore collected on import of goods). The total number of GSTR-3B Returns filed for the month of December up to 31<sup>st</sup> January 2021 is 90 lakhs.

The government has settled ₹ 24,531 crore to CGST and ₹ 19,371 crore to SGST from IGST as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of January 2021 is ₹ 46,454 crore for CGST and ₹ 48,385 crore for the SGST.

The GST revenues during January 2021 are the highest since introduction of GST and has almost touched the ₹ 1.2 lakh crore mark, exceeding the last month's record collection of ₹1.15 lakh crore.

**Source: pib.gov.in**

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## **LET'S TALK**

For a deeper discussion of how these issues might affect your business, please contact our Indirect Taxation Team.

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