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NOTIFICATIONS



CBIC introduced important changes vide CGST (Fourteenth Amendment) Rules 2020: Increase in time limit for system-based registration

The time for system-based registration has been enhanced from 3 days to 7 days. That means, now department shall be required to review and grant registration within 7 days against 3 days as provided earlier from the date of filing of registration application. Where the applicant does not do Aadhaar authentication or where department feels fit to carry out physical verification the time limit for grant of registration shall be 30 days instead of 7 days. **Source: Notification No. 94/2020-Central Tax, dated December 22, 2020.**

CBIC grants more powers to GST department in cancellation of GSTIN

Officer can proceed for cancellation of GSTIN where a taxpayer avails Input Tax Credit (ITC) exceeding than that permissible in Section 16. To that effect, Clause (e) has been inserted in Rule 21 of CGST Rules 2017. Where the liability declared in GSTR 3B is less than that declared in GSTR-1 in a particular month, department may now proceed with cancellation of GSTIN. There might be some practical difficulties in implementing such a provision as there are number of corrections which are made in GSTR 3B which may result in lower tax liability as compared with GSTR 1. The clause (f) newly inserted talks about details of outward supply, which we understand that taxable value and tax both should be in synchronization between GSTR 1 and GSTR 3B.

No opportunity of being heard shall be given to a taxpayer for suspension of GSTIN, where the proper officer (PO) has reasons to

believe that the registration of person is liable to be cancelled. The words “opportunity of being heard has been omitted from clause (2) of Rule 21A.

Where there are significant deviation/anomalies between details of outward supply between GSTR 3B and GSTR1 or inward supplies (ITC) between GSTR 3B and GSTR 2B which indicate contravention of Act, department shall now serve a notice in FORM GST REG 31 to call explanation as to why GSTIN should not be cancelled. Taxpayer shall be required to submit his reply within 30 days of such notice being served to him.

Where a GSTIN is suspended no refund u/s 54 of CGST Act 2017 can be availed by the taxpayer. This means that first GSTIN Suspension proceedings have to be closed before applying refund.

Restriction on claim of ITC as per Rule 36(4)

The claim of ITC in respect of invoices not furnished by the corresponding vendors has now been restricted to 5% of the credit available in GSTR 2B. This limit earlier was 10% of ITC available. This would mean that a taxpayer’s ITC claim shall now be restricted to 105% of the Credit reflected in his GSTR 2B. Any claim exceeding the specified limit shall result in violation of CGST Act read with rules which may result into suspension of GSTIN as described above. The provision shall come into effect from 1st January 2021.

GSTR 1 to be blocked in case of non-filing of GSTR 3B

Where a taxpayer fails to file GSTR 3B for two subsequent months, his GSTR 1 shall now be blocked. Earlier non filing of GSTR 3B used to result

in blocking of E-way Bill facility but from now on it shall also result in blocking of GSTR 1 of the taxpayer. Similarly, for quarterly return filers, the taxpayer failing to file GSTR 3B for the preceding quarter shall not be permitted to file GSTR 1 of subsequent quarter.

A taxpayer whose is restricted to avail ITC as per rule 86B shall also not be permitted to file GSTR 1 where he has not filed GSTR 3b for the preceding tax period.

Restriction on utilization of Input Tax Credit -Rule 86B

New Rule 86B shall be affected from 1st January 2021 wherein restriction has been placed on setting off more than 99% of tax liability from Input tax credit where the value of taxable supplies other than exempt supply and zero-rated supply exceeds Rs. 50 lakhs in a month. Though few exceptions have been provided to this rule which are as follows:

- (i) Where the taxpayer has paid Income Tax exceeding Rs. 1 lakh in two preceding financial year.
- (ii) Where taxpayer has received refund exceeding Rs. 1 lakhs u/s 54 of CGST Act 2017.
- (iii) Where taxpayer has used electronic cash ledger to pay of liability on outward supplies which cumulatively makes 1% of the total liability up to the said month
- (iv) Where a person is a Government Department, Public Sector Undertaking (PSU), local authority or a statutory body.

Change in validity of E Way Bill

CBIC has changed the validity of E Way bill by, increasing the distance to be covered in one E Way bill to 200 kilometers instead of 100 kilometers per day.

Source: Notification No. 94/2020-Central Tax, dated December 22, 2020.

CBIC appoints January 1, 2020 as date on which various sections of Finance Act, 2020 shall come into force

CBIC has appointed January 1, 2020, date on which Sections: 119, 120, 121, 122, 123, 124, 126, 127 and 131 of Finance Act, 2020 will come into force.

Source: Notification No. 92/2020-Central Tax, dated December 22, 2020

CBIC notifies new scheme for quarterly return filing

CBIC notifies new scheme for quarterly return filing along-with monthly payment of taxes for registered taxpayers having a turnover upto Rs. 5 crores.

Registered taxpayers who are required to furnish a return in Form GSTR-3B, and who have an aggregate turnover of up to 5 crore rupees in the preceding financial year, are eligible for the QRMP Scheme w.e.f. January 1, 2021, subject to following conditions:

- Return for the preceding month, as due on the date, has been filed.
- Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the return.

- A registered person whose aggregate turnover crosses Rs.5 crore rupees during a quarter in a financial year shall not be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter.
- Taxpayers who have opted for monthly filing of return even if there turnover is below Rs. 5 crores may change their option online through GST portal opting for quarterly filing of returns.

Source: Notification No. 84/2020-Central Tax, dated November 10, 2020.

CUSTOMS



CBIC issues circular for import and export of vaccines in relation to COVID-19 through courier

- The CBIC vide **Circular No. 56/2020 – Customs dated December 30, 2020**, issued for import and export of vaccines in relation to COVID-19 through courier:
- In order to facilitate the import/ export of vaccines in relation to COVID-19 through Courier, at locations where the Express Cargo Clearance System (ECCS) is operational, the Board has issued the Courier Imports and Exports (Electronic Declaration and Processing) Amendment Regulations, 2020. These new regulations amend the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 to provide the following.
 - Imports of and exports of vaccines in relation to COVID 19 has been allowed without any value limitation.

- Since the vaccines will be imported in durable containers equipped with the requisite temperature monitoring and tracking devices, sub-regulation (3) of regulation 6 and the declaration in Form H (CSB IV) of the Regulations have been suitably amended to provide for the export of the durable container including accessories thereof, imported in relation to COVID-19 vaccines.
- The clarifications contained in Circular No.51/2020-Customs, dated 20.11.2020 would apply for the temporary importation and re-export of the durable containers including accessories thereof imported in relation to the COVID-19 vaccines through Courier. Care should be taken to ensure compliance with the procedure contained in said Circular including execution of a continuity bond, declaration of the durable containers and accessories thereof as a separate item in the Customs declaration during import and re-export. Importers may be advised to indicate the unique identifier of the container and the accessories during import in the Courier Bill of Entry (CBE-V) and also at the time of re-export in the Courier Shipping Bill (CSB IV) for facilitating clearance.

LET'S TALK

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

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