



CHEMEXCIL

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EPC: LIC: GST

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Recommendations of the 42nd GST Council Meeting held on 5th October 2020

ALL THE MEMBERS OF THE COUNCIL

Dear Members,

As you might be aware, the 42nd GST Council meeting was held on 5th October 2020 under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman through video conferencing.

In this regard, Ministry of Finance has issued Press Release dated 5th October 2020 whereby we understand that the GST Council has made the following recommendations:

Levy of Compensation Cess to be extended beyond the transition period of five years i.e. beyond June, 2022, for such period as may be required to meet the revenue gap. Further details to be worked out.

Centre is releasing compensation of ₹ 20,000 crore to States today towards loss of revenue during 2020-21 and an amount of about ₹ 25,000 crore towards IGST of 2017-18 by next week.

Enhancement in features of return filing:

In its 39th Meeting held in March 2020, the Council had recommended an incremental approach to incorporate features of the new return system in the present familiar GSTR-1/3B scheme. Various enhancements have since been made available on the GST Common Portal. With a view to further enhance Ease of Doing Business and improve the compliance experience, the Council has approved the future roadmap for return filing under GST.

The approved framework aims to simplify return filing and further reduce the taxpayer's compliance burden in this regard significantly, such that the timely furnishing of details of outward supplies (GSTR-1) by a taxpayer and his suppliers would

–(i) allow him to view the ITC available in his electronic credit ledger from all sources i.e. domestic supplies, imports and payments on reverse charge etc. prior to the due date for payment of tax,

and (ii) enable the system to auto-populate return (GSTR-3B) through the data filed by the taxpayer and all his suppliers. In other words, the timely filing of GSTR-1 statement alone would be sufficient as the return in FORM GSTR-3B would get auto prepared on the common portal.

To this end the GST Council recommended / decided the following:

Due date of furnishing quarterly GSTR-1 by quarterly taxpayers to be revised to 13th of the month succeeding the quarter w.e.f. 01.1.2021;

Roadmap for auto-generation of GSTR-3B from GSTR-1s by:

Auto-population of liability from own GSTR-1 w.e.f. 01.01.2021; and

Auto-population of input tax credit from suppliers' GSTR-1s through the newly developed facility in FORM GSTR-2B for monthly filers w.e.f. 01.01.2021 and for quarterly filers w.e.f. 01.04.2021;

In order to ensure auto population of ITC and liability in GSTR 3B as detailed above, FORM GSTR 1 would be mandatorily required to be filed before FORM GSTR3B w.e.f. 01.04.2021.

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.

As a further step towards reducing the compliance burden particularly on the small taxpayers having aggregate annual turnover < Rs. 5 cr., the Council's earlier recommendation of allowing filing of returns on a quarterly basis with monthly payments by such taxpayers to be implemented 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.

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:

HSN/SAC at 6 digits for supplies of both goods and services for taxpayers with aggregate annual turnover above Rs. 5 crores;

HSN/SAC at 4 digits for B2B supplies of both goods and services for taxpayers with aggregate annual turnover upto Rs. 5 crores;

Government to have power to notify 8 digit HSN on notified class of supplies by all taxpayers.

Amendment to the CGST Rules: Various amendments in the CGST Rules and FORMS have been recommended which includes provision for furnishing of Nil FORM CMP-08 through SMS.

Refund to be paid/disbursed in a validated bank account linked with the PAN & Aadhaar of the registrant w.e.f. 01.01.2021.

The said MOF press release is available for reference on below link-

<https://pib.gov.in/PressReleasePage.aspx?PRID=1661827>

Note:- The decisions of the GST Council have been presented in this MOF press release in simple language for easy understanding. The same would be given effect to through Gazette notifications/ circulars which alone shall have force of law.

Members may also send their feedback on our email id's: ed@chemexcil.gov.in; pwdd@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in & info@chemexcil.gov.in for records/taking it further, if required.

Thanking you.

Yours faithfully

S G Bharadi
Executive Director
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