



A2Z TAXCORP LLP

Tax and Law Practitioners

Key Highlights of Union Budget 2022

Changes under GST



GST

GST has been a landmark reform of Independent India showcasing the spirit of Cooperative Federalism. While aspirations were high, there were huge challenges too. These challenges were overcome deftly and painstakingly under the guidance and oversight of the GST Council. The right balance between facilitation and enforcement has engendered significantly better compliance. GST revenues are also buoyant despite the pandemic.

Certain changes have been made in the GST Acts on the basis of recommendation made by the GST Council. These changes broadly relates to facilitation/simplification and for improving compliance. These changes include rationalisation of return filing procedure, sequential filing of GSTR-1, cancellation of registration of return non-filers/ stop-filers, doing away with two-way communication process in return filing and consequent changes related thereto, certain conditional restrictions on utilisation of input tax credit, allowing transfer in electronic cash ledger of a distinct person, extending the relevant date for rectification of errors, availing input tax credits, issuance of credit or debit note pertaining to a financial year till 30th November of following financial year, etc. Also, Section 50 of the CGST Act has been amended to prescribe, with effect from July 01, 2017, levy of interest on wrongly availed ITC only if it is utilised.

Following amendments carried out in the Finance Bill, 2022, vide Clause 99 to 113, which will come into effect from a date to be notified, as far as possible, concurrently with the corresponding amendments to the similar GST Acts passed by the State(s) & Union territories with legislature.

Further, amendments carried out in the Finance Bill, 2022, vide Clause 114 to 123 will come into effect on the date of its enactment.

Clause 99:

- Input tax credit wr.t. a supply of goods or services can be availed only if such credit has not been restricted in the details communicated to the recipient under Section 38 of the CGST Act i.e. GSTR 2B.
- Section 43A of the CGST Act, which was inserted vide Section 8 of CGST (Amendment) Act, 2018 but never made effective and is now proposed to be omitted.
- An extended time limit for availment of input tax credit by a registered person in respect of any invoice or debit note pertaining to a financial year up to 30th day of November of the following financial year.

Clause 100:

Clause (b) and (c) of sub-section (2) of Section 29 of the CGST Act are being amended so as to provide that the registration of a person is liable for cancellation, where -

- (i) Person paying tax under Section 10 (Composition Dealer) has not furnished the return for a financial year beyond three months from the due date of furnishing of the said return;
- (ii) Person, other than those paying tax under Section 10, has not furnished returns for such continuous tax period as may be prescribed.

Clause 101

An extended time limit for issuance of credit notes in respect of any supply made in a financial year up to 30th day of November of the following financial year; [Amended Sub-section (2) of Section 34 of the CGST Act.

Clause 102

Section 37 of the CGST Act is being amended so as to:

- (i) Prescribe conditions and restrictions for furnishing the details of outward supply in GSTR 1 and for communication of the details of such outward supplies to concerned recipients in GSTR 2B;
- (ii) Do away with two-way communication process in return filing.
- (iii) Provide for an extended time up to 30th day of November of the following financial year for rectification of errors in respect of details of outward supplies furnished under sub-section (1) of Section 37 of the CGST Act (GSTR 1);
- (iv) Provide for tax period-wise sequential filing of details of outward supplies under sub-section (1) of Section 37 of the CGST Act (GSTR 1).

Clause 103

Section 38 of the CGST Act is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement in GSTR 2B and to do away with two-way communication process in return filing.

Clause 104

Section 39 of the CGST Act is being amended so as to:

- (i) Provide that the non-resident taxable person shall furnish the return (GSTR 5) for a month by 13th day of the following month.
- (ii) Provide an option to the persons furnishing return under proviso to sub-section (1), to pay either the self-assessed tax or an amount that may be prescribed.
- (iii) Provide for an extended time up to 30th day of November of the following financial year, for rectification of errors in the return furnished under Section 39 of the CGST Act.
- (iv) Provide for furnishing of details of outward supplies (GSTR 1) of a tax period under sub-section (1) of Section 37 as a condition for furnishing the return under Section 39 for the said tax period.

Clause 105

Section 41 of the CGST Act is being substituted so as to do away with the concept of “claim” of eligible input tax credit on a “provisional” basis and to provide for availment of self-assessed input tax credit subject to such conditions and restrictions as may be prescribed.

Clause 106

Sections 42, 43 and 43A of the CGST Act are being omitted so as to do away with two-way communication process in return filing.

Clause 107

Section 47 of the CGST Act is being amended so as to provide for levy of late fee for delayed filing of return (GSTR 8) under Section 52 of the CGST Act. Further, reference to Section 38 of the CGST Act is being removed consequent to the amendment in Section 38 of the CGST Act.

Clause 108

Consequent to the amendment in Section 38 of the CGST Act, sub-section (2) of Section 48 of the CGST Act is being amended so as to remove reference to Section 38 therefrom.

Clause 109:

Section 49 of the CGST Act is being amended so as to:

- (i) Provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger;
- (ii) Allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the CGST Act or the IGST Act of a distinct person;
- (iii) Provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

Clause 110:

No Levy of interest on input tax credit wrongly availed but not utilized under Section 50 of the CGST Act retrospectively w.e.f. July 01, 2017.

Clause 111:

Extended time limit up to 30th day of November of the following financial year for rectification of errors in the statement furnished under Section 52(4) of the CGST Act i.e., GSTR-8.

Clause 112:

Section 54 of the CGST Act is being amended so as to:

- (i) Explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed.
- (ii) Provide the time limit for claiming refund of tax paid on inward supplies of goods or services or both under Section 55 of the CGST Act (i.e., Refund for specialised Agency) as 2 years from the last day of the quarter in which the said supply was received.
- (iii) Extend the scope of withholding of or recovery from refunds in respect of all types of refund.
- (iv) Provide clarity regarding the relevant date for filing refund claim w.r.t supplies made to a SEZ developer or unit.

Clause 113:

Consequent to the amendment in Section 38 of the CGST Act, Section 168(2) of the CGST Act is being amended so as to remove reference to Section 38 therefrom.

Clause 114:

To amend *Notification No. 9/2018 – Central Tax, dated the January 23, 2018*, so as to notify www.gst.gov.in, retrospectively, with effect from June 22, 2017, as the Common Goods and Services Tax Electronic Portal, for all functions provided under Central Goods and Services Tax Rules, 2017, other than those provided for e-way bill and for generation of invoices under sub-rule (4) of rule 48 of the CGST Rules.

Clause 115, 118, 121:

Proposed to amend *Notification No. 13/2017 – Central Tax, Notification No. 6/2017 – Integrated Tax, Notification No. 10/2017 – Union Territory Tax, all dated June 28, 2017*, retrospectively w.e.f. July 1, 2017, to notify the rate of interest on delayed payment of CGST, IGST & UTGST from 24% PA to 18% PA under Section 50(3) of the CGST Act read with Section 20 of the IGST Act & Section 21 of the UTGST Act viz. mismatch of Credit.

Clause 116, 119, 122:

To amend following relevant notifications under the Central Tax, Union Territory Tax and Integrated Tax vide *Notification No. 01/2017 – Central Tax (Rate), Notification No. 01/2017 – Integrated Tax (Rate), Notification No. 01/2017 – Union Territory Tax (Rate), all dated June 28, 2017*, on supply of unintended waste generated during the production of fish meal (falling under heading 2301), except fish oil, is being exempted during the period commencing from the 1st day of July, 2017, and ending with the 30th day of September, 2019 (both days inclusive), subject to the condition that if said tax has been collected, the same would not be eligible for refund.

Clause 117, 120, 123:

Service by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called by the State Governments, has been declared as an activity or transaction which shall be treated neither as a supply of goods nor a supply of

service vide following *Notification No. 25/2019- Central Tax (Rate)*, *Notification No. 24/2019- Integrated Tax (Rate)* and *Notification No. 25/2019- Union Territory Tax (Rate)* dated September 30, 2019.

These notifications have been given retrospective effect from July 01, 2017. However, no refund shall be made of tax which has been collected, but which would not have been so collected, had the said notifications been in force at all material times.

Note:

- (a) CGST Act means Central Goods and Services Tax Act, 2017
- (b) IGST Act means Integrated Goods and Services Tax Act, 2017
- (c) UTGST Act means Union Territory Goods and Services Tax Act, 2017

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**ABOUT US:**

A2Z TAXCORP LLP is a boutique Indirect Tax firm having professionals from Multi disciplines which includes Goods and Services Tax (GST), Central Excise, Custom, Service Tax, VAT, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy etc.

Thanks & Best Regards,

Bimal Jain

FCA, FCS, LLB, B. Com (Hons)

Author of a book on Goods and Services Tax, titled, “GST Law and Commentary (with Analyses and Procedures) [6th Edition]

Email: bimaljain@a2ztaxcorp.com

Connect With Us:

**A2Z TAXCORP LLP**
Tax and Law Practitioners

Flat No. 34B,
Ground Floor, Pocket – 1,
Mayur Vihar Phase-1
Delhi – 110091 (India)
Tel: +91 11 42427056
Web: www.a2ztaxcorp.com

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