







MEASURES FOR TRADE FACILITATION

Further relief for small taxpayers for late filing of returns for February, March & April 2020 Tax periods:

For small taxpayers (aggregate turnover upto Rs. 5 crore), for the supplies effected in the month of February, March and April, 2020, the rate of interest for late furnishing of return for the said months beyond specified dates (staggered upto 6th July 2020) is reduced from 18% per annum to 9% per annum till 30.09.2020. In other words, for these months, small taxpayers will not be charged any interest till the notified dates for relief (staggered upto 6th July 2020) and thereafter 9% interest will be charged till 30.09.2020.

40TH GST COUNCIL MEET RECOMMENDATIONS



IDT UPDATE_SKKA_I





MEASURES FOR TRADE FACILITATION

40TH GST COUNCIL MEET RECOMMENDATIONS



Relief for small taxpayers for subsequent tax periods (May, June & July 2020)

In wake of COVID-19 pandemic, for taxpayers having aggregate turnover upto Rs. 5 crore, further relief provided by waiver of late fees and interest if the returns in FORM GSTR-3B for the supplies effected in the months of May, June and July, 2020 are furnished by September, 2020 (staggered dates to be notified).

IDT UPDATE_SKKA_IS





MEASURES FOR TRADE FACILITATION

40TH GST COUNCIL MEET RECOMMENDATIONS



One time extension in period for seeking revocation of cancellation of registration:

 To facilitate taxpayers who could not get their cancelled GST registrations restored in time, an opportunity is being provided for filing of application for revocation of cancellation of registration up to 30.09.2020, in all cases where registrations have been cancelled till 12.06.2020.

IDT UPDATE_SKKA_I





MEASURES FOR TRADE FACILITATION

Reduction in Late Fee for Past Returns:

- As a measure to clean up pendency in return filing, late fee for non-furnishing FORM GSTR-3B for the tax period from July, 2017 to January, 2020 has been reduced / waived as under: -
 - 'NIL' late fee if there is no tax liability;
 - Maximum late fee capped at Rs. 500/- per return if there is any tax liability.
- The reduced rate of late fee would apply for all the GSTR-3B returns furnished between 01.07.2020 to 30.09.2020





40TH GST COUNCIL MEET RECOMMENDATIONS

OTHER RECOMMENDATIONS:

 Certain clauses of Finance Act, 2020 amending CGST Act 2017 and IGST Act 2017 to be brought into force w.e.f. 30/06/2020.

SKKA COMMENTS ON ALL THE RECOMMENDATIONS

The Council seems t have only provided relief to MSME sector wherein t/o of assessee is less than Rs. 5 cr in the PFY. There has been no discussion at all on other aspects of allowing ITC on goods distributed by corporates during the pandemic, extension of lower interest rates for assessee having t/o of more than Rs. 5 cr in the PFY and others. Also, it was stated by the Hon'ble FM that a discussion was also done on rationalising the Inverted duty structure in GST on textiles, footwear etc., however no decision has yet been taken n the same.

Thus we can say todays GST Council meet was more of providing relief to the small scale businessmen and nothing in store for the corporates as such.



Topic: Refund of accumulated ITC for the invoices whose details are not reflected in FORM GSTR-2A

Circular No. 139/09/2020 - GST dated. 10th June,2020.

Background: Clarification on Refund related issues –reg.

SKKA Comments:

To simplify processing of Refund, Government is coming up with a number of Circulars. Initially, Circular No. 125/44/2019-GST dated 18.11.2019 was issued which clarified that **refund of ITC for the invoices not reflected in GSTR-2A was admissible** on the condition that such invoices were required to be uploaded at the time of filing Refund Application on the common portal.

Gradually Circular No. 135/05/2020-GST dated 31.03.2020 was issued which clarified in wake of Rule 36(4) of the CGST Rules, 2017 that **refund of accumulated ITC shall be restricted to those invoices**, details of which are uploaded by the supplier in Form GSTR-1 and are accordingly reflected in Form GSTR-2A of the applicant.

Now, on the basis of Circular No. 135/05/2020-GST dated 31.03.2020, **Refund Sanctioning Authorities have started rejecting** refund in respect of ITC availed on Imports, ISD Invoices and inward supplies liable to Reverse Charge Mechanism on the basis that details of such invoices are not reflected in GSTR-2A of the applicant.

To stop the said practice, this Circular i.e. Circular No. 139/09/2020-GST dated 10.06.2020 has been issued which clarifies that treatment of refund of ITC availed on Imports, ISD Invoices and Inward supplies liable to RCM **shall be same as it was before** issuance of Circular No. 135/05/2020-GST dated 31.03.2020.

Thus, refund relating to above mentioned ITC shall be available in spite of the fact that the same does not appear in Form GSTR-2A of the applicant.

Topic: GST leviability on Director's Remuneration

Circular No. 140/10/2020 - GST dated. 10th June,2020.

Background: Clarification in respect of levy of GST on Director's remuneration –Reg.

SKKA Comments:

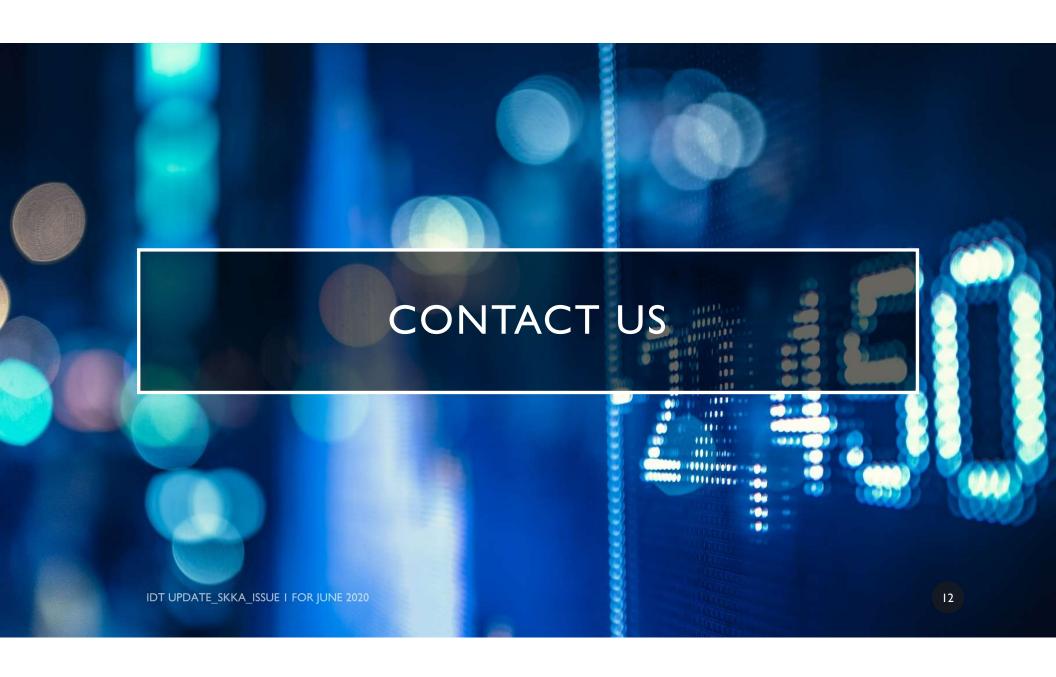
For determining leviability of GST on Director's remuneration, it has to be firstly determined/ascertained that under which of the two below mentioned categories the said DIRECTOR falls:

- (I) Independent directors or directors who are **NOT EMPLOYEES** of the Company
- (2) Whole-time Directors including Managing Director who ARE EMPLOYEES of the Company

Now, if the Director falls under the Ist category i.e. they are not the employees of the Company then the services provided by them to the Company are taxable in the hands of the Company and are outside the scope of Schedule III of the CGST Act, 2017. In this scenario, the recipient of services i.e. the COMPANY is liable to discharge GST on Reverse Charge Basis.

When the Director falls under the 2nd category then two situations may arise-

- (I) for his remuneration which is **declared as SALARY in the books of the Company** and on which **TDS under Section 192 of the Income Tax Act, 1961** has been deducted shall be covered under clause (i) of Schedule III of the CGST Act, 2017 and hence not taxable.
- (2) for his remuneration which is **declared separately other than SALARY in the books of the Company** and on which **TDS under Section 194J of the Income Tax Act, 1961** has been deducted shall be outside the scope of Schedule III of the CGST Act, 2017 and hence taxable. In this scenario, recipient of services i.e. the Company is liable to discharge GST on Reverse Charge Basis.





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