

# SKKA IDT ALERT

32/2022 dt 2<sup>nd</sup> Nov 2022

## GST UPDATES

### KEY HIGHLIGHTS:

1. According to section 37(4) of CGST Act, taxpayers shall not be allowed to file GSTR-1 if previous GSTR-1 is not filed and as per sec 39(10) a taxpayer shall not be allowed to file GSTR-3B if GSTR-1 for the same tax period is not filed. The same is being implemented prospectively from 1/11/22.
2. Implementation of Mandatory mentioning of HSN code in GSTR-1.
3. The GST portal re-opened the facility to file or revise earlier filed TRAN 1/ 2 following the Supreme Court's directive. The window to file these forms will be available from 1st October 2022 to 30th November 2022.

### INTRODUCTION:

The GST law throughout the course of recent months has seen a few changes and updates. All the new updates are rolled out on a regular basis to help and assist the taxpayers in smooth and effective documentation of their GST returns.

Our Team at SKKA brings forth you such updates to ensure your business remains tax compliant.

### 1. SEQUENTIAL FILING OF GSTR-1 & FILING OF GSTR-1 BEFORE GSTR 3B ON GST PORTAL:

The Central Government has amended Section 37 & Section 39 of Central Goods & Service Tax Act (CGST), 2017 vide Notification No. 18/2022–Central Tax dated 28/09/22 with effect from 1/10/22.

Let us first read the Legal provisions of CGST Act 2017 related to the above case:

**Section 37(4):** *A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him*

**Section 39(10):** *A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods or the details of outward supplies under sub-section (1) of section 37 for the said tax period has not been furnished by him*

**These changes are being implemented prospectively and will be operational on GST Portal from 1/11/22.**

- *Filing of Oct-22 period GSTR-1 will be mandatory before filing GSTR-1 of November 2022 period.*
- *Taxpayer will not be allowed to file GSTR-3B for Oct-22 period if GSTR-1 of October 2022 period is not filed.*

## 2. IMPLEMENTATION OF MANDATORY MENTIONING OF HSN CODES IN GSTR-1:

Vide Notification No. 78/2020 – CT dated 15th October 2020, it is mandatory for the taxpayers to report minimum 4 digit or 6-digit HSN Code in table-12 of GSTR-I based on their AATO in the preceding F.Y.

From 1<sup>st</sup> November 2022, taxpayers now will be required to report HSN in Table 12 of GSTR-1 as below:

<b>Particulars</b>	<b>Notification No. 78/2020 – Central Tax (Original)</b>	<b>Implementation GST Portal: Phase 2</b>	<b>Implementation GST Portal :Phase 3-4</b>
<b>Implementation Date</b>	<b>1/04/21</b>	<b>1/11/22</b>	<b>To be notified soon</b>
<b>AATO in preceding F. Y &lt;= 5 Cr</b>	4 digits* Provided a Reg person with AATO upto 5 Cr may not mention HSN code while issuing Tax Invoice to Unregistered person.	Mandatory reporting of 4-digit HSN code.	To be notified soon
<b>AATO in preceding F. Y &gt; 5 Cr</b>	6 digits	6 digits	

**PLEASE NOTE:** *The taxpayers are advised to correct the HSN details where there is an error, and a warning message is shown. However, it is not a mandatory validation for filing GSTR-1*

To help businesses transition smoothly and advance their ITC, CBEC has issued two transition form TRAN 1 and TRAN 2.

### 3. Re opening of Tran Forms to claim Transitional ITC:

- ✓ The facility for filing TRAN-1/ TRAN-2 or revising the earlier filed TRAN-1/TRAN-2 on the GST common portal by aggrieved taxpayers, is available on GSTN from 01.10.2022 till 30.11.2022.
- ✓ TRAN-2 form shall be made available only if the taxpayer has filed TRAN-1 and have made declaration in table 7 of TRAN-1.
- ✓ The taxpayer is requested to fill the complete details afresh in case they are revising the earlier filed TRAN-2.

*Also, the GST portal released an advisory explaining the revised processes for claiming transitional ITC.*

*One can refer to the difference between Tran-1 and Tran-2 in case of further clarification:*

Particulars	TRAN-1	TRAN-2
<b>Requirement</b>	Accumulated Credit of old regime to be claimed in new regime.	
<b>Eligible to file</b>	Individuals registered under GST, may be registered, or unregistered under the old regime.	Registered persons under GST but unregistered under the old regime. A dealer/ trader who does not have documentation.
<b>Not eligible to file</b>	Those registered under GST as composition dealers	A manufacturer registered under Excise Department; a service provider registered under service tax

#### **SKKA COMMENTS:**

*With provision of online compliances and payments, the framework of GST has become more accountable. The one nation, one tax system aims to improve India's competitiveness in global markets. Being GST-compliant, organizations can experience the merits of having a unified tax system and easy input credits. Notwithstanding compliance challenges, it's clear that noncompliance is vastly more expensive and far riskier to an organization.*

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