



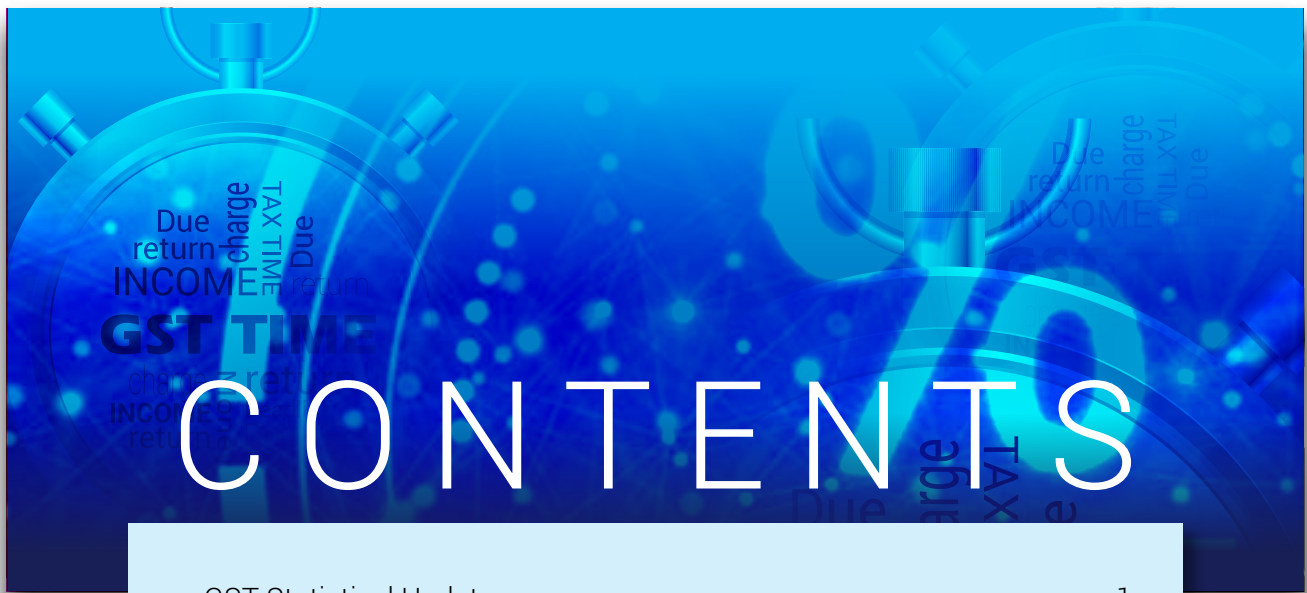
NEWSLETTER

OCTOBER 2021 | VOLUME 51



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GST STATISTICAL UPDATES

GST collection for OCTOBER 2021 registered the second highest since implementation of GST

₹1, 30, 127 crore gross GST revenue collected in October 2021

Revenues for the month of October 2021 are 24% higher than the GST revenues in the same month last year and 36% over 2019-20

The gross GST revenue collected in the month of October 2021 is ₹ **1,30,127 crore** of which CGST is ₹ **23,861 crore**, SGST is ₹ **30,421 crore**, IGST is ₹ **67,361 crore** (including ₹ **32,998 crore** collected on import of goods) and Cess is ₹ **8,484 crore** (including ₹ **699 crore** collected on import of goods).

The Government has settled ₹ **27,310 crore** to CGST and ₹ **22,394 crore** to SGST from IGST as regular settlement. The total revenue of Centre and the States after regular settlements in the month of **October 2021** is ₹ **51,171 crore** for CGST and ₹ **52,815 crore** for the SGST.

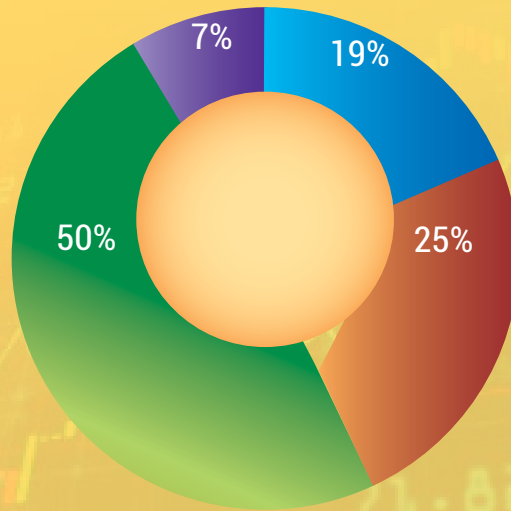
The revenues for the month of **October 2021** are 24% higher than the GST revenues in the same month last year and 36% over 2019-20. During the month, revenues from import of goods are 39% higher and the revenues from domestic transaction (including import of services) are 19% higher than the revenues from these sources during the same month last year.

The GST revenues for October have been the second highest ever since introduction of GST, second only to that in April 2021, which related to year-end revenues. This is very much in line with the trend in economic recovery. This is also evident from the trend in the e-way bills generated every month since the second wave. The revenues would have still been higher if the sales of cars and other products had not been affected on account of disruption in supply of semi-conductors.



GST Collection in October, 2021

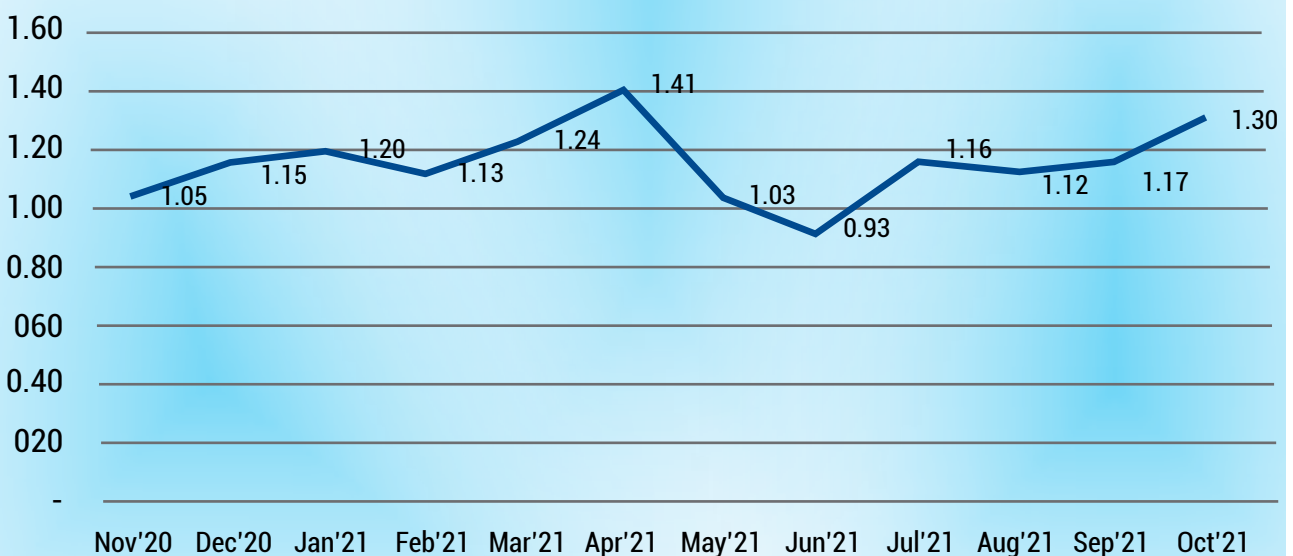
■ CGST ■ SGST ■ IGST ■ CESS (Including Imports)



Source: <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1768437>

TRENDS IN GST COLLECTION

GST Collection (in ₹ lakh crore)



Source: Compiled from Press Releases issued by PIB

COMPARISON OF STATE-WISE GROWTH OF GST REVENUES

State/ UT	Aug to Oct, 2020	Aug to Oct, 2021	Growth
Jammu and Kashmir	1,071	1,417	32%
Himachal Pradesh	1,941	2,073	7%
Punjab	3,709	4,411	19%
Chandigarh	432	454	5%
Uttarakhand	3,343	3,479	4%
Haryana	14,518	16,801	16%
Delhi	9,237	11,255	22%
Rajasthan	8,195	9,431	15%
Uttar Pradesh	15,644	18,413	18%
Bihar	2,973	3,264	10%
Sikkim	430	736	71%
Arunachal Pradesh	168	155	-8%
Nagaland	90	100	11%
Manipur	103	142	38%
Mizoram	61	68	11%
Tripura	150	173	15%
Meghalaya	325	379	17%
Assam	2,638	3,352	27%
West Bengal	10,184	11,715	15%
Jharkhand	4,925	6,734	37%
Odisha	7,151	10,236	43%
Chhattisgarh	5,809	7,016	21%
Madhya Pradesh	6,788	7,433	10%
Gujarat	18,907	23,833	26%
Daman and Diu	92	1	-99%

Dadra and Nagar Haveli	653	827	27%
Maharashtra	40,947	51,114	25%
Karnataka	18,550	23,471	27%
Goa	763	921	21%
Lakshadweep	2	3	50%
Kerala	4,446	5,308	19%
Tamil Nadu	18,598	22,544	21%
Puducherry	446	468	5%
Andaman and Nicobar Islands	51	66	29%
Telangana	8,972	10,874	21%
Andhra Pradesh	6,576	8,065	23%
Ladakh	29	48	66%
Other Territory	381	378	-1%
Center Jurisdiction	396	594	50%
Total	219,694	267,752	22%

Source: Compiled from Press Releases issued by PIB



GST COMPENSATION SHORTFALL

The Ministry of Finance on October 07, 2021 released an amount of ₹ 40,000 crore to the States and UTs with Legislature under the back-to-back loan facility to meet the shortfall in GST Compensation. Earlier on 15th July, 2021 an amount of ₹75,000 crore was released to the States & UTs with legislature. With the current release, the total amount released in the current financial year as back to back loan in-lieu of GST compensation has reached to ₹1,15,000 crore. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection.

The release of ₹40,000 crore is funded from borrowings of Gol in 5-year securities, totalling ₹23,500 crores and 2-year securities for ₹16,500 crore issued in the current financial year, at a Weighted Average Yield of 5.69 and 4.16 percent per annum respectively.

No additional market borrowing by the Central Government is envisaged on account of this release.

The Ministry of Finance on October 28, 2021 has released ₹44,000 crore to the States and UTs with Legislature under the back-to-back loan facility in lieu of GST Compensation. After taking into account earlier release of ₹1,15,000 crore (₹75,000 crore released on 15th July, 2021 and ₹ 40,000 crore released on 07th October, 2021), total amount released in the current financial year as back-to-back loan in-lieu of GST compensation is ₹1,59,000 crore. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection.

The release of ₹44,000 crore is funded from borrowings of Gol in 5-year securities issued in the current financial year, at a Weighted Average Yield of 5.69%.

No additional market borrowing by Central Government is envisaged on account of this release.

Subsequent to the 43rd GST Council Meeting held on 28.05.2021, it was decided that the Central Government would borrow ₹1.59 lakh crore and release it to States and UTs with Legislature on a back-to-back basis to meet the resource gap due to the short release of Compensation on account of inadequate amount in the Compensation Fund. This amount is as per the principles adopted for a similar facility in FY 2020-21, where an amount of ₹1.10 lakh crore was released to States under a similar arrangement. This amount of ₹1.59 lakh crore would be over and above the compensation in excess of ₹1 lakh crore (based on cess collection) that is estimated to be released to States/UTs with Legislature during this financial year. The sum total of ₹2.59 lakh crore is expected to exceed the amount of GST compensation accruing in FY 2021-22.

All eligible States and UTs (with Legislature) have agreed to the arrangements of funding of the compensation shortfall under the back-to-back loan facility. For effective response and management of COVID-19 pandemic and a step-up in capital expenditure all States and UTs have a very important role to play. For assisting the States/UTs in their endeavour, Ministry of Finance has frontloaded the release of assistance under the back-to-back loan facility during FY 2021-22 of ₹1,59,000 crore.

Source: PIB Press Release dated 07.10.2021 and 28.10.2021

CIRCULARS AND NOTIFICATIONS

CGST Circulars

Circular No. 163/19/2021-GST dated 06th October, 2021

Clarification regarding GST rates & classification (goods) based on the recommendations of the GST Council in its 45th meeting held on 17th September, 2021 at Lucknow–reg.

Based on the recommendations of the GST Council in its 45th meeting held on 17th September, 2021, at Lucknow, clarification, with reference to GST levy, related to the following are being issued through this circular:

- i. Fresh vs dried fruits and nuts;
- ii. Classification and applicable GST rates on Tamarind seeds;
- iii. Coconut vs Copra;
- iv. Classification and applicable GST rate on Pure henna powder and leaves, having no additives;
- v. Scented sweet supari and flavored and coated illaichi;
- vi. Classification of Brewers' Spent Grain (BSG), Dried Distillers' Grains with Soluble [DDGS] and other such residues and applicable GST rate;
- vii. GST rates on goods [miscellaneous pharmaceutical products] falling under heading 3006;
- viii. Applicability of GST rate of 12% on all laboratory reagents and other goods falling under heading 3822;
- ix. Requirement of Original/ import Essentiality certificate, issued by the Directorate General of Hydrocarbons (DGH) on each inter-State stock transfer of goods imported at concessional GST rate for petroleum operations;
- x. External batteries sold along with UPS Systems/ Inverter;
- xi. Specified Renewable Energy Projects;
- xii. Fiber Drums, whether corrugated or non-corrugated.

i. Applicability of GST on fresh and dried fruits and nuts

Exemption from GST to fresh fruits and nuts covers only such products which are not frozen or dried in any manner as clarified in the circular or otherwise processed. Supply of dried fruits and nuts, falling under heading 0801 and 0802 attract GST at the rate of 5%/12% as specified in the respective rate Schedules.

ii. Applicability of GST on tamarind seeds

With effect from 1.10.2021, tamarind and other seeds falling under heading 1209, (i.e. including tamarind seeds), if not supplied as seed for sowing, would attract GST at the rate of 5%.

iii. Clarification of definition of Copra

Exemption available to Coconut, fresh or dried, whether or not shelled or peeled, vide entry at S. No. 47 of notification No. 2/2017- Central Tax (Rate) dated 28.6.2017, is not available to Copra. Accordingly, Copra, classified under heading 1203, attracts GST rate of 5% vide entry at S. No. 66 of Schedule I of 1/2017-Central Taxes (Rate) dated 28.06.2017, irrespective of use.

iv. Applicability of GST on pure *henna* powder and leaves

Pure *henna* powder and *henna* leaves, having no additives, is classifiable under tariff item 1404 90 90 and shall attract GST rate of 5% (S. No. 78 of schedule I of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017).

GST rate on *mehndi* paste in cones falling under heading 1404 and 3305 shall be 5% (S. No. 78A of schedule I of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017).

v. Applicability of GST on scented *sweet supari* & flavored and coated *illaichi*

Scented sweet *supari* falls under tariff item 2106 90 30 as "Betel nut product" known as "*Supari*" and attracts GST rate of 18% vide entry at S. No. 23 of Schedule III of notification No. 1/2017-Central Tax (Rate) dated 28.6.2017.

Flavored and coated *illaichi* generally consists of Cardamom Seeds, Aromatic Spices, Silver Leaf, Saffron, Artificial Sweeteners. It is distinct from *illaichi* or cardamom (which falls under heading 0908). It is clarified that flavored and coated *illaichi* is a value added product and falls under sub-heading 2106. It accordingly attract GST at the rate of 18% (S. No. 23 of schedule III of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017).

vi. Applicability of GST on Brewers' Spent Grain (BSG), Dried Distillers' Grains with Soluble [DDGS] and other such residues

Brewers' spent grain (BSG), Dried distillers' grains with soluble [DDGS] and other such residues are classifiable under heading 2303, attracting GST at the rate of 5% (S. No. 104 of schedule I of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017).

vii. Scope of GST rate on all pharmaceutical goods falling under heading 3006.

All goods falling under heading 3006 attract GST rate of 12% under entry 65 in the 12% rate schedule.

viii. All laboratory reagents and other goods falling under heading 3822:

GST rate of 12% is applicable on all goods falling under heading 3822, vide Entry at S. No. 80 of Schedule II of notification No.1/2017-Integrated Tax (Rate) dated 28.6.2017.

ix. Requirement of Original/ import Essentiality certificate, issued by the Directorate General of Hydrocarbons (DGH) on each inter-State stock transfer of goods imported at concessional GST rate for petroleum operations

Original/ import Essentiality certificate, issued by the Directorate General of Hydrocarbons (DGH) is sufficient and there is no need for taking a certificate every time on inter-state movement of goods within the same company / stock transfer so long as the goods are the same as those imported by the company at concessional rate.

The importer is required to maintain records and should be able to establish nexus between the stock transfer of goods and the description in the essentiality certificate.

x. GST rates applicable on External batteries sold along with UPS Systems/ Inverter

Given the ambiguity regarding the classification of 'UPS systems/ inverter sold along with batteries as integral part', it has been clarified that even if the UPS/inverter and external battery are sold on the same invoice, their price are separately known, and they are two separately identifiable items. Thus, this constitutes supply of two distinctly identifiable items on one invoice.

Therefore, in such supplies, UPS/ inverter would attract GST rate of 18% under heading 8504, while external batteries would attract the GST rate as applicable to it under heading 8507 (28% for all batteries except lithium-ion battery).

xi. Applicability of GST rates on Solar PV Power Projects

GST on specified Renewable Energy Projects can be paid in terms of the 70:30 ratio for goods and services, respectively, for the period of 1st July, 2017 to 31st December, 2018, in the same manner as has been prescribed for the period on or after 1st January, 2019, as per the explanation in the Notification No.24/2018 dated 31st December, 2018. However, no refunds will be granted if GST already paid is more than the amount determined using this mechanism.

xii. Applicability of GST rates on Fibre Drums, whether corrugated or non- corrugated

Hitherto, corrugated boxes and cartons, falling under heading 4819 attracted GST at the rate of 12% (entry 122 of 12% rate schedule), while other cartons falling under this heading attracted GST at the rate of 18%

Disputes have arisen as regards applicable GST on fibre drums, which is partially corrugated (as to whether it is to be treated as corrugated or otherwise).

This dispute gets resolved as vide Notification No. 8/ 2021-Central Tax (Rate) dated 30th September 2021, a uniform GST rate of 18% has been prescribed on corrugated or non-corrugated boxes/ cartons classifiable under heading 4819 w.e.f. 1.10.2021,

For the period prior to 1.10.2021, there was an ambiguity regarding the GST rates applicable on a Fibre Drums, because of its peculiar construction (partially corrugated).

It has been clarified that the supplies of such Fibre Drums even if made at 12% GST (during the period from 1.7.2017 to 30.9.2021), would be treated as fully GST-paid. Therefore, no action for recovery of differential tax (over and above 12% already paid) would arise. However, as this decision has only been taken to regularize the past practice in view of certain ambiguity, no refund of GST already paid shall be allowed if already paid at 18%.

For detailed clarification pertaining to the GST rate on above mentioned goods please refer:

https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular%20No.%20163_18_2021_GST.pdf

Circular No. 164 /20 /2021-GST dated 06th October, 2021

Clarifications regarding applicable GST rates & exemptions on certain services—reg.

Based on the recommendations of the GST Council in its 45th meeting held on 17th September, 2021, at Lucknow, clarification, with reference to GST levy, related to the following are being issued through this circular:

- i. Services by cloud kitchens/central kitchens,
- ii. Supply of ice cream by ice cream parlors,
- iii. Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of "Scholarships for students with Disabilities",
- iv. Satellite launch services provided by NSIL,
- v. Overloading charges at toll plaza,
- vi. Renting of vehicles by State Transport Undertakings and Local Authorities,
- vii. Services by way of grant of mineral exploration and mining rights attracted GST,

- viii. Admission to amusement parks having rides etc. ,
- ix. Services supplied by contract manufacture to brand owners or others for manufacture of alcoholic liquor for human consumption.

i. Services by cloud kitchens/central kitchens:

Service provided by way of cooking and supply of food, by cloud kitchens/central kitchens are covered under "restaurant service", as defined in notification No. 11/2017- Central Tax (Rate) and attract 5% GST [without ITC].

ii. Supply of ice cream by ice cream parlors

Supply of already manufactured ice-cream by an ice-cream parlor, which does not cook/ prepare ice-cream for consumption like a restaurant, would qualify as supply of goods and attract GST at 18% (even if there are certain ingredients of service).

iii. Coaching services supplied by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities'

Services provided by any institutions/ NGOs under the central scheme of "Scholarships for students with Disabilities" where total expenditure is borne by the Government is covered under entry 72 of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017 and hence exempt from GST.

iv. Satellite launch services provided by NSIL.

As the satellite launch services supplied by NSIL are similar to those supplied by ANTRIX Corporation Ltd, Circular No. 2/1/2017-IGST dated 27.9.2017, is applicable to them. If the Place of Supply (PoS) is outside India and other conditions u/s 2(6) of IGST Act are satisfied, such would be considered as export of services and shall be zero rated.

v. GST on overloading charges at toll plaza.

Vide notification dated 25th Sep. 2018, issued by Ministry of Road Transport And Highways, overloaded vehicles were allowed to ply on the national highways after payment of fees with multiplying factor of 2/4/6/8/10 times the base rate of toll. Therefore, overloading fee collected from the overloaded vehicles at toll plazas are in effect a higher toll charge, and the same would be exempt vide Entry 23 of the exemption notification No. 12/2017-Central Tax (Rate) dated 28th June 2017.

vi. Renting of vehicles to State Transport Undertakings and Local Authorities

Services where the vehicles are rented or given on hire to State Transport Undertakings or local authorities are eligible for the exemption as per Entry 22 of the exemption notification No. 12/2017-Central Tax (Rate) dated 28th June 2017 irrespective of whether such vehicles are run on routes, timings as decided by the State Transport Undertakings or Local Authorities and under effective control of State Transport Undertakings or Local Authorities which determines the rules of operation or plying of vehicles.

vii. Services by way of grant of mineral exploration and mining rights

Services by way of grant of mineral exploration and mining rights most appropriately fall under service code 997337, i.e. licensing services for the right to use minerals, including its exploration and evaluation. With effect from 1st January 2019, the rate schedule has been amended seeking to levy tax at the rate of 18% on such services. It has now been clarified that the services are taxable at 18% even for the period from 01.07.2017 to 31.12.2018, as there are no underlying goods to adopt the rate of such goods.

viii. Admission to indoor amusement parks having rides etc.

28% rate [entry 34 (iia) of Notification No. 11/2017-CTR] applies on admission to a place having casino or race club [even if it provides certain other activities] or admission to a sporting event like IPL. On the other hand, Entry 34 (iii) of Notification No. 11/2017-CTR, having a rate of 18%, covers all other cases of admission to amusement parks, or theme park etc. or any place having joy rides, merry-go-rounds, go-carting etc., whether indoor or outdoor, so long as no access is provided to a casino or race club.

ix. Services supplied by contract manufacturers to brand owners for manufacture of alcoholic liquor for human consumption

Alcoholic liquor is not considered as food. Accordingly, services by way of job work in relation to manufacture of alcoholic liquor for human consumption are not eligible for the GST rate of 5% prescribed for job work services in relation to food and food products, in terms of Sl. No. 26 [Item 1(i)f] of notification No. 11/2017-Central Tax (R) dated 28.06.2017. Such job work would attract GST at the rate of 18%.

For detailed clarification pertaining to the GST rate on above mentioned services please refer https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular%20No.%20164_2021_GST.pdf

Central Tax Rate Notifications

Notification No. 13/2021-Central Tax (Rate) dated 27th October, 2021

This notification makes the following further amendments in Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017:

- a. in Schedule II – 6%, S. No. 243 and the entries relating thereto shall be omitted;
- b. in Schedule III – 9%, against S. No. 452P, in column (3), the words “in respect of Information Technology software” shall be omitted.

Source: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-13-2021-cgst-rate.pdf>

Integrated Tax Rate Notifications

Notification No. 13/2021-Integrated Tax (Rate) dated 27th October, 2021

This notification makes the following further amendments in Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017:

- a. in Schedule II – 12%, S. No. 243 and the entries relating thereto shall be omitted;
- b. in Schedule III – 18%, against S. No. 452P, in column (3), the words “in respect of Information Technology software” shall be omitted.

Source: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-13-2021-igst-rate-english.pdf>

Union Territory Tax Rate Notifications

Notification No. 13/2021-Union Territory Tax (Rate) dated 27th October, 2021

This notification makes the following further amendments in Notification No. 1/2017-Union Territory Tax (Rate) dated 28.06.2017:

- a. in Schedule II – 6%, S. No. 243 and the entries relating thereto shall be omitted;
- b. in Schedule III – 9%, against S. No. 452P, in column (3), the words “in respect of Information Technology software” shall be omitted.

Source: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-13-2021-utgst-rate.pdf>

GST IN NEWS

Garments sector demands 5% uniform GST for the sector

- The proposal to fix a uniform GST slab of 12% for the garments sector, if it goes through, will hit the 'already battered' industry and may lead to job losses, industry insiders fear. Currently there are two tax slabs - 5% for bills below ₹ 999 and 12% for bills above that. Calls for a uniform tax slab prompted a proposal to fix it at 12% for both slabs. However, representatives of the garment sector are demanding that it should be 5%.
- "The industry, one of the largest employers, is one of the worst-hit by the pandemic. With no social gatherings and people working from home, sales have dropped by over 50%. People also do not have spending capacity. Meanwhile, the prices of raw materials have shot up significantly. In such a situation, hiking tax to 12% will further hit the industry," said Sajjan Raj Mehta, of Karnataka Hosiery and Garments' Association.
- In a letter to Chief Minister Basavaraj Bommai, who was recently appointed chairman of the Group of Ministers on GST Rate Rationalisation, Perikal M. Sundar, president of Federation of Karnataka Chamber of Commerce and Industry, (FKCCI), said, "This sector may face closure leading to unemployment and loss of revenue to the government."

Source: <https://www.thehindu.com/news/national/karnataka/garments-sector-demands-5-uniform-gst-for-the-sector/article37014723.ece>

Local soft drink companies hit by GST hike

- The enthusiasm to add fruit juice to carbonated drinks has come back to haunt regional drinks makers, as these products are currently subject to a GST of 28% with an additional 12% of compensation cess. They were earlier paying 12%.
- While some local companies have hiked MRP by Rs 2, most others are looking at ways to exit the crowded market where Rs 10 is the average MRP. "Almost all local players had stopped manufacturing carbonated soft drinks after they realized that adding fruit to the drinks attracted lower taxes," said the owner of one of the largest regional beverage makers. "A large percentage of them, however, was adding less than the required amount to earn a quick buck."

Source: <https://timesofindia.indiatimes.com/business/india-business/local-soft-drink-companies-hit-by-gst-hike/articleshow/87097414.cms>

Real estate developers reach out to Government over GST on redevelopment

- Several real estate developers have reached out to the Government for clarity and concessions on the issue of double GST payment in redevelopment projects, a factor that has led to cost escalation at a time when margins are already under pressure.
- The economics of redevelopment projects, a type of an urban real estate renewal method where realty players takeover old buildings and rebuild them, has gone awry in the last few years following implementation of GST in 2017, say industry trackers.
- The problem arises due to the way GST is computed on these projects.
- The GST is paid firstly on cost of construction without input tax credit, and secondly, when the area is delivered to existing residents at market price. Both GST payments are absorbed by a developer, which often becomes a huge cost," said Rohit Jain, partner at law firm ELP.

Source: <https://economictimes.indiatimes.com/industry/services/property/-/construction/real-estate-developers-reach-out-to-government-over-gst-on-redevelopment/articleshow/87175979.cms>

GST revamp: Group of state finance ministers for steps to eliminate fake input tax credit claims

- The GoM on GST System Reforms was set up on September 24, 2021 to give suggestions to the GST Council from time to time.
- The GoM, headed by Maharashtra Deputy Chief Minister Ajit Pawar, had its first meeting in a virtual mode on 21st October, 2021. "It was decided to put in place mechanisms for better verification at the time of registration and weed out fake registrants using artificial intelligence/machine learning-based analytics focused on network analysis and leads for fraud detection," an official from the Maharashtra government said.
- The GoM decided to benefit from international experiences to improve compliance and reporting of B2C supplies, the official said. It was recognised that in order to improve analytics there is a need to take proper feedback from tax administrations to enable adequate learning by the systems in the place.
- The members of the GoM also agreed to have suitable checks and balances to tackle menace of fake invoicing so as to regulate input tax credit outflows. Central tax authorities had booked about 8,000 cases involving fake ITC of over Rs 35,000 crore in FY21. While misuse of the beneficial provision of ITC under GST regime was the most common mode of evasion under the GST law, the scale if this was worrisome, the government had stated earlier.
- The GoM also decided to call for inputs and suggestions from states on various GST system-related issues. The group has instructed the officers to examine the suggestions and present its analysis along with recommendations before the GoM within a period of one month, the official added.
- Among other GST system reforms, the GoM discussed improvement in return filing compliance R-1 (monthly details of all sales) and R-3B (monthly summary of sales and purchases along with tax liability), verification of high risk/high value transactions and creating feedback loop with GST Network (GSTN) to improve analytics.
- In the meeting, a brief presentation was made by GSTN and Infosys regarding the various recent upgradations made to the GST system and the way ahead.

Source: <https://www.financialexpress.com/economy/gst-revamp-group-of-state-finance-ministers-for-steps-to-eliminate-fake-input-tax-credit-claims/2355136/>



GST PORTAL UPDATES

Resumption of Blocking of E-Way Bill (EWB) generation facility

1. The blocking of e-way bill generation facility had been temporarily suspended by Government on account of Covid pandemic. In terms of Rule 138E (a) and (b) of the CGST Rules, 2017, the e-way Bill generation facility of a person is liable to be restricted, in case the person fails to file their return in Form GSTR-3B / statement in CMP-08, for consecutive two tax periods or more, whether Monthly or Quarterly.
2. The blocking of EWB generation facility has now resumed on the EWB portal for all the taxpayers. Going forward, from the tax period August, 2021 onwards, the System will periodically check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08 as per the regular procedure followed before pandemic, and block the generation of EWBs as per rule.
3. To avail EWB generation facility on EWB Portal on continuous basis, you are, therefore, advised to file your pending GSTR-3B returns/ CMP-08 Statement on regular basis.

Source: <https://www.gst.gov.in/newsandupdates/read/507>

Availability of Input Tax Credit (ITC) for FY 2020-21

1. As per Section 16(4) of CGST Act, 2017, no taxpayer shall take input tax credit in respect records (invoices and debit notes) for supply of goods or services (or both) for Financial Year 2020-21 after the due date of furnishing the return for the month of September 2021. The due date for the GSTR-3B for September 2021 is either 20th October 2021 for monthly filers and 22nd or 24th October 2021 depending on the State/UT of registration of the taxpayer. In view of the same, the following may kindly be noted:
 - i. Records (invoice or debit notes) pertaining to Financial Year 2020-21 reported in GSTR-1 after due date of GSTR-3B of September 2021 will not reflect as "ITC Available" in GSTR-2B of the recipients. Such records will reflect in "ITC Not Available" section of GSTR-2B and such ITC shall in turn not be auto-populated in GSTR-3B.
 - ii. Records (invoice or debit notes) pertaining to Financial Year 2020-21 reported in GSTR-1 after due date of GSTR-3B of September 2021 will also not reflect as "ITC as per GSTR-2A" in Table-8A of GSTR-9 of the recipients.
2. It is requested that the taxpayers may take note of the above and ensure that their records pertaining to Financial Year 2020-21 are reported on or before the due date of their GSTR-3B for the month September 2021, or for the quarter of July to September 2021 in case of quarterly GSTR-3B filers. Availment of ITC by the recipients contrary to the legal provisions in GST may entail action by the tax administrations in accordance with law.

Source: <https://www.gst.gov.in/newsandupdates/read/509>

Advisory for taxpayers on Form GSTR-2B

Form GSTR-2B is an auto-drafted ITC statement which is generated for every normal taxpayer on the basis of the information furnished by their suppliers in their respective GSTR-1/IFF, GSTR-5 (non-resident taxable person) and GSTR-6 (input service distributor). This statement indicates availability and non-availability of input tax credit to the taxpayer against each document filed by their suppliers and is made available to the taxpayers in the afternoon of 14th of every month.

Source: <https://www.gst.gov.in/newsandupdates/read/510>

FORM GSTR-2B – FAQs

Q.1 What is GSTR-2B?

GSTR-2B is an auto-drafted ITC statement which is generated for every normal taxpayer on the basis of the information furnished by his suppliers in their respective GSTR-1/IFF, GSTR-5 (non-resident taxable person) and GSTR-6 (input service distributor). The statement indicates availability and non-availability of input tax credit to the taxpayer against each document filed by his suppliers.

Q.2 When it is generated and made available to taxpayer?

It may be noted that process of GSTR-2B generation starts after ending of IFF, GSTR-5 and GSTR-6 due date on 13th midnight and therefore GSTR-2B can be made available to the taxpayer in the afternoon of 14th of the month. Further, GSTR-2B is a static statement and is made available for each month on the 14th day of the succeeding month. For example, for the month of July 2020, the statement was generated and made available to the registered person on 14th August 2020. Details of all the documents in GSTR-2B is made available online as well as through download facility.

Q.3 What are the inputs of GSTR-2B?

- All the B2B information/documents filed by suppliers in their monthly or quarterly GSTR-1, IFF and GSTR-5 filed by NRTP taxpayers.
- Information filed by ISD taxpayers in their GSTR-6.
- Information of ITC of IGST paid on import of goods filed in ICEGATE.

Q.4 What is the cut-off dates for GSTR-2B generation?

Cut-off dates for GSTR-2B generation are on the basis of due dates of GSTR-1, GSTR-5 and GSTR-6 as illustrated below.

- For monthly GSTR-1 filers, any GSTR-1 filed between the due date of furnishing for previous month (M-1) to the due date of furnishing of GSTR-1 for the current month (M). For example, GSTR-2B generated for the month of Jan, 2021 contains the details of all the documents filed by suppliers in their monthly GSTR-1 from 00:00 hours on 12th Jan, 2020 to 23:59 hours on 11th Feb 2020.
- For quarterly GSTR-1/IFF, GSTR-5 and 6 filers, any IFF/GSTR-1/5 and GSTR-6 filed between the due date for previous month (M-1) to the due date of furnishing for the current month (M). For example, GSTR-2B generated for the month of Jan, 2021 contains the details of all the documents filed by suppliers in their quarterly GSTR-1/IFF, GSTR-5 and 6 from 00:00 hours on 14th Jan, 2021 to 23:59 hours on 13th Feb 2021.
- The documents furnished by the supplier in any GSTR-1/IFF, GSTR-5 and 6 would reflect in the next open GSTR-2B of the recipient irrespective of the date of issuance of the concerned document. For example, if a supplier furnishes a document INV-1 dt. 15.05.2020 in the FORM GSTR-1 for the month of July, 2020 filed on 11th August 2020, the details of INV-1, dt. 15.05.2020 will get reflected in GSTR-2B of July 2020 (generated on 12th August 2020) and not in the GSTR-2B of May, 2020.

Q.5 What should be done if IGST of imports is not featuring in GSTR-2B?

GSTR-2B also contains information on import of goods from the ICEGATE system including inward supplies of goods received from Special Economic Zones Units / Developers. This is made available from GSTR-2B of August

2020. In case any Bill of entry is not being reflected in your GSTR-2B, then you can fetch the missing records from ICEGATE by a self-service functionality provided by GSTN. A detailed advisory is already issued in this respect which can be accessed at <https://www.gst.gov.in/newsandupdates/read/505>

Q.6 What about reverse charge entries?

It may be noted that reverse charge credit on import of services is not a part of this statement and will be continued to be entered by taxpayers in Table 4(A)(2) of FORM GSTR-3B. However, reverse charge on import of goods is auto populated from ICEGATE.

Q.7 Where does ITC available and not-available summary shown?

- ITC Available Summary is captured in Table-3 of GSTR-2B which shows the ITC available as on the date of generation of FORM GSTR-2B. It is divided into following parts:
 - a. Part A captures the summary of credit that may be availed in relevant tables of FORM GSTR-3B.
 - b. Part B captures the summary of credit that shall be reversed in relevant table of FORM GSTR-3B.
- ITC not-available summary is captured in Table 4 of GSTR-2B which shows the summary of ITC not available as on the date of generation of FORM GSTR-2B, under the specific scenarios detailed at Sr. No. 11 below. Credit reflected in this table shall not be entered in Table 4(A) of FORM GSTR-3B.
- Credit shown as "ITC Not available" in Table 4, Part A covers the following scenarios only: -
 - i. Invoice or debit note for supply of goods or services or both where the recipient is not entitled to input tax credit as per the provisions of sub-section (4) of Section 16 of CGST Act, 2017.
 - ii. Invoice or debit note where the Supplier (GSTIN) and place of supply are in the same State while recipient is in another State. However, there may be other scenarios for which Input Tax Credit may not be available to the taxpayers as per other legal provisions. Taxpayers are advised to exercise caution and self-assess & reverse such credit in their FORM GSTR-3B.

However, there may be other scenarios for which Input Tax Credit may not be available to the taxpayers as per other legal provisions. Taxpayers are advised to exercise caution and self-assess & reverse such credit in their FORM GSTR-3B.

Q.8 What does taxpayer need to ensure?

Taxpayers are advised to ensure that the data generated in GSTR-2B is reconciled with their own records and books of accounts. Taxpayers shall ensure that

- i. No credit shall be availed twice for any document under any circumstances.
- ii. Credit shall be reversed as per GST Act and Rules in their FORM GSTR-3B.
- iii. Tax on reverse charge basis shall be paid.

Terms Used:

- i. ITC – Input tax credit
- ii. B2B – Business to Business
- iii. ISD – Input service distributor
- iv. IMPG – Import of goods
- v. IMPGSEZ – Import of goods or inward supply of goods from Special Economic Zones

Source: https://tutorial.gst.gov.in/downloads/news/updated%20advisory_gstr_2b_12_10_2021.pdf

COMPLIANCE CALENDAR

Forms	Period	Due Date	Remarks
GSTR-1	Oct, 2021	Nov 11, 2021	Turnover exceeding ₹5 Crore or opted to file monthly return
GSTR-1	Oct-Dec, 2021	Jan 13, 2022	Opted for quarterly filing as per QRMP scheme
IFF	Oct, 2021	Nov 13, 2021	IFF is a facility where quarterly GSTR-1 filers can choose to upload their B2B invoices every month, currently under the QRMP Scheme
GSTR-3B*	Oct, 2021	Nov 20, 2021	Turnover exceeding ₹5 Crore or opted to file monthly return
GSTR-3B*	Oct-Dec, 2021	Jan 22/ 24, 2022	Opted for quarterly filing as per QRMP scheme.
GSTR-5	Oct, 2021	Nov 20, 2021	Monthly return for Non-Resident taxable person
GSTR-5A	Oct, 2021	Nov 20, 2021	Monthly return for Non-resident OIDAR services providers
GSTR-6	Oct, 2021	Nov 13, 2021	Monthly return for Input Service Distributors

*GSTR-3B

20th of next month for taxpayers with an aggregate turnover in the previous financial year more than Rs. 5 crore or otherwise eligible but still opting out of the QRMP scheme.

For the taxpayers with aggregate turnover equal to or below Rs. 5 crore, eligible and remaining opted into the QRMP scheme, 22nd of month next to the quarter for taxpayers in category X States/UTs and 24th of month next to the quarter for taxpayers in category Y States/UTs

- **Category X:** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana and Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep.
- **Category Y:** Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha, the Union Territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.

COMPLIANCE CALENDAR

Forms	Period	Due Date	Remarks
GSTR-7	Oct, 2021	Nov 10, 2021	Monthly return for authorities liable to deduct tax at source (TDS)
GSTR-8	Oct, 2021	Nov 10, 2021	Monthly return for e-Commerce Operators liable to collect tax at source (TCS)
CMP-08	Oct-Dec, 2021	Jan 18, 2022	Quarterly statement-cum-challan to make tax payment by taxpayers registered under the composition scheme
GSTR-9**	FY 2020-21	Dec 31, 2021	Annual return for a normal taxpayers
GSTR-9C***	FY 2020-21	Dec 31, 2021	Annual reconciliation statement
RFD-10	-	-	Eighteen months after end of the quarter for which refund is to be claimed

**GSTR-9

Taxpayers having annual aggregate turnover up to ₹ 2 crores are exempted from the requirement of furnishing annual return (GSTR-9) for FY 2020-21.

***GSTR-9C

Taxpayers having annual aggregate turnover up to Rs. 5 crores are exempted from the requirement of furnishing Reconciliation Statement (GSTR-9C) for FY 2020-21. Further, the requirement of certification by CA or CMA for those requiring to file GSTR-9C has been removed from the FY 2020-21 onwards. Instead, Form GSTR-9C requires to be self-certified by the business themselves.

Source: <https://www.gst.gov.in/>



GST QUIZ

1. GSTR-2B is an auto-drafted ITC statement which is generated for every normal taxpayer on the basis of the information furnished by his suppliers in their respective _____.

GSTR-1	<input type="checkbox"/> A	GSTR-5	<input type="checkbox"/> B
GSTR-6	<input type="checkbox"/> C	All of the above	<input type="checkbox"/> D

2. GSTR-2B is a _____ and is made available for each month on the _____ of the succeeding month.

Variable statement, 13 th day	<input type="checkbox"/> A	Variable statement, 14 th day	<input type="checkbox"/> B
Static statement, 13 th day	<input type="checkbox"/> C	Static statement, 14 th day	<input type="checkbox"/> D

3. Which of the following statement is not true in respect to FORM GSTR-2B?

- A. Reverse charge credit on import of services is auto populated in FORM GSTR-2B A
- B. Reverse charge credit on import of services will be continued to be entered by taxpayers in Table 4(A)(2) of FORM GSTR-3B B
- C. Reverse charge credit on import of goods is auto-populated in FORM GSTR-2B C
- D. All of the above D

4. What do taxpayers need to ensure in respect of FORM GSTR-2B?

- A. Data generated in GSTR-2B is reconciled with their own records and books of accounts A
- B. No credit is availed twice B
- C. Credit is reversed as per GST Acts and Rules in their FORM GSTR-3B C
- D. All of the above D

Answers: 1 (D) 2 (D) 3 (A) 4 (D)



MOTTO

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