

# RECOMMENDATIONS OF 43<sup>RD</sup> INDIAN GST COUNCIL MEETING HELD ON MAY 28, 2021

[These recommendations would be given effect through Notifications having force of law or through Circulars, as required].

## ***Covid-19 related relief measures:***

- Specified goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and Covid-19 vaccines, etc., have been recommended for full exemption from Integrated GST, even if imported on payment basis, for donating to the Government or on recommendation of State authority to any relief agency. This exemption shall be valid upto August 31, 2021.
- Hitherto, Integrated GST exemption was applicable only when these goods were imported 'free of cost' for free distribution. The same is recommended to be extended till August 31, 2021. These goods are already exempted from basic customs duty.
- In view of rising Black Fungus cases, the above exemption from Integrated GST has been extended to Amphotericin B.
- As regards individual items, it was decided to constitute a Group of Ministers (GOM) to go into the need for further relief to Covid-19 related individual items immediately. The GOM shall give its report by June 8, 2021.

## ***Recommendations in respect of services:***

- To clarify that services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid- day meals under any midday meals scheme, sponsored by Government is exempt from levy of GST irrespective of funding of such supplies from Government grants or corporate donations.
- To clarify that services provided by way of examination including entrance examination, where fee is charged for such examinations, by National Board of Examination, or similar Central or State Educational Boards, and input services relating thereto are exempt from GST.
- To make appropriate changes in the relevant notification for an explicit provision to make it clear that land-owner promoters could utilize credit of GST charged to them by developer promoters in respect of such apartments that are subsequently sold by the land promoter and on which GST is paid. The developer promoter shall be allowed to pay GST relating to such apartments any time before or at the time of issuance of completion certificate.
- To extend the same dispensation as provided to MRO units of aviation sector to MRO units of ships/vessels so as to provide level playing field to domestic shipping MROs vis a vis foreign MROs and accordingly, -
  - GST on MRO services in respect of ships/vessels shall be reduced to 5% (from 18%).
  - Place of supply of B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service

- To clarify that supply of service by way of milling of wheat/ paddy into flour (fortified with minerals etc. by millers or otherwise )/ rice to Government/ local authority etc. for distribution of such flour or rice under Public Distribution Scheme is exempt from GST if the value of goods in such composite supply does not exceed 25%. Otherwise, such services would attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS.
- To clarify that GST is payable on annuity payments received as deferred payment for construction of road. Benefit of the exemption is for such annuities which are paid for the service by way of access to a road or a bridge.
- To clarify that services supplied to a Government Entity by way of construction of a rope-way attract GST at the rate of 18%.
- To clarify that services supplied by Government to its undertaking/ public sector undertaking by way of guaranteeing loans taken by such entity from banks and financial institutions is exempt from GST.

#### ***Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns:***

Late fee for non-furnishing GST returns in FORM GSTR-3B for the tax periods from July 2017 to April 2021 has been recommended to be reduced / waived as under, if these returns are furnished between June 1, 2021 to August 31, 2021:

- For taxpayers who did not have any GST liability for the said tax periods – late fee capped to a maximum of INR 500 (INR 250 each for Central GST and State GST) per return;
- For other taxpayers – late fee capped to a maximum of INR 1000 (INR 500 each for Central GST and State GST) per return.

#### ***Late fee rationalised for future tax periods:***

To reduce burden of late fee on smaller taxpayers, the upper cap of late fee is recommended to be rationalized to align late fee with tax liability/ turnover of the taxpayers, as follows, which would be made applicable for prospective tax periods:

- Late fee for delay in furnishing of FORM GSTR-3B and FORM GSTR-1 to be capped at INR 500 (INR 250 each for Central GST and State GST) per return for taxpayers having Nil tax liability or Nil outward supplies
- Late fee for delay in furnishing of FORM GSTR-3B and FORM GSTR-1 to be capped per return, as below for other taxpayers:
  - For taxpayers having Annual Aggregate Turnover (AATO) in preceding year upto INR 15 million, late fee to be capped to a maximum of INR 2000 (INR 1000 each for Central GST and State GST);
  - For taxpayers having AATO in preceding year between INR 15 million to INR 50 million, late fee to be capped to a maximum of INR 5000 (INR 2500 each for Central GST and State GST);
  - For taxpayers having AATO in preceding year above INR 50 million, late fee to be capped to a maximum of INR 10000 (INR 5000 each for Central GST and State GST).
- Late fee for delay in furnishing of FORM GSTR-4 by composition taxpayers to be capped to INR 500 (INR 250 each for Central GST and State GST) per return, if tax liability is Nil in the return, and INR 2000 (INR 1000 each for Central GST and State GST) per return for others.
- Late fee payable for delayed furnishing of FORM GSTR-7 to be reduced to INR 50 per day (INR 25 each for Central GST and State GST) and to be capped to a maximum of INR 2000 (INR 1000 each for Central GST and State GST) per return.

### ***COVID-19 related relief measures for taxpayers:***

Following relaxation are being recommended to be provided to the taxpayers:

- For small taxpayers (aggregate turnover upto INR 50 million) for the tax period March 2021 and April 2021:
  - Nil rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, reduced rate of 9% thereafter for further 45 days and 30 days for March 2021 and April 2021 respectively.
  - Waiver of late fee for delay in furnishing return in FORM GSTR-3B for the tax periods March / QE March 2021 and April 2021 for 60 days and 45 days respectively, from the due date of furnishing FORM GSTR-3B.
  - Nil rate of interest for first 15 days from the due date of furnishing the statement in CMP-08 by composition dealers for QE March 2021, and reduced rate of 9% thereafter for further 45 days.
- For small taxpayers (aggregate turnover upto INR 50 million) for the tax period May 2021:
  - NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, and reduced rate of 9% thereafter for further 15 days.
  - Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for taxpayers filing monthly returns for 30 days from the due date of furnishing FORM GSTR-3B.
- For large taxpayers (aggregate turnover more than INR 50 million):
  - A lower rate of interest @ 9% for first 15 days after the due date of filing return in FORM GSTR-3B for the tax period May, 2021.
  - Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for the tax period May, 2021 for 15 days from the due date of furnishing FORM GSTR-3B.
- Extension of due date of filing of -
  - FORM GSTR-1/ IFF for the month of May 2021 by 15 days.
  - FORM GSTR-4 for FY 2020-21 to July 31, 2021.
  - FORM ITC-04 for QE March 2021 to June 30, 2021.
- Cumulative application of Rule 36(4) of the Central Goods and Service Tax Rules, 2017, for availing input tax credit for tax periods April, May and June, 2021 in the return for the period June 2021.
- Allowing filing of returns by companies using Electronic Verification Code, instead of Digital Signature Certificate till August 31, 2021.
- Time limit for completion of various actions, by any authority or by any person, under the GST law, which falls during the period from April 15, 2021 to June 29, 2021, to be extended June 30, 2021, subject to some exceptions.

### ***Simplification of Annual Return for Financial Year 2020-21:***

- The provisions for amendments in Central Goods and Services Act, 2017 made through the Finance Act, 2021 for deletion of the requirement to get the books of accounts audited and for requirement of having a self-certified reconciliation statement would be notified. This change will apply for Annual Return for FY 2020-21.
- The filing of annual return in FORM GSTR-9 / 9A for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto INR 20 million.
- The reconciliation statement in FORM GSTR-9C for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above INR 50 million.

### Other recommendations:

- Amendments in certain provisions of the Central Goods and Services Act, 2017 to make the present system of FORM **GSTR-1 / 3B** return filing as the default return filing system in GST.
- To support the *Lympahtic Filarisis* (an endemic) elimination programme being conducted in collaboration with WHO, the GST rate on Diethylcarbamazine tablets has been recommended for reduction to 5% (from 12%).
- Certain clarifications / clarificatory amendments have been recommended in relation to GST rates –
  - Leviability of Integrated GST on repair value of goods re-imported after repairs
  - GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) to apply even if these goods are sold separately.
- Retrospective amendment in section 50 of the Central Goods and Services Act, 2017 with effect from July 1, 2017, providing for payment of interest on net cash basis, to be notified at the earliest.

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