



# RK Bhalla & Co. Chartered Accountants

## GST Update – March 2020



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# Gist of Latest Central Tax Notifications

**RK Bhalla & Co.  
Chartered Accountants**



9/2020

- Exempt foreign airlines from furnishing reconciliation Statement in FORM GSTR-9.

13/2020

- Introduction of issue of E-invoice by a person having a turnover of more than Rs. 100 Crore, deferred to 01-10-2020.

14/2020

- Introduction of QR code for B2C invoices issued by a person having a turnover of more than Rs. 500 Crore, deferred to 01-10-2020.

15/2020

- Time limit of filing of Annual return for the F.Y. 18-19 extended till 30th June 2020.

16/2020

- GSTR-9C i.e. GST Audit for the FY 2018-19 is mandatory for only those registered person having aggregate turnover more than 5 crores. [Proviso to Rule 80]

**17, 18 and  
19 /2020**

- Following Persons need to undergo Aadhar authentication for new registration :
  - Individual, authorized signatory of all types, managing and authorized partners of a partnership firm, Karta of HUF.
  - If the person above are not Citizen of India, Aadhar authentication is not required

**20/2020**

- Due date of FORM GSTR – 7 for the following registered person is 24th March'2020
  - Having principal place of business is in State of J&K for the period July'19 to October'19.
  - Having principal place of business in Union territories of J&K and Ladakh for the period November'2019 to February'2020

**21/2020,  
22/2020,  
23/2020,  
24/2020,  
25/2020 &  
26/2020**

- Due date of GSTR-1 and GSTR-3B shall be 24/03/2020 for registered person having principal place of business in State or UT of J&K or Ladakh for the period mentioned below:
  - GSTR 1: For Aggregate Turnover
    - below 1.5 crore: for the period Jul-19 to Dec-19
    - above 1.5 crore: for the period Jul-19 to Feb-20
  - GSTR 3B: for the period Jul-19 to Feb-20

**The Taxation and Other  
Laws (Relaxation of  
certain provisions)  
Ordinance, 2020**

**Insertion of New Section  
168A**

- An enabling section has got inserted in the CGST Act, 2017 empowering the Government to extend due dates on recommendations of the GST Council, for various compliances inter-alia including statement of outward supplies, filing refund claims, filing appeals, etc. specified, prescribed or notified under the Act, which cannot be completed or complied with due to force majeure .



## Bunching of refund claims across Financial Years

- Pursuant to the order of Hon'ble Delhi HC in the matter of M/s Pitambra Books Pvt. Ltd., Master Circular on Refunds stands modified to the extent of restriction imposed on bunching of refund claims across financial years.
- Thus, registered person may be allowed to file refunds clubbing months cutting across FY's.

## Refund of accumulated ITC on account of reduction in GST Rate

- Applicants seeking refund of unutilized ITC on account of inverted duty structure, where the inversion is on account of reduction in GST rate, will not be eligible for refund under Inverted duty structure, in cases where the input and the output supplies are the same.
- Illustration: An applicant trading in goods has purchased, say goods "X" attracting 18% GST. However, subsequently, the rate of GST on "X" has been reduced to, say 12%. It is being claimed that accumulation of ITC in such a case is also covered as accumulation on account of inverted duty structure and such applicants have sought refund of accumulated ITC.

## Refund restricted to ITC on invoices reflecting in GSTR-2A

- Master Circular on Refund provided that refund of ITC in respect of invoices not reflected in **GSTR-2A** would also be admissible on proof of possession of original invoice.
- In view of the recently introduced restriction to claim ITC not in excess of 10% of invoices reflecting in GSTR-2A, Master Circular on Refund has been amended to restrict the refund to the extent of invoices reflecting in GSTR-2A of the applicant.
- It may be noted that as per modified Circular, refund of 10% excess credit may not be available to the applicant.

## HSN/SAC in Statement of invoices to be submitted with application for refund of unutilized ITC

- In order to enable distinction between supplies i.e. as goods or services, HSN/ SAC code to be filed in statement of invoices submitted while filing a refund claim.
- In cases where supplier is not mandated to mention HSN/SAC code on invoice (i.e. supplier having turnover < 1.5 crore), no need to mention HSN/SAC code in statement of invoices while filing refund claim.



## Refund in cash or credit ?

- Earlier the provision of refund sanction was silent on the manner of refund i.e. in cash or by credit. An assessee could have used this lacuna to encash balance in credit ledger by paying excess tax using credit and applying refund thereof.
- To prevent above practice, new provision has been inserted for granting refund in cash where the amount has been debited from electronic cash ledger and refund in credit ledger in case the amount debited from electronic credit ledger i.e. on pro-rata basis.
- The above provision is applicable on following refund applications-
  - Refund of excess payment of tax;
  - Refund of tax paid on intra-State supply subsequently held to be inter-State supply;
  - Refund on account of assessment/provisional assessment/appeal/any other order;
  - Refund on account of “any other” ground or reason.
- Now as per CGST Rule 92(1A) - If the refund for wrongly paid tax or excess paid tax is claimed for the month of April 2020 and in that month, 70 % of the total tax liability was paid through ITC and the balance 30 % was paid in cash, the refund also would be given by way of credit in Electronic Credit ledger to an extent of 70 % and the balance 30 % in cash.

## Online Refund Status

- The functionality to track the status of refund application has been available on the GST portal <https://www.gst.gov.in>.
- Now, the Public Financial Management System (PFMS) of the Controller General of Accounts (CGA) has also made available a central portal to track the status of bank account validation and disbursal of refund amount.



## Turnover of Zero Rated Supply of Goods

- Rule 89(4)(C) has been substituted as : “Turnover of zero-rated supply of goods” means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under subrules (4A) or (4B) or both.
- For Instance:
  - Value of zero rated supply under LUT = 11 crores
  - Value of like goods domestically supplied = 6 crores
  - Turnover in state excluding above value of zero rated supply = 1 crore
  - Refund Amount = 9 crores/12 crores \* Net ITC
- As per the above, the value of exports (zero rated supply) shall be limited to 1.5 times of the domestic price of such goods supplied either by the same supplier (refund claimant) or similarly placed supplier.

## Benefit of various schemes notified under Customs

- As per sub rule (10) of Rule 96, if the inputs are procured duty free under certain notifications, the benefit of refund of IGST paid on export cannot be claimed. In this context, the above Explanation clarifies that if the benefit of these notifications is claimed only in respect of BCD, and not in respect of IGST or Compensation Cess, refund would be entitled.

## Recovery of Refund in case of Exports of Goods

- Where sale proceeds not realized within period specified in FEMA, 1999
- Said person to deposit the amount along with interest within 30 days of expiry of above period
- Not applicable where RBI writes off the requirement on merits
- Sale proceeds realized after recovery and within time period allowed by RBI, then proper officer to refund the amount recovered. Intimation to be sent to department within 3 months of realization of sale proceeds.



**THANK YOU**

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Regards, CA Suraj Bhalla