

Week of 19th February, 2018

A. CHANGES IN THE GST REGIME

Writ petition filed against GSTN

A writ petition has been filed before against central government and the GSTN by a Mumbai-based pipe and tube manufacturer for allegedly infringing on its right to do business in the Bombay High Court. In this writ petition filed, the petitioner has alleged that GSTN tampered with its return in form GST TRAN-1 (which is the form for claiming credit of taxes paid under the erstwhile indirect tax regime). The petitioner contended that it had claimed tax credit of around INR 160 million in its GST TRAN-1, but due to an error on the part of the GSTN only about INR 40 million was credited to it. The petitioner has urged the high court to order the central and Maharashtra governments to conduct a high-level enquiry into the functioning of GSTN through independent IT experts who have no business connection with GSTN. The next date of hearing for the petition is 23th February, 2018.

Easier filing of GSTR-3B return

The format of filing the provisional monthly return in form GSTR 3B return has been made easier and more user friendly. For guidance of taxpayers, an advisory to taxpayers on the improved GSTR-3B return filing process is available on the common portal www.gst.gov.in. The new format has, inter alia, the following features:

- Optimum utilization of input tax credit (ITC) is displayed by the system with a feature to edit it.
- The amount to be paid in cash after taking into account ITC gets displayed.
- One-click challan preparation has been installed to avoid payment of tax under wrong heads.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

Possible return simplification under GST

At the 25th meeting of the GST Council, a general consensus on simplifying the return filing process was reached but a final decision was deferred to the next council meeting. As per media reports, a detailed presentation was made during the last GST Council meet on the options available to simplify the return filing process. The general direction at that meeting was that return filing under GSTR 3B will continue and the sellers load their invoices

and on that basis GST may be deposited. Details of supply made can be furnished by the buyer and seller at a later stage. If there is any difference between the two, it may be reconciled at such later stage. The 26th GST Council meeting is expected to take place on 10th March, 2018 through video-conferencing to address this issue of simplifying the return process. Additionally, the GST Council may also recommend various changes in the procedural framework of GST such as:

- Measures towards easier compliance for small businesses and traders.
- Fixing separate deadlines for return filing for small and medium enterprises and large businesses. The proposed timelines are 7th-8th of every month for large businesses and 20th of every month for small and medium enterprises.

E-way bill may be made mandatory from an earlier date

Earlier, the government had fixed 1st February, 2018 as the date from which the inter-state e-way bill for movement of goods would be mandatory. However, following technical difficulties in the e-way bill portal www.ewaybill.nic.in, the mandatory generation of e-way bill for inter-state movement of goods was deferred to a later date. As per media reports, now the government is seeking to make the inter-state e-way bill system mandatory from 7th April, 2018. However, the National Informatics Centre (NIC), the government's nodal IT procurement arm which is handling the website for generation of e-way bill, wants to implement e-way bill system from 1st April, 2018. As the government is keen on an earlier rollout in its effort to prevent revenue leakages, NIC has been asked to fast track the implementation readiness of the e-way bill portal.

Glossary

GSTN- Goods and Services Tax Network

GST Council- Goods and Services Tax Council, a constitutional body comprising of members of the Central and the State Governments to recommend changes under the existing GST regime.

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