



Week of 11th March, 2019

## **A. CHANGES IN THE GST REGIME**

### **CBIC releases proposed GST forms**

The CBIC has released proposed GST formats relating to monthly and quarterly returns on the GSTN portal on 9th March, 2019. If approved, these formats may become applicable from the second quarter of the financial year 2019-2020 i.e. with effect from 1 July, 2019. All the existing GST returns shall apply for the first quarter of the financial year 2019-2020.

### **Annual Return**

The annual return form GSTR-9 (applicable to all registered taxpayers) and GSTR - 9A (applicable to taxpayers opting for composition scheme) are now live on GSTN portal. The due date for filing these annual returns for the financial year 2017-2018 is 30th June, 2019.

### **Composition Scheme for annual turnover up to INR 5000,000**

The CBIC has vide notification no. 2/2019 – central tax (rate) dated 7th March, 2019 notified that a registered person making “first supplies of goods or services or both” up to an aggregate turnover of INR 50,00,000 on or after the 1st April in any financial year, for the intra-state supply of goods or services or both shall be liable to pay GST at the rate of 6% (3% CGST plus 3% SGST). This rate can only be availed of, if the conditions specified in the notification are satisfied for e.g. aggregate turnover in the preceding financial year is INR 50,00,000 or below, who is not available to pay tax under Section 10 of CGST Act (relating to the composition scheme), who is not engaged in making any supply not levied to tax, who is not engaged in making any interstate outward supply, who is neither a casual taxable person or a non-resident taxable person, who is not engaged in making any supply through an e-commerce operator who is required to collect tax at source and who is not engaged in making supplies of good the description of which is specified etc.

For the purposes of this notification, the expression “first supplies of goods or services or both” shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under CGST Act but for the purpose of determination of tax payable under this notification shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the CGST Act.

## **B. PROPOSED CHANGES AND INDUSTRY ISSUES**

### **Maharashtra too offers one time GST Amnesty**

As per media reports, the government of Maharashtra has provided an amnesty scheme for settlement of pre-GST state tax disputes in order to ensure that the government recovers the outstanding taxes and also clears the backlog of large pending assessments. Such schemes were earlier introduced by the states of Karnataka and West Bengal. The settlement in this scheme refers to various taxes levied in the pre-GST regime such as Value Added Tax (VAT), Central Sales Tax (CST), entry tax, professional tax, luxury tax, and purchase tax on sugarcane. This scheme shall apply to the tax disputes which are pending up to 1st July, 2017 being the date of introduction of GST regime in India. However, this scheme shall apply only to tax payers who have filed their relevant returns on or before 15th July, 2019.

### **No GST on TCS**

TCS is applicable on automobiles priced above INR 10 lakh at the rate of 1% under section 206C(1F) of the Income Tax Act, 1961. The CBIC had vide circular no. 76/50/2018- GST dated 31st December, 2018 said that GST is payable on the invoice value plus TCS and not just on the value of the goods, implying that consumers have to pay GST on the value of tax collected by an auto dealer. As per media reports, the government has vide a corrigendum dated 7th March, 2019 clarified that no GST needs to be paid on TCS. In view of the above, high value cars may become cheaper as TCS is to be excluded in computing GST.

### **ITC frauds under GST**

A number of cases have been reported and individuals arrested for fraudulent claim of ITC. In such cases, attempts are made to avail ITC which is not due to the taxpayers. Such fraudulent ITC is subsequently utilised for payment of GST liability. It replaces the GST payment by the tax payer.

As per media reports, many cases are registered by Mumbai zone of CGST in last one year for availing fraudulent ITC via fake invoices specially in the iron and steel industry and therefore, the iron and steel industry is under the lens of GST department for committing any ITC frauds.

Also, due to the increase in the fraud by Indian businesses for claiming of fraudulent ITC by bogus invoices, companies claiming high ITC have come under the lens of GST department authorities. Indian businesses are concerned as there is high frequency of e-mail queries by the department and the time given to respond to the queries is very limited.

### **Companies producing home appliances under NAA lens**

As per the media reports, the NAA is examining whether companies are passing on the benefit of reduction of GST rates to the consumers after the government reduced the GST rates on washing machines, TVs and other electronic products. NAA's focus seems to be on goods that could stoke inflation. Therefore, the NAA is scrutinising every sector that directly impacts inflation and so white goods companies are currently under the lens.

## **Glossary**

**CBIC – Central Board of Indirect Taxes and Customs**  
**CGST – Central Goods and Services Tax**  
**GST – Goods and Services Tax**  
**GSTN – Goods and Services Tax Network**  
**GSTR - Goods and Services Tax Return**

**ITC – Input Tax Credit**  
**NAA – National Anti- profiteering Authority**  
**TCS – Tax Collected at Source**

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