

# Updates On The 41st GST Council Meeting

The **41st GST Council meeting** chaired by Union Finance & Corporate Minister Smt. Nirmala Sitaraman was held on 27th August 2020 via video conferencing. The article covers the meeting highlights including the press releases with respect to earlier recommendations made in the council meetings.

Highlights of the meeting include:

- The meeting primarily concentrated on the manner of GST Compensation cess collection and distribution between Centre & State
- Two borrowing options (to meet the GST Compensation requirement) for 2020-21 has been communicated to States. States are required to confirm their preference within 7 days

Interest on Delayed Payment:

- In the 39th GST Council meeting held on 14 March 2020, the Council recommended that proviso to section 50 of CGST Act, 2017 pertaining to interest on delayed payment of taxes payable only on the net cash liability portion (i.e. net of ITC available) shall be made effective retrospective from 01 July 2017.
- CBIC vide notification No. 63/2020-Central Tax dated 25 August 2020 has notified 01 September 2020 as effective date for the above provision prospectively. This appeared to be contradictory to the earlier recommendation of the Council.
- Thus, CBIC later clarified vide a Press Release that the notification was issued with certain technical limitations and assures that no recoveries shall be made for the past period, thereby making the effect retrospective

Extension in Compliance Timeline for Tax Authorities:

- Time limit for completion or compliance of any action **by any authority** under section 171 of CGST Act (Anti-profiteering) has been extended vide Notification No. 65/2020-Central Tax dated 01 September 2020;
- The original time limit for completion falling due between 20 March 2020-29 November 2020, has been extended to 30 November 2020;
- Relevant to note that the extension is provided only to tax authorities and not taxpayers.

Virtual Hearings made mandatory:

- Initial instructions were issued by CBIC in April 2020, allowing specific authorities to hold virtual meetings for personal hearings;

- Virtual hearings have speeded the passing of adjudication and appellate proceedings, thereby saving cost of travel and time and following the social distancing norms simultaneously.
- The CBIC has further instructed other authorities (such as the Commissioner (Appeals), the original adjudicating authorities and the compounding authority) to conduct **personal hearings through video conferencing facility** with respect to any proceedings under the Customs Act, 1962, Central Excise Act, 1944 and Chapter V of Finance Act, 1994, Central GST (CGST) and Integrated GST(IGST).

## Important Press Releases:

### Import data now available in GSTR 2A:

- GSTN has enabled the facility to view details of bill of entry & import purchases in the GSTR 2A on a trial basis;
- Two tables have been inserted in the GSTR 2A for displaying details of import of goods from overseas and inward supplies made from SEZ units / SEZ developers;
- The trial system is displaying 'Bill of entries' data is received by the GST System (GSTN) from ICEGATE System (Customs) up to 6 August, 2020. The same is done explain the functionality to taxpayers and collect feedback on the same

### GSTN enables GSTR 2B on the portal:

- Based on the recommendation in 39<sup>th</sup> Council Meeting for introduction of an auto-drafted input tax credit (ITC) statement which would aid in assisting / determining the ITC that is available for every taxpayer – Form GSTR 2B has been introduced on the portal for the month of July 2020, as trial basis;
- GSTR-2B is the auto drafted ITC statement which is populated based on information uploaded by the suppliers in their respective returns (GSTR-1/ GSTR-5/GSTR-6);
- This will a **static statement** and will be available on the portal on every 12<sup>th</sup> of the succeeding month

### Key features of the GSTR 2B statement:

- It contains information on import of goods from the ICEGATE system including inward supplies of goods received from SEZ units;
- the statement will show all the ITC available and non-available under each section. The advisory given against each section clarifies the action to be taken by the taxpayers in their respective section of GSTR-3B;
- document level details of all invoices, credit notes, debit notes etc. is also provided both for viewing and download.