

Key Highlights of the 39th GST Council Meeting

The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman on March 14, 2020 at New Delhi.



Recommendations made by the GST Council in its 39th Meeting on:

A. Law & Procedure related changes:

1. *Extension of GSTR-9 (Annual Return) and GSTR-9C (Reconciliation Statement)*

- I. Due date for furnishing Annual Return and Reconciliation Statement for FY 2018-19 extended to June 30, 2020 (from March 31, 2020)
- II. Relaxation to MSMEs from furnishing Reconciliation Statement having aggregate turnover below Rs. 5 crore
- III. Late fees not to be levied for delayed filing of Annual Return and Reconciliation Statement for FY 2017-18 and FY 2018-19 for taxpayers with an aggregate turnover less than Rs. 2 crores

2. *Deferment of the new GST return system, e-invoicing and QR code:*

- I. The implementation of the new e-invoicing and QR code extended to October 1, 2020
- II. Continuation of present return filing system of furnishing GSTR-1 & GSTR -3B till September 2020
- III. Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, goods transport agency, passenger transportation service etc.) to be exempted from issuing e-invoices or capturing dynamic QR code

3. *Deferment of e-wallet Scheme:*

- I. The time limit for finalization of e-wallet scheme for consumers extended till March 31, 2021
- II. Present IGST and cess exemptions on imports made under the Advance Authorization, Export Promotion Capital Goods (EPCG) & Export Oriented Units (EOU) schemes to continue till March 31, 2021

4. **Interest** on delay in GST payment to be charged on the net cash tax liability retrospectively from July 1, 2017

5. **A new scheme** called 'Know your Supplier' to be introduced so that the taxpayers are informed about the basic details of the suppliers

6. **Taxpayers** who have cancelled their GST registration till March 14, 2020 can file an application for revocation of cancellation of registration till June 30, 2020. This is a one-time facility to facilitate those taxpayers who want to continue their business

7. **To restraint** fake invoicing and fraudulent passing of Input Tax Credit (ITC), restrictions to be imposed on passing of ITC in case of new GST registrations before physical verification of premises and financial 'Know Your Customer' (KYC) verification of the registered person

8. **Bunching** of refund claims allowed across financial years to facilitate exporters

9. Waiver and extension of due dates:

- I. GSTR-1 for FY 2019-20 to be waived for certain taxpayers who could not opt for the special composition scheme [Notification No. 2/2019-Central Tax (Rate) dated March 7, 2019] by filing Form CMP-02
- II. Due date of filing of Forms GSTR-3B, GSTR-1 & GSTR-7 for the month of July 2019 to January 2020 extended till March 24, 2020 for registered persons having principal place of business in the Union Territory of Ladakh
- III. A special procedure for registered persons in Dadra and Nagar Haveli & Daman and Diu during transition period, consequent to merger of the Union Territories w.e.f. January 26, 2020; transition to be completed by May 31, 2020

10. Issuance of Circulars in respect of:

- I. Clarification in apportionment of ITC in cases of business reorganization
- II. Appeals during non-constitution of the Appellate Tribunal
- III. Clarification on refund related issues
- IV. Clarification on special procedure for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016 undergoing the Corporate Insolvency Resolution Process

11. Key Amendments to the CGST Rules:

- I. procedure for reversal of ITC in respect of capital goods partially used for taxable supplies and exempt supplies
- II. ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies
- III. to allow for refund to be sanctioned in both cash and credit in case of excess payment of tax
- IV. to provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under Foreign Exchange Management Act (FEMA)
- V. to operationalize Aadhaar authentication for new taxpayers

In the meeting, Shri Nandan Nilekani, on behalf of Infosys, apprised the GST Council regarding GSTN related issues that are being faced by the taxpayers in the GST system and suggested the way forward to resolve them. Shri Nilekani assured that he would personally monitor the progress of the GSTN project and also agreed to attend the IT- Group of Ministers (GoM) meetings for next 6 months / till such time the initiatives are implemented. The Council expects these initiatives to be implemented by July 31, 2020.

Please [Click Here](#) to read the Press Release dated March 14, 2020 for Law and Procedure related changes. The above recommendations shall be made effective from the date as specified in Notifications / Circulars.

B. Changes in GST Rates:

The GST Council recommended the following GST rate related changes on supply of goods and services:

SI	Description of goods / services	Existing	Proposed
1	Mobile phones and specified parts (to remove difficulties due to the inverted duty structure)	12%	18%
2A	Matches (handmade)	5%	12%
2B	Matches (other matches) to address classification issues	18%	12%
3	Maintenance, Repair and Overhaul (MRO) service in respect of aircrafts Place of supply for B2B MRO services will be the location of the recipient. This change is likely to assist in setting up of MRO services in India	18%	5% (with full ITC)

Please [Click Here](#) to read the Press Release dated March 14, 2020 for changes in GST rates. It is proposed to issue notifications giving effect to these recommendations of the GST Council on 01st April, 2020.

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