

FURTHER AMENDMENTS FOR CA INTER NOV 2020/CMA INTER DEC 2020 EXAM**INCOME TAX****NOTIFICATION AND CIRCULARS ISSUED BETWEEN 1.11.2019 TO 30.04.2020**

[PLEASE NOTE THAT THE AMENDMENTS BY THE FINANCE ACT, 2019 IS ALREADY COVERED IN THE EARLIER AMENDMENT NOTES/STUDY MATERIAL]

Sl.No	Particulars
1.	<p>Notification No.8/2020, dated 29.1.2020: Prescribed other electronic modes [Rule 6ABBA]</p> <p>W.r.e.f 1.9.2019: For the purpose of section 35AD, 40A(3)/(3A), 43(1), 43CA, 44AD,50C, 56(2)(x), 80JJAA and * (Section 13A, 269SS, 269ST, 269T), the following shall be the other electronic modes –</p> <p>(a) Credit Card; (b) Debit Card; (c) Net Banking; (d) IMPS (Immediate Payment Service); (e) UPI (Unified Payment Interface); (f) RTGS (Real Time Gross Settlement); (g) NEFT (National Electronic Funds Transfer), and (h) BHIM (Bharat Interface for Money) Aadhar Pay [Note 1]</p>
2.	<p>Notification No.8/2020, dated 29.1.2020: Rule 6DD amended</p> <p>Rule 6DD provides circumstances when payment exceeding ₹10,000 other than Account payee cheque /Account payee DD/prescribed e-mode is permissible. <i>The following is omitted from the list of circumstances provided in rule 6DD w.e.f 29.1.2020:-</i></p> <p>“Where the payment was required to be made on a day on which the banks were closed either on account of holiday or strike”. Therefore, in such case payment exceeding ₹ 10,000 other than Account payee cheque /Account payee DD/prescribed e-mode are not permissible now.</p>
3.	<p>Notification No. 96/2019, dated 11.11.2019: Section 56(2)(x)</p> <p>Section 56(2)(x) provides that in case of purchase of land or building or both, if the purchase price is lower than the value of stamp authority then, if the difference exceeds ₹ 50,000 and 5% of consideration, then such difference amount is taxable in the hands of the buyer under the head other sources. However, proviso to section 56(2)(x) provides list of circumstances where nothing shall be taxable in the hands of recipient if money/property is received from notified class of person.</p> <p>Accordingly following class of person is notified where provisions of <i>section 56(2)(x) shall not apply to any immovable property, being land or building or both, received by a resident of an unauthorised colony in the National Capital Territory of Delhi.</i></p> <p><u>Condition:</u> the Central Government by notification in the Official Gazettee, regularised the transactions of such immovable property in favour of such resident based on latest Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration for conferring or recognising right of ownership or transfer or mortgage in regard to such immovable property in favour of such resident. [Rule 11UAC]</p> <p><u>Explanation:</u></p>

	<p>(a) "resident" means a person having physical possession of property on the basis of a registered sale deed or latest set of Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration in respect of a property in unauthorised colonies and includes their legal heirs but does not include tenant, licensee or permissive user;</p> <p>(b) "unauthorised colony" means a colony or development comprising of a contiguous area, where no permission has been obtained for approval of layout plan or building plans and has been identified for regularisation of such colony in pursuance to the notification of the Delhi Development Authority, dated the 24th March, 2008.</p>
4.	<p>Notification No. 98/2019, dated 18.11.2019: Section 194M and 194N</p> <p>(1) TDS u/s. 194M shall be paid within 30 days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in Form No. 26QD. Further, The Deductor shall furnish the certificate of deduction of tax at source in Form No.16D to the payee within fifteen days from the due date for furnishing the challan-cum-statement in Form No.26QD</p> <p>(2) The deductor at the time of preparing statement of TDS shall furnish particulars of amount paid or credited on which tax was not deducted in view of the exemption provided u/s. 194N.</p>
5.	<p>Notification No.11/2020, dated 13.2.2020: Section 139AA read with rule 114AAA (Quoting of Aadhaar)</p> <p>Every person who has been allotted permanent account number on 1st July, 2017, and who can get Aadhaar number, shall intimate his Aadhaar number on or before 31.3.2021. However, in case of failure to intimate the Aadhaar number, the permanent account number allotted to the person shall be <i>made inoperative on or after 1.4.2021 and it is deemed that NO PAN is furnished/quoted</i> and he shall be liable for all the consequences under the Act for not furnishing, intimating or quoting the permanent account number. Further, PAN shall become re-operative from date of intimation of Aadhaar.</p>

Note 1:

Section -	Mode of payment by – A/C payee Cheque/draft or ECS though Bank account/prescribed e-mode
35AD -Deduction allowed to specified business.	For Payment exceeding ₹ 10,000
43(1)- Cost of asset added to WDV.	For payment exceeding ₹10,000.
40A(3)- Expenses in cash not allowed.	For payment exceeding ₹10,000 (₹35,000 for freight)
43CA – Special provisions for sale of land or building held as stock in trade	Stamp value on the date of agreement to be considered, if advance made in above specified mode.
44AD – Presumptive taxation scheme	Rate of PTS- 6%, if payment received in above specified mode
50C- Special provisions for sale of land or building held as capital assets	Stamp value on the date of agreement to be considered, if advance made in above specified mode.
56(2)(x) – Taxability of Gift.	Stamp value on the date of agreement to be considered, if advance made in above specified mode.
80JJAA : Deduction for new employment	Salary paid to employee for claiming 30% additional deduction.

Note: Section 13A, 269SS, 269ST, 269T are relevant in Final level.

Question 1: Mr. Suraj, has purchases a Building for ₹ 5,00,000 in 1995 through agreement to sale. The building was constructed without approval from Delhi Development Authority. Consequently, the properties are not registered by registrar. As a result of which even though Mr. Suraj has in possession of the property but he does not have legal ownership right. In order to regularise such unauthorised colony the Ministry of Housing and Urban Affairs has notified the regulation ‘the National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Regulations, 2019’. Accordingly, the stamp duty value of ₹20,00,000 for registration of such property. Mr. Suraj, has paid required stamp duty and get the legal right of such property on 15.3.2020. Determine taxability u/s. 56(2)(x) in the hands of Mr. Suraj on getting a right in an immovable property on 15.3.2020.

Answer: In view of **Notification No. 96/2019, dated 11.11.2019** nothing shall be taxable u/s. 56(2)(x) in the hands of Mr. Suraj on getting legal right on the property ‘the National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Regulations, 2019’.

Question 2: Mr. Agarwal, a chartered Accountant, having professional set up in Kolkata. During the year he has carried out an Audit work in World Bank, London. All the audit work is carried out in London and audit fees of ₹ 20 lakhs also received in London and deposited in a bank account maintained in London. Determine the taxability of his audit fees, if he a –

- (i) Resident and ordinarily resident of India
- (ii) Resident but not ordinarily resident of India
- (iii) Non-resident of India

Answer: If he a resident and ordinarily resident of India: ₹20 lakhs is taxable in India [global income taxable]

- (i) If he is a resident but not ordinarily resident of India: ₹20 lakhs is taxable in India [since profession is set up in India even though accrued outside India]
 - (ii)** If he is a Non-resident of India: not taxable, neither accrued nor received in India.
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FURTHER AMENDMENTS FOR NOV 2020/DEC 2020 EXAM**GST****NOTIFICATION AND CIRCULARS ISSUED BETWEEN 1.11.2019 TO 30.04.2020**

[PLEASE NOTE THAT THE AMENDMENTS BY THE FINANCE ACT, 2019 IS ALREADY COVERED IN THE EARLIER AMENDMENT NOTES/STUDY MATERIAL]

A. Changes made by the Finance Act (No.2), 2019 [Applicable w.e.f 1.1.2020]

Sl. No	Amendments made by the Finance Act (No.2), 2019	Comparison with existing provisions
1.	Composition Scheme [Section 10]	
(i)	<p><u>Second Proviso to Section 10:</u> Provided further that a person who opts to pay tax u/s. 10(1) may supply services (other than restaurant services), of value not exceeding 10% of turnover in a State or Union territory in the preceding financial year or ₹5,00,000, whichever is higher.</p> <p>Explanation: For the purposes of second proviso, the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in a State or Union territory [newly inserted]</p>	This explanation is already there in existing law by virtue of clarification given in Order No. 01/2019, now the same has been incorporated in the Act.
(ii)	<p><u>New condition inserted in section 10(2) - the registered person shall be eligible to opt this scheme, if:</u></p> <p>(f) he is neither a casual taxable person nor a non-resident taxable person (newly inserted)</p> <p>[no change in clause (a) to (e)]</p>	This condition is already there by virtue of Rule 5, now the same has been incorporated in the Act.
(iii)	<p><u>Alternative composition scheme under Notification NO. 2/2019 has now been enacted in the provisions of the Act:</u></p> <p>Section 10(2A) : Notwithstanding anything to the contrary contained in this Act, but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, not eligible to opt to pay tax u/s. 10(1) and 10(2), whose aggregate turnover in the preceding financial year did not exceed ₹ 50 lakh, may opt to pay, in lieu of the tax payable by him u/s. 9(1), an amount of tax calculated at such rate as may be prescribed, but not exceeding 3% of the turnover in State or turnover in Union territory, if he is not—</p> <p>[Notified rate is 3% CGST and 3% SGST – Rule 7]</p> <p>(a) engaged in making any supply of goods or services which are not leviable to tax under this Act;</p> <p>(b) engaged in making any inter-State outward supplies of goods or services;</p>	<p>The provisions are same (except one change given below) that we have learned under Notification NO. 2/2019 -</p> <p>(i) In Notification No. 2/2019, notified supplier (manufacturer/trader) of goods is not allowed to opt the scheme. However, in section 10(2A), notified manufacture of goods or notified supplier of services, are not allowed to opt the scheme. [Ref. Point d]</p>

<p>(c) engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52;</p> <p>(d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and</p> <p>(e) a casual taxable person or a non-resident taxable person: Provided that where more than one registered person are having the same Permanent Account Number issued under the Income-tax Act, 1961, the registered person shall not be eligible to opt for the scheme under this sub-section unless all such registered persons opt to pay tax under this sub-section. <i>→ Other provisions of section 10(3),10(4) and 10(5) is applicable to section 10(1) is also applies to section 10(2A)</i></p>	
<p>(iv) Explanation to section 10 (newly inserted)</p> <p>Explanation 1.—For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression “aggregate turnover” shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.</p> <p>Explanation 2.—For the purposes of determining the tax payable by a person under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of following supplies, namely:—</p> <p>(i) supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act; and</p> <p>(ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.’</p>	<p>Same as that given in the order No. 01/2019 and notification No. 2/2019.</p>
<p>2. REGISTRATION</p>	
<p>(i) <u>Third Proviso to section 22(1)</u></p> <p>Provided also that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from ₹ 20 lakh to such amount not exceeding ₹ 40 lakh in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.</p> <p>Explanation.—<i>For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.”.</i></p>	<p>Presently this enhancement for some states has been done by virtue of Notification NO. 10/2019, now, such power is given through section 22.</p> <p>Note - This explanation give relaxation that person shall be considered as exclusively supply of goods even if he earns interest income/discount. [This relaxation is not there in Notification 10/2019.</p>

(ii)	AADHAAR AUTHENTICATION MANDATORY FOR SPECIFIED CLASS OF PERSON [Section 25(6A),25(6B),25(6C),25(6D)] W.e.f 1.4.2020	<p>(i) Newly inserted to make Aadhaar Authentication mandatory for specified class of new taxpayer, and</p> <p>(ii) <i>also to prescribe manner in which certain class of registered person are required to undergo Aadhaar Authentication(not yet prescribed).</i></p>
<p>1. Every Individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number.</p> <p>2. Every person other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the –</p> <p>(a) authorised signatory of all types (Managing Director, whole time Director, Members of Managing Committee of Association, Board of Trustees, authorised representative etc.);</p> <p>(b) Managing and Authorised partners of a partnership firm; and</p> <p>(c) Karta of an Hindu undivided family,</p> <p>3. Where Aadhaar number is not assigned, then the registration shall be granted only after physical verification of the principle place of business in the presence of the said person, not later than 60 days from the date of application and the provisions of deemed registration is not applicable.</p> <p>4. Notified Exempted category –</p> <p>(i) A person who is not a citizen of India</p> <p>(ii) Person other than (a) individual, (b) authorised signatory of all types; (c) Managing and Authorised partners of a partnership firm; and (d) Karta of HUF</p> <p>5. Rule 25 has been substituted to carry out physical verification where Aadhaar authentication is failed</p> <p>Physical verification of business premises in certain cases.-Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of 15 days following the date of such verification.</p>		
3. INVOICING UNDER GST		
(i)	FACILITY OF DIGITAL PAYMENT TO RECIPIENT [SECTION 31A] The Government may, on the recommendations of the Council, prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.	Newly introduced so as to make mandatory option for e-payment in case of specified class of regd. Person.
4. PAYMENT OF TAX		
<p><u>Transfer of amount from one major/minor head in e-cash ledger to another [Newly introduced]</u></p> <p>Section 49(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic</p>		

cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in form GST PMT-09 and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

Section 49(11) Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1)

Section 53A: Where any amount has been transferred from the e-cash ledger under CGST Act to the e- cash ledger under the State GST Act or the UTGST Act, the Government shall, transfer to the State tax account or the Union territory tax account, an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.”. [same provisions inserted u/s. 17A of the IGST Act, 2017]

Example 1-

Balance in e-cash ledger –

Major Head	Minor Head				
	Tax	Interest	Fee	Penalty	Others
CGST	10000	0	0	0	0
SGST	10000	0	0	0	0
IGST	12000	0	0	0	0
Cess	0	0	0	0	0

Suppose Tax liability payable for a month is CGST ₹15,000 and SGST is ₹15,000 and Late fee payable ₹1000 CGST and ₹1000 SGST.

Now, there is short-fall of ₹6,000 in CGST Head and SGST Head in the e-cash ledger but there is balance in IGST head, so the taxpayer can transfer balance from IGST as under and set –off his liability –

Transfer from	Transfer to	Minor Head				
		TAX	Interest	Fee	Penalty	Others
IGST	CGST	5000	0	1000	0	0
ISGT	SGST	5000	0	1000	0	0

5. RETURN

(i) **Proviso to section 44**

The Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by notification, extend the time limit for furnishing the annual return for such class of registered persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

Now, the commissioner is empowered to extend the due date of furnishing annual return.

B. NOTIFICATION AND CIRCULARS ISSUED BETWEEN 1.11.2019 TO 30.04.2020**REVERSE CHARGE****(1) RCM payable on renting of Motor Vehicles – Substituted**

Sl No.	Category of supply of service	Supplier of service	Recipient of service
	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 % to the service recipient	Any body corporate located in the taxable territory.

Notification no. 29/2019, CT (Rate), dated 31.12.2019

Class Notes :

1. In RCM, the rate of GST shall always be 5% on above services.
2. Where forward charge is applicable then supplier can opt for 12% GST with no restriction on claiming ITC [subject to provisions of ITC] or 5% GST with limited ITC [i.e. ITC of only same line of business being allowed]

INPUT TAX CREDIT**(2) Rule 36(4) the CGST Rules, 2017: Availment of ITC for which invoices has not been uploaded by suppliers in their GSTR-1 is reduced from 20% to 10% w.e.f 1.1.2020**

Where the supplier has not uploaded the details of invoices/debit notes within the due date (i.e 11th of the following month), the ITC for the month shall be restricted to 10% of the eligible credit in respect of invoices or debit notes the details of which have been uploaded by the suppliers. [Notification no. 75/2019-CT, 26.12.2019]

→ *If invoice is uploaded by supplier in his GSTR 1:- Full ITC is allowed (if other conditions are allowed).*

→ *If invoice is not uploaded by supplier in his GSTR 1:- 10% of the eligible ITC allowed in respect of the uploaded Invoices/ Debit Note. However, ITC claimed should not exceed ITC available on Invoices not uploaded.*

Circular NO. 123/2019, dated 11.11.2019

- The above restriction is not available w.r.t ITC claimed on RCM, ITC received through Input service distributor, IGST paid on imports etc.
- The taxpayer shall claim ITC in his GSTR-3B by applying the above restriction
- The calculation of 10% of eligible ITC is on total invoices uploaded and not on supplier basis
- 10% is calculated on invoices on which ITC is available,, therefore invoices for which ITC not available [such as section 17(5) Cases) would not be considered.

- **(3) MANNER OF DETERMINATION OF INPUT TAX CREDIT IN RESPECT OF CAPITAL GOODS AND REVERSAL THEREOF [SECTION 17(2) READ WITH RULE 43]**
- **Amended w.e.f 1.4.2020 videi notification No. 16/2020**

(a)	Credit related to capital goods used or intended to be used exclusively for non business/exempted purpose should be indicated in GSTR-2 and GSTR-3B and shall not be credited to e-credit ledger	-
(b)	Credit related to capital goods used or intended to be used exclusively taxable supplies and zero-rated supplies, shall be credited to the e-credit ledger.	xxx
(c)	the amount of input tax in respect of capital goods not covered under clauses (a) and (b), (common capital goods) denoted as 'A' being the amount of tax as reflected on the invoice, shall credit directly to the e- credit ledger and the validity of the useful life of such goods shall extend upto 5 years from the date of the invoice for such goods.	
(d)	The aggregate of the amounts of 'A' credited to the e- credit ledger under clause (c) in respect of common capital goods whose useful life remains during the tax period, to be denoted as 'T _c ', shall be the common credit in respect of such capital goods	xxx
(e)	the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as 'T _m ' and calculated as $T_m = T_c \div 60$ Explanation - useful life of any capital goods shall be considered as 5 years from the date of invoice and the said formula shall be applicable during the useful life of the said capital goods.	xxx
(f)	(T_r) Opening ITC on all common capital goods whose useful life remains during the tax period & shall be the aggregate of 'T_m' for all such capital goods. [omitted from 1.4.2020]	xxx
(g)	the amount of common credit attributable towards exempted supplies, be denoted as 'T _e ', and calculated as- $T_e = (E \div F) \times T_r$ E' is the aggregate value of exempt supplies, made, during the tax period, 'F' is the total turnover in the State of the registered person during the tax period: The amount of 'T _e ' along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit. It shall be calculated separately for central tax, State tax, Union territory tax and integrated tax and declared in GSTR 3B.	xxx

- ~~Note 1: Where capital goods were used for exclusively for non business/ exempted supplies/ taxable supplies are used for common purpose the value of 'T_e' shall be arrived at by reducing the input tax @ 5% points for every quarter or part thereof.~~
 - (i) **Where any capital goods earlier used exclusively for non business/exempted purpose but subsequently used for common purpose, input tax in respect of such capital goods shall be credited to the e-credit ledger and included in 'T_c'.**
However, the ineligible credit attributable to the period during which such capital goods were used exclusively for non business/exempted purpose, denoted as 'T_{ie}', shall be calculated @ 5% points for every quarter or part thereof and added to the output tax liability of the tax period in which such credit is claimed and shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B. [In this case provisions of section 18(4) shall not apply]
 - (ii) **where any capital goods earlier used for exclusively taxable supplies and zero-rated supplies, but subsequently used for common purpose, the input tax credit claimed in respect of such capital good(s) shall be added to arrive at the aggregate value "T_c";**
- **Note 2:** where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E'

and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;

- **Note 3:** the aggregate value of exempt supplies and the total turnover shall exclude the amount of Excise duty, CST and VAT [For Rule 42 and 43]

E-credit Ledger

(4) Where tax is paid wrongly or paid in excess by utilising ITC, then refund shall be granted by way of credit to e-credit ledger [Rule 86(4A)]-Notification No. 16/2020, dated 23.03.2020

(5) Conditions of use of amount available in e- credit ledger [Blocking of e-credit Ledger] Rule 86A

The Commissioner or any officer authorized by him not below the rank of an Assistant commissioner may not allow use of ITC for discharge of liability or claim of refund where it has reasons to believe that:

- (a) ITC has been availed on the strength of tax invoices or debit notes or other valid documents -
- issued by a non-existent registered person or person not conducting any business from the registered place of business; or
 - without receipt of goods or services or both; or
 - the tax charged in respect of which has not been paid to the Government; or
- (b) the registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or
- (c) the registered person availing ITC is not in possession of a tax invoice or debit note or other valid document,
- (3) The restriction can be imposed for a period of upto 1 year from the date of imposing such restriction. However, if the Commissioner or the officer authorised by him may, upon being satisfied that conditions for restriction no longer exist, can withdraw such restriction. [Notification No.75/2019-CT, dated 26.12.2019]

INVOICING AND E-WAY BILL

(6) Rule 138E [Blocking of E-way Bill]:

No person (including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall be allowed to furnish the information in PART A of FORM GST EWB-01 in respect of a registered person, whether as a supplier or a recipient, who, -

- (a) Being a composite dealer u/s 10 or paying tax under Notification No. 2/2019 has not furnished the statement of GST CMP-08 for two consecutive quarters.
- (b) Being a regular dealer has not furnished has not furnished the return (GSTR-3B) for a consecutive period of 2 months

- (c) **Being a regular dealer has not furnished has not furnished the statement of outward supplies (GSTR-1) for any two months or quarter as the case may be. [Notification no. 75/2019-CT, dated 26.12.2019]**

However, the commissioner may on receipt of an application from the registered person on sufficient cause being shown and for reasons to be recorded in writing, by order allow furnishing such information subject to such conditions and restrictions as may be specified by him.

(7) E-Invoicing

(1) TAX Invoice with QR Code for B2C invoices: (Rule 46)

An invoice issued by a registered person, whose aggregate turnover in a financial year exceeds ₹ 500 crore, to an unregistered person (hereinafter referred to as B2C invoice), shall have Quick Response (QR) code.

Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code. [Notification No. 72/2019, w.e.f 1.4.2020]

(2) Tax invoice with Invoice Reference Number (IRN) obtained from portal for B2B invoices:

Rule 48 (4) and (5) [Notification No. 68,69,70 &71/2019, – CT, dated 13.12.2019]

1. What is e-invoicing?

E-invoicing' or 'electronic invoicing' is a system where in the tax payer will upload his invoice details and register his supply transaction on the Government Invoice Registration Portal (IRP) and get the Invoice Reference Number (IRN) generated by the IRP system. That is, the tax payer will first prepare and generate his invoice using his ERP/accounting system or manual system and then upload these invoice details to IRP and get the unique reference number, known as IRN. It is clarified again that the e-invoice means NOT preparation or generation of tax payer's invoice on government portal. It is only intimating the government portal that invoice has been issued to the buyer, by registering that invoice on the government portal.

2. What is the main purpose of e-invoicing system?

- (i) ability to pre-populate the return and to reduce the reconciliation problems
- (ii) Generation of invoice in a standard format so that invoice generated on one system can be read by another system.
- (iii) Help the purchaser to get the Input tax credit easily.
- (iv) Curb tax evasion by claiming of ITC on fake invoices.

3. What types of supply are covered and who is responsible to issue e-invoices?

- (1) In case of B2B invoices in respect of supply of goods or services or both
- (2) It shall be issued mandatorily from 1.4.2020 by a registered supplier whose aggregate turnover in a financial year exceeds ₹ 100 crore.

4. How e-invoices are generated?

(i) It generated by uploading information in FORM GST INV-01 on the Common Goods and Services Tax Electronic Portal.

5. What is the common portal for e-invoicing?

Following are the common portals -

(i) www.einvoice1.gst.gov.in; (ii) www.einvoice2.gst.gov.in; (iii) www.einvoice3.gst.gov.in; (iv) www.einvoice4.gst.gov.in; (v) www.einvoice5.gst.gov.in; (vi) www.einvoice6.gst.gov.in; (vii) www.einvoice7.gst.gov.in; (viii) www.einvoice8.gst.gov.in; (ix) www.einvoice9.gst.gov.in; (x) www.einvoice10.gst.gov.in.

Note-If invoice issued other than manner specified rule 48(4), then such invoice shall not be treated as an Invoice. Further, requirement of preparing invoice in duplicate/ in triplicate, is not applicable to e-invoices.

EXEMPTED SERVICES

(8) Change in condition on exemption on upfront amount payable for long term lease of industrial plots:

Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having ~~50%~~ 20% or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area, shall be exempted.

Explanation.- For the purpose of this exemption, the Central Government, State Government or Union territory shall have ~~50%~~ 20% or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.

Condition: (i) the leased plots shall be used for the purpose for which they are allotted and the State Government concerned shall monitor and enforce it.

(ii) In case of any violation or subsequent change in land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay amount of tax exempted along with applicable interest and penalty:

(iii) The lease agreement shall incorporate in the terms and conditions, the facts that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to the above condition and that the parties to the said agreements undertake to comply with the same.” [w.e.f 1.1.2020]

(Notification No. 28/2019, dated 31.12.2019]

Circular dated 30/4/2019: Exemption is available on upfront payment , irrespective of whether such upfront amount is payable or paid in one or more instalments , provided the amount is determined upfront.

RETURN

(9) Foreign airlines are exempted to furnish GSTR-9C. However, a statement of receipts and payments for the financial year in respect of its Indian Business operations, duly authenticated by a practicing Chartered Accountant in India or a firm or a Limited Liability Partnership of practicing Chartered Accountants in India is submitted for each GSTIN by the 30th September of the year succeeding the financial year. [Notification No.09/2020– Central Tax New Delhi, the 16th March, 2020]

- **Example** – Mr. Ganesh a supplier of both taxable and exempted goods request you to determine his allowable input tax credit on the following capital goods for the month April, 20XX–

Capital Goods	Used for	Date of Invoice	Input tax credit
A	Exclusively for taxable supply	01.04.20XX	20,000
B	Exclusively for exempted supply	05.04.20XX	10,000
C	Both taxable and exempted supply	10.04.20XX	60,000
D	Both taxable and exempted supply	10.04.20XX	60,000

- Value of exempted supply for the month = ₹ 5,00,000
- Value of taxable supply for the month = ₹ 5,00,000 (excluding GST)
-
- **Answer - ITC allowed for the month of April 20XX**

Capital Goods	Used for		Input tax credit allowed (₹)
A	Exclusively for taxable supply	Fully allowed	20,000
B	Exclusively for exempted supply	Not allowed	-
C and D	Both taxable and exempted supply	Common ITC	1,20,000
Gross ITC			1,40,000
Less – ITC reversed as per Rule 43 (Note 1)			(1000)
Net ITC for the month			1,39,000
<p>Note – The amount of common credit attributable towards exempted supplies</p> <p>E = 5,00,000</p> <p>F = 10,00,000</p> <p>Tm = $Tc \div 60 = 1,20,000 \div 60 = 2,000$</p> <p>T_e = $\frac{5,00,000}{10,00,000} \times 2,000 = 1,000$</p> <p>Although the rules required that the amount of T_e (₹ 1000) shall be added to output tax liability but in GSTR 3B it is shown under reversal of ITC and reduced from gross ITC to find out Net ITC and this net ITC is credited to e-credit ledger.</p>			

THE QUESTION BANK

Question 1: Determine the tax liability of Mr. X, a registered dealer of West Bengal in the following case -

Case 1- if he is a trader

Case 2- if he is a manufacturer

Other information - His aggregate turnover in the preceding year is 110 lakhs. He opted to pay tax under composition scheme. All intra state supply made by him in the current financial year are as under -

- | | |
|---|-------------|
| (1) Supply of goods liable for GST @ 12% | ₹ 40,00,000 |
| (2) Supply of services liable for GST @ 18% | ₹ 8,00,000 |
| (3) Supply of services exempted u/s. 11 | ₹ 2,00,000 |
| (3) Interest on Bank deposits -exempt service | ₹ 5,00,000 |
| (4) Inward supplies liable under RCM @18% | ₹ 2,00,000 |

Answer to Question 1: Since his aggregate turnover in the preceding year does not exceeds 1.5 cr he can opt for the composition scheme and can also made supply of services of up to 10% of 110 lakhs i.e 11 lakhs. In the given case, the value of supply of services excluding interest on fixed deposit is ₹ 10,00,000, which is within the above limit, hence he is eligible for composition scheme.

Particulars	Trader	Manufacturer
Supply of goods	40,00,000	40,00,000
Supply of taxable services	8,00,000	8,00,000
Supply of exempted services	-	2,00,000
Interest on bank deposits	-	-
Inward supply liable for RCM- normal rate applicable. Composite rate not applicable	-	-
Aggregate Turnover	48,00,000	50,00,000
Rate of tax	1%	1%
Tax payable under composition scheme	48,000	50,000
Add: Tax payable under RCM [2,00,000 x 18%]	36,000	36,000
Total Tax liability	84,000	86,000