



**Felix Advisory**

*Innovating financial solutions*

# **GST Newsletter**

## **January 2020**

# GST Newsletter

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## 1. Notifications

### Mandatory E-invoicing

The Government has issued notifications to make e-invoice mandatorily w.e.f 1<sup>st</sup> April 2020.

**[Notification No. 71/2019 – Central Tax, dated: 13<sup>th</sup> December, 2019]**

The main highlights of the e-invoicing are as under:

- (i) Registered persons having an aggregate turnover of INR 100 crores or more and supplying goods or services or both to a registered person will be required to raise an e-invoice on the Common Goods and Services Tax Electronic Portal ('Electronic Portal').

**[Notification No. 70/2019 – Central Tax, dated: 13<sup>th</sup> December, 2019]**

- (ii) The invoice to be raised in **FORM GST INV-01** after obtaining an Invoice Reference Number by uploading the requisite information on the Electronic Portal.

**[Notification No. 68/2019 – Central Tax, dated: 13<sup>th</sup> December, 2019]**

- (iii) The following have been notified as Electronic Portal for the preparation of the e-invoice:

- [www.einvoice1.gst.gov.in](http://www.einvoice1.gst.gov.in);
- [www.einvoice2.gst.gov.in](http://www.einvoice2.gst.gov.in);
- [www.einvoice3.gst.gov.in](http://www.einvoice3.gst.gov.in);
- [www.einvoice4.gst.gov.in](http://www.einvoice4.gst.gov.in);
- [www.einvoice5.gst.gov.in](http://www.einvoice5.gst.gov.in);
- [www.einvoice6.gst.gov.in](http://www.einvoice6.gst.gov.in);
- [www.einvoice7.gst.gov.in](http://www.einvoice7.gst.gov.in);
- [www.einvoice8.gst.gov.in](http://www.einvoice8.gst.gov.in);
- [www.einvoice9.gst.gov.in](http://www.einvoice9.gst.gov.in);
- [www.einvoice10.gst.gov.in](http://www.einvoice10.gst.gov.in).

**[Notification No. 69/2019 – Central Tax, dated: 13<sup>th</sup> December, 2019]**

### Mandatory QR code

A registered supplier supplying goods or services or both, to an unregistered person (B2C invoice) and having an aggregate turnover in excess of INR 500

crore in a financial year, shall have Quick Response (QR) code w.e.f 1<sup>st</sup> April 2020.

**[Notification No. 72/2019 – Central Tax, dated: 13<sup>th</sup> December, 2019]**

### Waiver of late fees

Waiver of late fee payable under section 47 of the CGST Act, 2017 shall be given to all registered persons who failed to furnish the details of outward supplies in FORM GSTR-1 for the months/quarters from July, 2017 to November, 2019, if the same are filed by 10<sup>th</sup> January, 2020.

**[Notification No. 74/2019 – Central Tax, dated: 26<sup>th</sup> December, 2019]**

### Changes in the CGST Rules, 2017

- As per Rule 36(4), the recipient could avail provisional credit upto the extent of 20% of eligible credit.  
But w.e.f. the 1<sup>st</sup> January, 2020, the provisional input tax credit shall be restricted to only 10% of eligible credit in respect of invoices or debit notes reflecting in GSTR-2A.
- Insertion of new rule 86A - As per Rule 86A the authorized officer can *suo moto* disallow the ineligible ITC availed or ITC availed fraudulently, upon being satisfied with prescribed conditions for disallowing such ITC.
- E-way bill for taxpayers who have not filed GSTR-1 for two consecutive tax periods shall be blocked.  
Earlier the provision of blocking of E-way bill was applicable to only those taxpayers who have not filed their GSTR-3B for two consecutive tax periods.  
**[Notification No. 75/2019-Central Tax, dated: 26<sup>th</sup> December, 2019]**

## RCM on renting of motor vehicle

RCM shall be applicable on the service 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 only if the supplier fulfils all the following conditions:–

- is other than a body-corporate;
- does not issue an invoice charging GST @12% from the service recipient; and
- supplies the service to a body corporate.

**[Notification No. 29/2019-Central Tax (Rate), dated: 31<sup>st</sup> December, 2019]**

**Felix comments:** Earlier the RCM notification on renting of Motor vehicle was introduced w.e.f. 1<sup>st</sup> October, 2019 but the wording of the notification was creating doubts among the industry, thus CBIC has substituted the RCM entry in the said notification and has also published a circular no. 130/49/2019-GST to clarify the doubts and the conditions where RCM will apply. It has also clarified that the substituted notification will have retrospective effect from 1<sup>st</sup> October, 2019.

## Exemption on upfront amount payable for long term lease of industrial/ financial infrastructure plots

Exemption on upfront amount payable for long term lease of industrial/ financial infrastructure plots by an entity having 20% or more ownership of Central or State Government. Presently, the exemption is available to an entity having 50% or more ownership of Central or State Government. This change is made effective from 1<sup>st</sup> January, 2020.

**[Notification No. 28 /2019- Central Tax (Rate), dated: 31<sup>st</sup> December, 2019]**

## Applicability of Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 to seven more enactments:

The applicability of amnesty scheme has been extended to following enactments:

- Cine-Workers Welfare Cess Act, 1981 (30 of 1981);

- Industries (Development and Regulation) Act, 1951 (65 of 1951);
- Sugar Export Promotion Act, 1958 (30 of 1958);
- Sugar (Regulation of Production) Act, 1961 (55 of 1961);
- Tea Act, 1953 (29 of 1953);
- Finance Act, 2001 (14 of 2001);
- Finance Act, 2005 (18 of 2005);
- Finance Act, 2010 (14 of 2010)

The old tax disputes pending before various legal forums under the above enactments could also be settled under the above scheme. The scheme provides substantial benefit to the tax payer including immunity from interest, penalty and prosecution. The tax payer shall make a declaration indicating the tax payable under the scheme [as low as 30 or 40% of the demand amount, depending on the applicability of the scheme].

**[Notification No. 06/2019- Central Excise (N.T.) dated: 4<sup>th</sup> December, 2019]**

## 2. Circulars

### Clarifications regarding Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019:

- An amount paid after issuance of show cause notice, but such deposit could not be appropriated due to pendency of adjudication proceedings could be deducted when issuing the statement indicating the amount payable by the declarant under the scheme.
- Deposits made ‘under protest’ during any enquiry, investigation or audit, need to be adjusted by the designated committee in order to examine the final amount payable by the declarant under the scheme.
- The relevant date under the scheme, i.e. 30<sup>th</sup> June 2019 was a Sunday, i.e. a public holiday. Therefore, based on provisions of section 10(1) of the General Clauses Act, 1897 that for the purpose of scheme, the relevant date shall be considered as 1<sup>st</sup> July 2019. However, in a case of audit/enquiry/investigation where the tax dues have been quantified on or before 30<sup>th</sup> June 2019 and an SCN is issued after 30<sup>th</sup> June 2019, or in a case which was under

appeal as on 30<sup>th</sup> June 2019, may attain finality in view of appeal period being over. For such cases, it was clarified that the eligibility with respect to a category in such cases shall be as it was on the 30<sup>th</sup> June 2019.

- Where the audit report contains more than one issue, quantifying the amount payable for each case, it is clarified that in such cases, an option is available to the declarant to file separate declarations for each para or file a declaration for two or more paras together.
- Where Form SVLDRS-1 was filed in the name of the proprietor and not in the name of the firm, such applications would be processed with the name of the proprietor as the declarant.
- The designated committee is directed to waive the mandatory requirement of PAN while filing Form SVLDRS-1 in order to facilitate the overseas service providers and units which were closed before introduction of PAN based Central Excise registration, which are otherwise eligible under the scheme.
- The main objective of the scheme is to liquidate the legacy cases under Central Excise and Service Tax, therefore the tax payers, in cases where the SCN was issued on or after 1<sup>st</sup> July 2019 and where such cases are also not covered under any of the categories such as enquiry/ investigation/ audit and tax dues have also not been quantified before 30<sup>th</sup> June 2019, it is clarified that such cases would be eligible under the category 'arrears' depending on the fulfilment of other conditions.
- It is clarified that in cases where the declarant has declared and paid lesser duty in the returns filed under the scheme then, the department may proceed by issuing a fresh SCN as it is a separate matter and is not covered under the discharge certificate issued under section 129.

**[Circular No. 1074/07/2019- CX dated 12<sup>th</sup> December, 2019]**

Further, this scheme has been extended to 15<sup>th</sup> January 2020.

**[Notification No.07/2019 Central Excise-NT dated 31<sup>st</sup> December, 2019]**

## **Generation & Mandatory quoting of Document Identification number**

- Mandatory generation & quoting of DIN would be done in respect of all communications including e-mails sent to tax payers and other concerned persons by any office of the CBIC across the country.
- The online digital platform is available on the DDM's online portal "cbicddm.gov.in" for electronic generation of DIN.

**[Circular No. 128/47/2019 – GST- dated 23<sup>rd</sup> December, 2019]**

## **Notice and recovery proceeding from non-filers of GST returns**

- System generated reminder to be sent 3 days before the due date of filing the return.
- Auto generated mail to be sent after the due date to all the non-filers.
- Mail send to all Proprietor/ Partner/Karta/Director/Authorized Signatory
- Within 5 days, notice in GSTR-3A would be issued electronically to file returns within 15 days.
- If assessee files return within 15 days-Notice GSTR-3A deemed to be withdrawn.
- No other notice issued before ASMT-13
- After 15 days of GSTR-3A notice, best judgment assessment (in ASMT-13) is done with the available details e.g. based on GSTR-1 details, E-waybill, GSTR-2A, inspection or other information.
- Returns filed within 30 days from the date of assessment in ASMT-13, would be deemed to be dropped.
- Recovery proceedings would be initiated against non-filers.
- Bank account can be attached with the permission of commissioner to protect revenue of department.
- Proper officer can take action to cancelled registration if assessee does not file 6 monthly returns/ 3 quarterly returns in case of composition dealer.
- In addition to tax liability determined, defaulting assessee also needs to pay penalty and interest.

**[Circular No. 129/48/2019 – GST- dated 24<sup>th</sup> December, 2019]**

# Our Offices

## Delhi-NCR

Plot 35, Arjun Marg, DLF Phase I,  
Gurgaon – 122002, Haryana, India  
T: +91 (124) 42 52 720

## Jaipur

79, Hari Marg, Civil Lines  
Jaipur – 302006, India  
T: + 91 (141) 402 6901

## Middle East

Jumeriah Lake Towers, P.O. Box,  
Dubai, 49238.  
T: +971 50 554 6161

## Mumbai

C - 20, G Block, BKC,  
Mumbai – 400051, India.  
T: +91 (22) 4445 1179

## Europe

Rambaldolaan 5, 1185 JE  
Amstelveen, Netherlands  
T: +31 85 273 7993

## Felix – GST Team

Email – [gst@felixadvisory.com](mailto:gst@felixadvisory.com)  
Contact No. - +91-9810550991  
+91-9910136085

For more information about our organization, please visit [www.felixadvisory.com](http://www.felixadvisory.com)

Felix Advisory Private Limited is a company registered under the Companies Act, 2013 having its registered office at: 35, Arjun Marg, DLF Phase I, Gurgaon, 122002

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