

TAX FLASH NEWS

6 July 2022

Notifications to give effect to 47th GST Council decisions

The 47th GST Council meeting was held on 28-29 June 2022. Press release containing the major decision for information of stakeholders had been published earlier on 29 June 2022. To give effect to the decision of the GST Council, Central Government has issued notifications which comprise of trade facilitation measures and Central Goods and Services Tax (Amendment) Rules, 2022¹. These rules shall come into force on 5 July 2022 unless otherwise provided.

Gist of major amendments

1. Revocation of registration

In cases where registration has been suspended and not cancelled for not furnishing of returns, suspension of registration shall be deemed to be revoked upon furnishing of all pending returns.

2. Manner of determination of ITC and reversal thereof

For determination of input tax credit in respect of inputs or input services and reversal thereof; and determination of input tax credit in respect of capital goods and reversal thereof in certain cases, aggregate value of exempt supplies shall exclude value of Duty Credit Scrips.

3. Declaration in tax invoice

The taxpayers having aggregate turnover exceeding INR 20 crores in any of the financial years from 2017-18 and onwards but not mandated to generate e-invoice/IRN (such as banks, financial institutions, NBFC, SEZ developers) shall be required to provide a declaration to that effect in the invoices issued by them.

4. Payment of tax

a. *Electronic Credit Ledger:*

On deposit of the amount erroneously sanctioned as refund of accumulated ITC and IGST paid on exports, along with interest and penalty, such amount (debited earlier) shall be re-credited to the electronic credit ledger.

b. *Electronic Cash Ledger:*

- UPI and IMPS from any bank are notified as additional modes for deposit.
- Registered person can transfer amount available in the electronic cash ledger under the CGST Act to the electronic cash ledger for central tax or integrated tax of a distinct person in FORM GST PMT- 09 provided there is no unpaid liability in electronic liability ledger.

5. Interest

- a. Provision under Finance Act 2022 with respect to applicability of interest on account of ITC wrongly availed and utilized is notified.²
- b. Interest shall be calculated on the amount of ITC wrongly availed and utilised for the period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or payment of tax [Effective from 1 July 2017].

¹ CBIC Notification No. 14/2022 – Central Tax dated 5 July 2022

² CBIC Notification No. 09/2022 – Central Tax dated 5 July 2022

6. Refund

- a. *Value of goods exported out of India:*
For computation of refund of ITC on account of zero-rated supplies without payment of tax, value of goods exported out of India shall be FOB value declared in shipping bill/bill of export or value declared in invoice whichever is less.
- b. *Formula for refund on account of inverted duty structure:*
Formula for the maximum amount of refund of ITC that can be claimed on account of inverted duty structure has been amended to consider utilization of ITC on account of inputs and input services in the same ratio in which ITC had been availed during the relevant tax period.
- c. *Refund in case of export of electricity:*
Amendment made to facilitate the exporters of electricity in claiming refund of utilized ITC on zero rated supplies.
- d. *Supplies from Duty Free Shops:*
Supplies from Duty Free Shops (DFS) at international terminal to outgoing international passengers to be treated as exports by DFS. Accordingly, refund benefit would be available to DFS on such supplies.
- e. *Date of refund application in case of mismatch in supplies:*
When there is mismatch in supplies as per shipping bill and Form GSTR-1, application for refund of IGST paid on the goods exported out of India shall be deemed to have been filed on such date when such mismatch is rectified by the exporter.
- f. *Withholding of refund claim:*
- Claim for refund can be withheld in certain cases until the credentials and availment of ITC by exporter are verified.
 - Refund claim in such cases shall be transmitted electronically by proper officer of Customs to the proper officer of Central tax, State tax or Union territory tax, as the case may be for adjudication.
 - Refund application shall be deemed to be filed on date of such transmission.

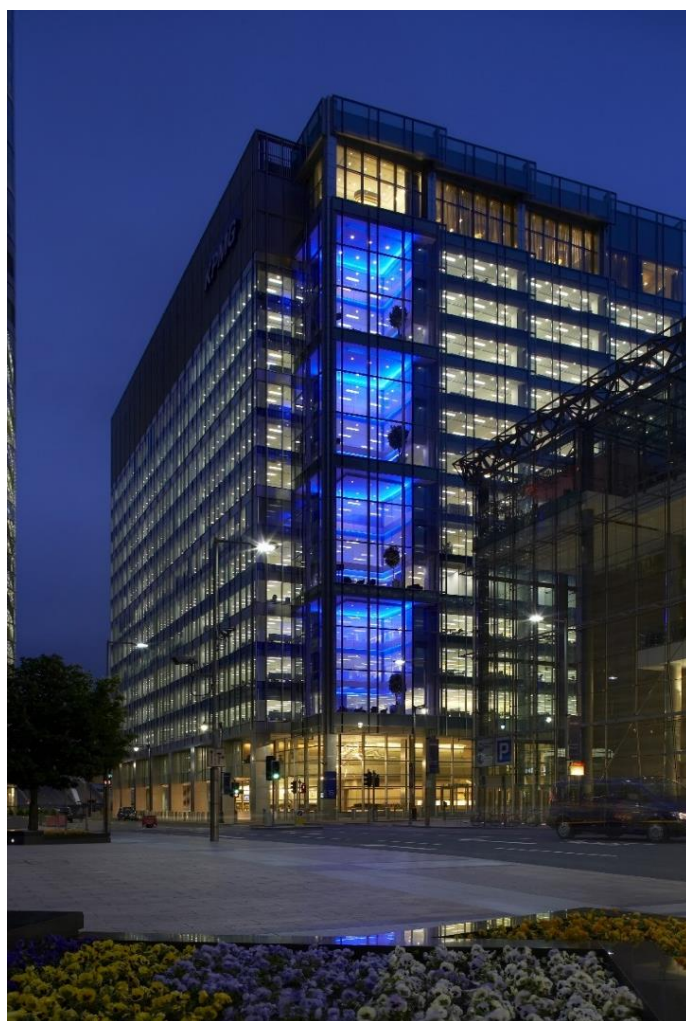
7. Format of Form GSTR-3B, GSTR-9 and GSTR-9C amended

- a. Format of Form GSTR-3B has been amended for reporting the supplies by aggregators/e-commerce operators. ITC related fields have also been amended.

- b. Format of Form GSTR-9 and GSTR-9C for FY 2021-22 has been notified.

Our comments

As expected, Government has issued notifications to give effect to the proposals made in the GST Council meeting. There are several amendments which assesseees need to consider for their regular compliances, for example, declaration on tax invoice by certain taxpayers, transfer of amount in electronic cash ledger to other unit registered in another state and refund computation. Since the format of Form GSTR-9 and GSTR-9C are notified for FY 2021-22, assesseees should start compiling the details and avoid last minute hassle.



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