

# TAX FLASH NEWS

26 April 2019

## GST notifications and circular updates

The Central Board of Indirect Taxes and Customs (CBIC) has issued various notifications to insert provisions for restricting the generation of e-way bills by a registered person in certain cases, prescribe filing process of returns where order of cancellation of registration has been revoked and notifying due date for filing statement and returns by dealers opting for composition scheme.

In addition, a circular has been issued to provide clarification with respect to the order of utilisation of the integrated goods and services tax credit.

### Notification update

#### 1. Rule 138E – Restriction on generating E-way bill

With effect from 21 June 2019, no e-way bill facility shall be available to a registered person who had failed to furnish GST returns for two consecutive tax periods / months.

However, Jurisdictional Commissioner may on sufficient cause being shown allow generation of such e-way bills.

**[Notification 22/2019 – Central Tax dated 23 April 2019 and Notification no. 74/2018-Central Tax dated 31 December 2018]**

#### 2. Rule 23 – Revocation of cancellation of registration

Proviso has been inserted to mandate a registered person whose order for cancellation of registration has been revoked, to file returns for the period from the date of the cancellation order till the date of revocation order.

In case registration has been cancelled with retrospective effect, returns shall be furnished from the effective date of cancellation of registration till the date of order of revocation.

The above returns shall be filed within a period of 30 days from the date of revocation order.

Further, an order has been issued to grant one time facility to allow tax payer to file application for revocation, whose registration has been cancelled owing to failure to reply to the notice issued by revenue for cancellation of registration. The application for revocation can be filed not later than 22 July 2019.

**[Notification 20/2019 – Central Tax 23 April 2019 and Order no. 5/2019-GST dated 23 April 2019]**

#### 3. Composition schemes

Persons who have availed the benefit of the composition schemes<sup>1</sup> available to supplier of goods or services or both, shall be required to furnish a statement on a quarterly basis in form GST CMP-08 till 18 day of the month succeeding such quarter. The statement shall contain the details of payments of self-assessed tax.

In addition, such dealers shall also be required to furnish an annual return in form GSTR-4 by 30 April following the end of the financial year.

**[Notification 20/2019 – Central Tax 23 April 2019 and Notification no. 21/2019 – Central Tax 23 April 2019]**

<sup>1</sup> Section 10 of the Central Goods and Services Tax Act and notification 2/2019-Central Tax (rate) dated 7 March 2019

## Circular update

### 1. Order of utilisation of the input tax credit

Earlier CBIC had introduced new rule 88A in the CGST Rules, prescribing therein manner of utilisation of integrated tax credit against the output tax liability.

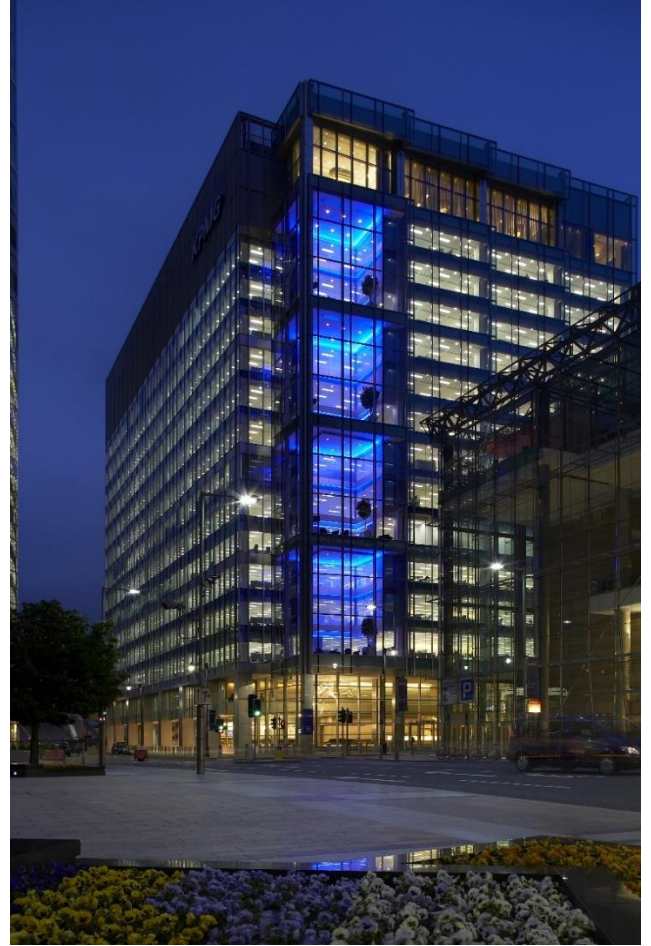
In this regard, basis various representation, CBIC has issued circular clarifying that balance in IGST credit after it has been first utilised against output liability of IGST, can be utilised in any manner and proportion for off-setting output tax liability of CSGT/SGST/ UTGST.

**[Circular number 98/17/2019-GST dated 23 April 2019, KPMG Tax flash news dated 5 April 2019]**

### Our comments

In order to curb the instances of tax evasion, the government has barred non-compliant tax payers from generating e-way bills. This is aimed at effectively improving tax compliance.

Further, the clarification on the utilisation of IGST credit should go a long way in clearing the air of ambiguity created on the manner and proportion of the utilisation of such credit after the introduction of Rule 88A.



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