

TAX FLASH NEWS

3 January 2020

GST Notification and Circular update

Central Board of Indirect Taxes and Customs (CBIC) has issued notification to make effective some of the provisions relating to the Central Goods and Services Tax Act, 2017 from 1 January 2020. These amendments were made vide Finance (No. 2) Act, 2019.

Further, with the intention of eliminating the anomaly created after the introduction of applicability of reverse charge (RCM) on renting of motor vehicle with effect from 1 October 2019, CBIC have issued notification amending the entry in the RCM notification and circular to clarify doubts thereon.

1. Notification making certain provision effective from 1 January 2020

Gist of the amendments made effective from 1 January 2020 is as under –

Sl. No.	Section under the CGST Act	Amendment
1	Section 10	Introduced an alternative composition scheme for certain supplier (not eligible for the earlier composition scheme) having annual turnover up to INR 50 lakhs. In such cases, the rate of GST shall not exceed three per cent (effective rate of GST six per cent).
2	Section 22	Higher exemption threshold of INR40 lakhs maybe prescribed on the specific request of the state and recommendation of GST council. The higher threshold shall apply only when the supplier is exclusively engaged in supply of goods.
3	Section 31A	New section inserted to allow specified suppliers to mandatorily give the option of specified modes of electronic payment to their respective recipient.
4	Section 44 and 52 read with Section 168	New provisos inserted to empower the Commissioner to extend the due date of furnishing Annual Return and Reconciliation statement and due date for furnishing monthly and annual statement by the person collecting tax at source.
5	Section 49	New sub-section inserted to provide a facility to the registered person to transfer any tax, interest, penalty, fee or any other amount available in the electronic cash ledger, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner as may be prescribed.
7	Section 171	Amended to empower the National Anti-profiteering Authority to impose penalty equivalent to ten per cent of the profiteered amount.

[Notification no. 01/2020 – Central Tax dated 1 January 2020]

2. Notification and Circular on applicability of RCM on renting of Motor vehicles

Notification no. 13/2017-Central Tax (Rate) dated 28 June 2017 has been amended to state that RCM shall be applicable on the services by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charge

Further, circular has been issued to clarify the scope of substituted RCM entry on the renting of motor vehicle.

The gist of the notification and the circular is summarised as under:

Sl. No.	Supplier of service	Recipient of service	GST rate charged	Whether RCM applicable	Person liable to pay GST	Remarks
1	Body corporate	Any recipient	12%	No	Supplier of service	ITC available
2	Body corporate	Any recipient	5%	No	Supplier of service	Restricted ITC
3	Non-body corporate	Body Corporate	12%	No	Provider of service	ITC available
4		Body Corporate	5%	Yes	Recipient of service	NA
5		Non-body corporate	12%	No	Provider of service	ITC available
6		Non-body corporate	5%	No	Provider of service	Restricted ITC

[Notification no. 29/2019-Central Tax (Rate) dated 31 December 2019 and Circular number 354/189/2019-TRU]

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