

GST UPDATE

Key Highlights of GST
42nd Council Meeting
Held on 5th Oct, 2020



GST Council in 42nd GST Council Meeting held on 5th October, 2020 have made the following recommendations as listed below:-

| S. No. | Recommendation Brief |
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| 1. | Levy of Compensation Cess to be extended beyond the transition period of five years i.e. beyond June, 2022, for such period as may be required to meet the revenue gap. Further details to be worked out. |
| 2. | Centre is releasing compensation of ₹ 20,000 crores to States today towards loss of revenue during 2020-21 and an amount of about ₹ 25,000 crores towards IGST of 2017-18 by next week. |
| 3. | <p>Enhancement in features of return filing:</p> <ul style="list-style-type: none"> • Due date of furnishing quarterly GSTR-1 by quarterly taxpayers to be revised to 13th of the month succeeding the quarter w.e.f. 01.1.2021; • Roadmap for auto-generation of GSTR-3B from GSTR-1s by: <ol style="list-style-type: none"> a) Auto-population of liability from own GSTR-1 w.e.f. 01.01.2021; and b) Auto-population of the input tax credit from suppliers' GSTR-1s through the newly developed facility in FORM GSTR-2B for monthly filers w.e.f. 01.01.2021 and for quarterly filers w.e.f. 01.04.2021; c) In order to ensure the auto-population of ITC and liability in GSTR 3B as detailed above, FORM GSTR-1 would be mandatorily required to be filed before FORM GSTR-3B w.e.f. 01.04.2021. d) The present GSTR-1/3B return filing system to be extended till 31.03.2021 and the GST laws to be amended to make the GSTR-1/3B return filing system as the default return filing system. |
| 4. | As a further step towards reducing the compliance burden particularly on the small taxpayers having aggregate annual turnover < Rs. 5 cr. , the Council's earlier recommendation of allowing filing of returns on a quarterly basis with monthly payments by such taxpayers to be implemented w.e.f. 01.01.2021 . Such quarterly taxpayers would, for the first two months of the quarter, have an option to pay 35% of the net cash tax liability of the last quarter using an auto-generated Challan. |

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| 5. | <p>Revised Requirement of declaring HSN for goods and SAC for services in invoices and in FORM GSTR-1 w.e.f. 01.04.2021 as under:</p> <ul style="list-style-type: none">• HSN/SAC at 6 digits for supplies of both goods and services for taxpayers with aggregate annual turnover above Rs. 5 crores;• HSN/SAC at 4 digits for B2B supplies of both goods and services for taxpayers with aggregate annual turnover up to Rs. 5 crores;• Government to have the power to notify 8 digit HSN on the notified class of supplies by all taxpayers. |
| 6. | <p>Amendment to the CGST Rules: Various amendments in the CGST Rules and FORMS have been recommended which includes provision for furnishing of Nil FORM CMP-08 through SMS.</p> |
| 7. | <p>Refund to be paid/disbursed in a validated bank account linked with the PAN & Aadhaar of the registrant w.e.f. 01.01.2021.</p> |
| 8. | <p>To encourage the domestic launching of satellites particularly by young start-ups, the satellite launch services supplied by ISRO, Antrix Corporation Ltd., and NSIL would be exempted.</p> |

The above decisions/recommendations of the GST council shall have effect through Gazette Notifications/Circulars which shall have force of Law.

For more details, Read the Press Release from the Link given below:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1661827>

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