



GOODS AND SERVICES TAX ALERT

**N. A. SHAH
BULLETIN**

June 2021

N. A. SHAH ASSOCIATES LLP
Chartered Accountants

M. A. PARIKH & CO. IS NOW A PART OF N. A. SHAH ASSOCIATES LLP

Notifications issued on 1st June,2021 and 2nd June, 2021 to give effect to recommendations of the 43rd GST Council meeting held on 28th May, 2021

Given below is the gist of notifications issued on 1st June, 2021 and 2nd June, 2021 regarding changes in GST provisions, rules, procedures and compliances:

Sr. No.	Notification No.	Particulars
1	16/2021 – Central Tax dt. 1 st June, 2021	<p>Section 112 of Finance Act, 2021 amended section 50 of Central Goods and Services Tax Act, 2017 ('CGST Act') retrospectively w.e.f. 1st July, 2017, to provide for levy of interest only on the net tax payable i.e. tax payable after setting off available input tax credit ('ITC').</p> <p>This amendment is notified and have come into effect from 1st July, 2017.</p> <p>N. A Shah comment:</p> <p>Pending demands for interest on gross tax liability will not sustain. The demand for such interest will be dropped at adjudication at all forums.</p> <p>Many taxpayers, either suo moto or on insistence of department, have paid interest on gross tax liability. They will be entitled to claim refund thereof in accordance with law.</p>

2	17/2021 – Central Tax dt. 1 st June, 2021	The due date for furnishing details of outward supplies in FORM GSTR-1 for the month of May, 2021 has been extended from 11th June, 2021 to 26th June, 2021 .		
3	18/2021 – Central Tax dt. 1 st June, 2021	Interest relied subject to prescribed conditions:		
		Turnover ('T/O') of registered person	Tax Period	Revised interest rates
		Aggregate T/O of More than Rs. 5 crores in Preceding Financial Year ('FY')	Mar'21, Apr'21 and May'21	9% for first 15 days from due date; 18% thereafter
		Aggregate T/O of Up to Rs. 5 crores in Preceding FY (Monthly Return)	Mar'21,	Nil for first 15 days from due date, 9% for the next 45 days; 18% thereafter
			Apr'21	Nil for first 15 days from due date, 9% for the next 30 days; 18% thereafter
			May'21	Nil for first 15 days from due date, 9% for the next 15 days; 18% thereafter

		Aggregate T/O Up to Rs. 5 crores in Preceding FY [Persons opting for Quarterly Return but Monthly payment Scheme ('QRMP Scheme')]	Mar'21,	Nil for first 15 days from due date, 9% for the next 45 days; 18% thereafter
			Apr'21	Nil for first 15 days from due date, 9% for the next 30 days; 18% thereafter
			May'21	Nil for first 15 days from due date, 9% for the next 15 days; 18% thereafter
		Composition taxpayers filing FORM GST CMP-08	Quarter Ending Mar'21	Nil for first 15 days from due date, 9% for the next 45 days; 18% thereafter
<p>N.A. Shah Comment: <i>Due date for filing FORM GSTR-3B has not been extended.</i></p>				

4	19/2021 – Central Tax dt. 1 st June, 2021	Waiver of late fees for delayed filing of FORM GSTR-3B subject to prescribed conditions:		
		Registered persons having aggregate T/O in Preceding FY as under	Tax Period	Period for which late fee waived
		More than Rs. 5 crores	Mar'21, Apr'21 and May'21	15 days from the due date of furnishing return
		Up to Rs. 5 crores (Monthly Return)	Mar'21	60 days from the due date of furnishing return
			Apr'21	45 days from the due date of furnishing return
			May'21	30 days from the due date of furnishing return
Up to Rs. 5 crores (Persons opting for QRMP Scheme)	Quarter ending Mar'21	60 days from the due date of furnishing return		

Amnesty scheme for furnishing FORM GSTR 3B for period July, 2017 to April, 2021:

Late fee for delayed furnishing of FORM GSTR-3B for the tax period from **July,2017 to April, 2021** is capped as under:

Quantum of tax liability	Maximum late fees
Nil	Rs. 500/- per return (i.e. Rs 250 CGST per return + Rs 250 SGST per return)
Otherwise (i.e. if there is any liability)	Rs. 1,000/- per return (i.e. Rs. 500/- CGST per return + Rs. 500/- SGST per return)

Condition:

The reduced late fee would apply to FORM GSTR-3B furnished between 1st June, 2021 to 31st August, 2021

Rationalization of late fees for delay in furnishing of return in FORM GSTR-3B from June 2021 onwards as under:

Sr. No.	Class of registered persons	Maximum late fees
1.	Taxpayers having NIL tax liability	Rs 500 per return (i.e. Rs 250 CGST per return + Rs

			250 SGST per return)
		2.	Taxpayers other than those mentioned in Sr. No. 1 above, having aggregate turnover of up to Rs 1.5 crores in the preceding FY
			Rs 2,000 per return (i.e. Rs 1,000 CGST per return + Rs 1,000 SGST per return)
		3.	Taxpayers other than those mentioned in Sr. No.1 above, having aggregate turnover of more than Rs 1.5 crores and upto Rs 5 crores in the preceding FY
			Rs 5,000 per return (i.e. Rs 2,500 CGST per return + Rs 2,500 SGST per return)
		4.	Aggregate turnover of more than Rs. 5 crores in the preceding FY
			Rs 10,000 per return (i.e. Rs 5,000 CGST per return + Rs 5000 SGST per return)

5	20/2021 – Central Tax dt. 1 st June, 2021	<p>Rationalization of late fees for delay in furnishing of FORM GSTR-1 from June, 2021 onwards as under:</p>
<p>Sr. No.</p>	<p>Class of registered persons</p>	<p>Maximum late fees</p>
1	Registered persons having NIL outward supplies in the tax period	Rs 500 per return (i.e. Rs 250 CGST per return + Rs 250 SGST per return)
2	Registered persons other than those mentioned in Sr. No. 1 above, having aggregate turnover of up to Rs. 1.5 crores in the preceding FY	Rs 2,000 per return (i.e. Rs 1,000 CGST per return + Rs 1,000 SGST per return)
3	Registered persons other than those mentioned in Sr. No. 1 above,	Rs 5,000 per return (i.e. Rs 2,500 CGST per return + Rs 2,500 SGST per return)

		having aggregate turnover of more than Rs 1.5 crores and upto Rs 5 crores in the preceding FY	
		4 Registered persons other than those mentioned in Sr. No. 1 above, having aggregate turnover of more than Rs 5 crores in the preceding FY	Rs 10,000 return (i.e. Rs 5,000 CGST per return + Rs 5,000 SGST per return)
6	21/2021 – Central Tax dt. 1 st June, 2021	Rationalization of late fees for delay in furnishing of FORM GSTR-4 from FY 2021-22 onwards as under:	
		Category of Taxpayer	Maximum late fees
		Taxpayers having NIL tax liability	Rs 500 per return (i.e. Rs 250 CGST per return + Rs 250 SGST per return)
		Taxpayers other than those mentioned above	Rs 2,000 per return (i.e. Rs 1,000 CGST per

			return + Rs 1,000 SGST per return)
7	22/2021 – Central Tax dt. 1 st June, 2021	<p>Late fees for delay in furnishing of return in FORM GSTR-7 (to be filed by registered person required to deduct TDS) from June, 2021 onwards has been reduced to Rs 50 per day per return subject to a maximum of Rs 2,000 per return.</p>	
8	23/2021 – Central Tax dt. 1 st June, 2021	<p>Notification No. 13/2020 – CT has been amended to exempt government departments and local authorities from the mandatory requirement of generating e-invoices.</p>	
9	24/2021 – Central Tax dt. 1 st June, 2021	<ul style="list-style-type: none"> • Extends due date of compliance of any action by any authority or by any registered person which falls during the period from 15th April, 2021 to 29th June, 2021 till 30th June, 2021 <p>However, following are the exceptions to this general extension:</p> <ul style="list-style-type: none"> ▪ Chapter IV of CGST Act related to time and value of supply; ▪ Sub-section (3) of Section 10 related to composition levy; ▪ Sections 25 – Procedure for registration; ▪ Section 27 – Special provisions relating to Casual Taxable Person ('CTP') and Non-Resident Taxable Person ('NRTP'); 	

	<ul style="list-style-type: none">▪ Section 31 – Tax Invoice;▪ Section 37 – Furnishing details of outward supplies;▪ Section 47 – Levy of late fee;▪ Section 50 – Interest on delayed payment of tax;▪ Section 69 – Power to arrest;▪ Section 90 – Liability of partners of firm to pay tax;▪ Section 122 – Penalty for certain offences;▪ Section 129 – Detention, seizure and release of goods and conveyance in transit;▪ Section 39, except sub-section (3), (4) and (5) related to TDS deductors, ISD and NRTPs;▪ Section 68 related to inspection of goods in movement, in so far as e-way bill is concerned;▪ rules made under the provisions specified above <ul style="list-style-type: none">• Extends time limit for completion of any action by any authority or by any person as per Rule 9 of the CGST Rules (i.e. related to verification and approval of registration application), falling during the period from 1st May, 2021 to 30th June, 2021 till 15th July, 2021.• Also extends time limit for issuance of order u/s 54(5) read with section 54(7) of CGST Act (i.e. order
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		<p>in response to reply of registered person against notice for rejection of refund) as under:</p> <ul style="list-style-type: none"> ▪ 30th June, 2021 ▪ 15 days from receipt of reply to the notice from registered person <p>Whichever is later</p>
10	25/2021 – Central Tax dt. 1 st June, 2021	Extends the due date of furnishing FORM GSTR-4 (i.e. annual return for person opting for composition scheme) for FY 2020-21 from 31 st May, 2021 till 31st July, 2021.
11	26/2021 – Central Tax dt. 1 st June, 2021	Due date for furnishing declaration in FORM GST ITC-04 in respect of goods dispatched to a job worker or received from a job worker, during the period from 1st January, 2021 to 31st March, 2021 has been extended till 30th June, 2021.
12	27/2021 – Central Tax dt. 1 st June, 2021	<p>Provides for following amendments in CGST Rules:</p> <ul style="list-style-type: none"> • A registered person registered under the provisions of Companies Act, 2013 shall be able to furnish FORM GSTR-3B and FORM GSTR-1 through Electronic Verification Code ('EVC') during the period 27th April, 2021 to 31st August, 2021. • Rule 36(4) [restricting claim of ITC to 105% of eligible ITC appearing in FORM GSTR-2A] shall apply cumulatively for the period April, May and June 2021 and return in FORM GSTR-3B for

		<p>June, 2021 shall be furnished with cumulative adjustment of Input Tax Credit for the said months.</p> <ul style="list-style-type: none"> • Extends due date of furnishing invoice through Invoice Furnishing Facility ('IFF') for the month of May 2021 till 28th June, 2021.
13.	02/2021 – Central Tax (Rate) dt. 2 nd June, 2021 read with 03/2021- Central Tax (Rate) dt. 2 nd June, 2021	<p>Amendments impacting Real Estate Sector:</p> <ul style="list-style-type: none"> • Developer promoter shall pay tax on following supplies in a tax period not later than the tax period in which completion certificate in respect of the project is received or the date of its first occupation, whichever is earlier: <ul style="list-style-type: none"> ▪ Inward supply in form of Transfer of development rights ('TDR') / Floor Space Index ('FSI') relatable to construction of residential apartments in a project against consideration in the form of construction services of commercial or residential apartments in the said project. ▪ Inward supply in form of Transfer of development rights ('TDR') / Floor Space Index ('FSI') relatable to construction of residential apartments in the project against monetary consideration. ▪ Inward supply of long-term lease of land relatable to construction of residential apartments in the project against payment of

upfront amount (called as premium, salami, cost, price, development charges or by any other name).

- Supply of construction services against consideration in the form of development rights or FSI.
- Explanation has been inserted to make it explicitly clear that the landowner-promoter shall be eligible to utilize the credit of GST charged to him by the developer promoter for payment of tax in respect of apartments that are sold by the landowner promoter.

Both these amendments are effective from **2nd June, 2021**.

N. A. Shah Comments:

Earlier, developer was allowed to pay tax on non-exempt development rights under RCM and also output tax on construction services provided to land owner promoter on completion of the project or first occupation, whichever is earlier.

Land owner was unable to set off the credit of tax charged by developer on flats allotted to them against GST payable on sale of such flats sold during construction period.

Similarly, developer was finding it difficult to set off tax paid under RCM by him on non-exempted development rights against their output tax liability.

		Above amendments will facilitate the land owner as well as developer to utilize ITC for discharging the tax liability. This is indeed a beneficial amendment.
14	02/2021 – Central Tax (Rate) dt. 2 nd June, 2021 read with 03/2021 – Integrated Tax dt. 2 nd June, 2021	<p>Amendment impacting ship repair industry:</p> <ul style="list-style-type: none"> • GST rate on Maintenance, repair or overhaul ('MRO') services in respect of ships/vessels, their engines and other components or parts reduced from 18% to 5% w.e.f. 2nd June, 2021. • Place of supply for Maintenance, repair or overhaul services ('MRO') in respect of ships/vessels, their engines and other components or parts shall be the location of recipient of services where such services are supplied to a person for use in the course or furtherance of his business. This amendment is also effective from 2nd June, 2021. <p>N. A. Shah Comments:</p> <p>This is a beneficial amendment wherein the rate of MRO services provided to ships and vessels is reduced from 18% to 5%. Moreover, foreign ships and vessels will be out of GST tax net. It will attract foreign ship owners to get their ships and vessels repaired and overhauled in India. This would boost up the business of ship repair industry in India.</p>

We will be glad to provide any information, elaboration and elucidation you may need in this regard.

From:

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