

Taxation | 45th GST Council Meeting - Key Highlights

The 45th GST Council Meeting was held in physical mode on 17 September 2021. The key recommendations relating to the changes in GST rates and the changes related to GST law & procedure are mentioned below.

1. COVID-19 relief measures
 - GST rates on goods and services: Concessional GST rates on COVID-19 treatment drugs will be applicable till 31 December 2021.
 - Reduction of GST rate to 5% on certain additional Covid-19 treatment drugs, upto December 2021.
2. GST rate changes on certain goods and services (there is a reduction in most of the existing rates) w.e.f. 1 October 2021.
3. Other specific goods:
 - Reverse charge mechanism is applicable to mentha oil supplied by an unregistered person. Exports of mentha oil to be allowed only against LUT and consequential refund of input tax credit (ITC).
 - W.e.f. 1 April 2022 'Brick kilns' would be brought under special composition scheme with a threshold limit of INR 20 lakh. Bricks to attract GST @ 6% without ITC and @ 12% with ITC.
 - W.e.f. 1 January 2022, there will be changes in the GST rates to correct the inverted duty structure on textiles and footwear.
 - GST will not be leviable as of now on petroleum products, which will continue under the erstwhile taxes (excise etc.) till decision is taken to include them in the GST net.
4. The GST Council has decided not to compensate the States in respect of GST shortfall beyond 30 June 2022.
5. Clarification is issued in respect of GST rates of certain goods and services.
6. Compliance changes for the taxpayer:
 - Aadhaar authentication of registration to be made mandatory for being eligible for filing the 'refund claim' and the application for revocation of cancellation of registration.
 - Late fee for delayed filing of FORM GSTR-1 to be auto-populated and collected in next open return in FORM GSTR-3B.
 - Amendment in Rule 59(6) of the CGST Rules w.e.f. 1 January 2022: Registered person shall not be allowed to furnish FORM GSTR-1 if he has not furnished the return in FORM GSTR-3B for the preceding month.
 - Refund to be disbursed in the bank account linked with the PAN on which GST registration has been obtained.
 - Reduction in the frequency of filing ITC-04, i.e., details of inputs/capital goods sent to and received back from the job-worker.

Taxation | 45th GST Council Meeting - Key Highlights

- Interest payable by the assessee is rationalized to include only interest in respect of net cash liability, retrospectively w.e.f. 1 July 2017. Thus, interest will be payable on “ineligible ITC availed and utilized” @ 18% w.e.f. 1 July 2017 (instead of earlier 24%.)
- Transfer of Balances in Cash Ledger - Unutilized balance in CGST and IGST may be allowed to be transferred between distinct persons (entities having same PAN but registered in different states.)
- W.e.f. 1 January 2021, the date of issuance of debit note (and not the date of underlying invoice) shall determine the relevant financial year for which the ITC can be claimed.
- There is no need to carry the physical copy of the tax invoice in cases where such invoice has been generated by the supplier in the manner prescribed under Rule 48(4) of the CGST Rules, 2017.
- Amendment in Rule 36(4) - to restrict the availment of ITC to those invoices/debit notes, whose details are furnished by the supplier in FORM GSTR-1/ IFF and are communicated to the registered person in FORM GSTR-2B. (This will take effect once the proposed clause (aa) of section 16(2) of the CGST Act is notified.)
- Refund of accumulated ITC under section 54(3) will be allowed on goods excluding those on which the export duty is leviable and actually paid at the time of export.
- New rules to be inserted for clarifying the procedure and time limit for filing refund of tax wrongfully collected and paid as specified under the CGST/SGST Act and IGST Act.

Weblink <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1755925&RegID=3&LID=1>

Therefore

The 45th GST Council Meeting has extended various relief measures to the GST assesseees in respect of compliances. Wherever necessary, appropriate clarifications are issued to remove ambiguities in the implementation. We now await the decision of the Central Government to bring petroleum products into the GST regime.