

INDIRECT TAXES

GST

I. NOTIFICATIONS

1. Select sections of the Finance Act, 2020 to be effective from 1st January 2021

The Central Government vide *Notification No. 92/2020- Central Tax dated 22nd December 2020* has appointed **1st day of January, 2021**, as the date on which the provisions of sections 119, 120, 121, 122, 123, 124, 126, 127 and 131 of the Finance Act, 2020 shall come into force.

2. Waiver of late fee for FORM GSTR-4 filing in UT of Ladakh for Financial year 2019-20

The Central Government vide *Notification No. 93/2020- Central Tax dated 22nd December 2020* has amended *Notification No. 73/2017-Central Tax, dated 29th December, 2017* to **waive the late fee** payable for delay in furnishing of FORM GSTR-4 for the Financial Year 2019-20, from the 1st day of November, 2020 till the 31st day of December, 2020 for the registered person whose principal place of business is in the Union Territory of Ladakh.

3. Amendments in CGST Rules, 2017

The Central Government vide *Notification No. 94/2020- Central Tax dated 22nd December 2020* & *Notification No. 01/2021- Central Tax dated 1st January 2021* has amended CGST Rules, 2017. The significant amendments are given as under:-

- a) **Rule 8 (Application for registration):** Biometric based Aadhaar authentication/ verification process introduced for GST registration.
- b) **Rule 9 (Verification of the application and approval):** Time limit for grant of GST registration on successful authentication of Aadhaar increased from 3 to 7 working days. On not opting for Authentication of Aadhaar or failure to get Aadhaar Authenticated or where the proper officer deems fit to carry out physical verification of the places of business, the time limit for grant of registration extended from 7 days to 30 days.

- c) **Rule 21 (Registration to be cancelled in certain cases):** Registration can be cancelled if (i) ITC is availed in violation of section 16, or (ii) Outward tax supplies declared in return under section 39 are less than the outward tax supplies declared in GSTR-1 for one or more tax periods, or (iii) the provisions of new rule 86B are violated.

- d) **Rule 21A (Suspension of registration):** The registration of a taxpayer can be suspended without giving a reasonable opportunity of being heard if the proper officer has reasons to believe that the registration is liable to be cancelled. New sub-rule (2A) inserted to provide for suspension of registration if variations or anomalies are found between GSTR-3B and GSTR 1 or GSTR 2A of a taxpayer, or any other analysis as carried out by the department. During the period, the registration is suspended, the taxpayer will not be able to claim any refund under section 54. Suspension of registration under this rule may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit.

- e) **Rule 22 (Cancellation of registration):** Provisions of cancellation of registration under rule 22 synced with newly inserted sub-rule (2A) of rule 21A.

- f) **Rule 36(4) (Restriction on availment of ITC):** ITC entitlement for invoices not furnished by supplier reduced from 10% to 5%.

- g) **Rule 59 (Form and manner of furnishing details of outward supplies):** A new sub-rule (6) has been inserted so as to block filing of GSTR-1 by a monthly return filer who has not furnished GSTR-3B for preceding two months. Where the registered person is a quarterly return filer, he will not be able to file GSTR-1 or use invoice furnishing facility if he does not file GSTR-3B for the preceding tax period. Registered person who comes under the purview of newly inserted rule 86B will not be able to file GSTR-

1 or use invoice furnishing facility if he does not file GSTR-3B for the preceding tax period.

- h) Rule 86B (Restrictions on use of amount available in electronic credit ledger):** New Rule 86B has been inserted to provide for restrictions on utilisation of ITC for payment of output tax liability in excess of 99% of such tax liability if value of taxable supply other than exempt supply and export, in a month exceeds Rs 50 lakh limit. Certain exceptions have also been provided in the rule.
- i) Rule 138 (Information to be furnished prior to commencement of movement of goods and generation of e-way bill):** E-way bill to be valid for 200 km per day.
- j) Rule 138E (Restriction on furnishing of information in PART A of FORM GST EWB-01):** Person whose registration has been suspended not allowed to furnish PART A of E-way Bill.
- k) Form GST REG-31:** A new form GST REG-31 has been inserted in the said rules for 'Intimation for suspension and notice for cancellation of registration'.

4. Due date for filing of Annual Return & Annual Reconciliation Statement for the FY 2019-20 extended to 28th February 2021

The CBIC vide *Notification No. 95/2020-Central Tax dated 30th December 2020* has extended the due date for furnishing of Annual Return in Form GSTR-9 and Annual Reconciliation Statement in Form GSTR-9C for the financial year 2019-2020 from 31st December 2020 to 28th February, 2021.



Extension of applicability CARO, 2020

The applicability date of Companies (Auditor's Report) Order, 2020 has been extended for one more year by amendment in Companies (Auditor's Report) Order, 2020. Accordingly, CARO 2020 will be applicable from FY 2021-22 and onwards i.e. financial years commencing on or after 1st April, 2021.

Refer: <https://www.icaai.org/post/extension-applicability-date-caro-2020-for-one-year>

➤ Companies (Compromises, Arrangement and Amalgamations) Second Amendment Rules, 2020

The Ministry of Corporate Affairs vide notification dated 17th December, 2020 has amended the Companies (Compromises, Arrangement and Amalgamations) Rules, 2016 wherein new definition of "Corporate Action" has been inserted in rule 2, in sub-rule (1), after clause (d).

Furthermore, in said rules, after rule 26, Rule 26A relating to "Purchase of minority shareholding held in demat form" has also been introduced.

Refer: http://www.mca.gov.in/Ministry/pdf/SecondAmdtRules_18122020.pdf

➤ Relaxations by the MCA till December 1, 2021 for inclusion of the name of Independent Directors in the Independent Directors Data Bank

The Ministry of Corporate Affairs has notified Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2020 on 18th December, 2020 which has provided further relaxation in passing the online proficiency self-assessment test conducted by the Institute by one more year i.e. from one year to two year from the date of inclusion of his name in the data bank and has also relaxed the criteria for registration and the period of ten years directorship has been reduced to three years and passing marks criteria has been reduced from 60% to 50%.

Refer: http://www.mca.gov.in/Ministry/pdf/FifthAmdtRules_18122020.pdf

➤ Commencement notification for the provisions of Companies (Amendment) Act, 2020

The Central Government has appointed the **21st day of December, 2020** as the day on which the following provisions of the Companies (Amendment) Act, 2020 shall come into force; namely Section 1, 3, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, Clause (a) and (b) of section 18, 19, 20, 21, Clause (i) of section 22, 24, 26, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 46, 47, 48, 49, 51, 54, 57, 61, 63.