

GSTExpertise

GST Update

Decoding – Circular No. 137/07/2020 - GST – Clarification in respect of certain challenges faced by tax payers in implementation of provisions of GST Law owing to Covid-19



CBIC issues Circular No. 137/07/2020-GST dated 13 April 2020 in order to clarify issues in respect of challenges faced by registered persons in implementation of provisions of GST owing to Covid 19.

Pursuant to various relaxation measures taken (Due to Covid-19) by Govt. in relation to GST compliance requirements, certain challenges were still being faced by taxpayers which also needs to be clarified.

The said challenges and related clarifications as provided by CBIC are discussed herein below:

S.No	ISSUE	CLARIFICATION	EXAMPLE / CASE STUDY
1.	<p><u>Situation</u> - Advance has been received by a supplier for a Service contract which subsequently got cancelled and invoice has been issued along with payment of GST to Govt. by the supplier before the supply of service.</p> <p><u>Question</u> - Whether the supplier can claim refund of GST paid or is he required to adjust the GST so paid in his returns?</p>	<p>In such situation where GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a “credit note” in terms of Section 34 of the CGST Act and the related tax liability needs to be adjusted in the GST return for the month during which such credit note has been issued.</p> <p>Further, there is no need to file a separate refund claim.</p> <p>However, in cases where there is no output liability against which the credit note can be adjusted in the GST return, registered persons may proceed to file the refund claim under “Excess payment of tax, if any” through FORM GST RFD-01.</p>	<p>A Supplier M/s ABC Ltd has received an advance of Rs 1 lakh in the month of February 2020 for which invoice has been issued and GST was also paid to the Govt. However, in the month of April 2020, the said service contract got cancelled.</p> <p>In this situation, M/s ABC is required to issue a credit note in April 2020 and declare the details of the same in the GST return for the month of April.</p> <p>However, if there is no output liability against which a credit note can be adjusted in the GST return for April 2020, then he may proceed to file a refund claim under “Excess payment of tax, if any” through FORM GST RFD-01.</p>
2.	<p><u>Situation</u> - Advance has been received by a supplier for a Service contract which subsequently got cancelled and receipt voucher has been</p>	<p>In such situation where GST is paid by the supplier on advances received for an event which got cancelled subsequently and for which no invoice has been issued, he is required to issue a “refund voucher” in terms of</p>	<p>A Supplier M/s ABC Ltd has received an advance of Rs 1 lakh in the month of February 2020 for which receipt voucher has been issued and GST was also paid to the Govt. However, in</p>

	<p>issued along with payment of GST to Govt. by the supplier.</p> <p><u>Question</u> - Whether the supplier can claim refund of GST paid or is he required to adjust the GST so paid in his returns?</p>	<p>section 31 (3) (e) of the CGST Act read with rule 51 of the CGST Rules.</p> <p>Further, the taxpayer can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category "Refund of excess payment of tax".</p>	<p>the month of April 2020 the said service contract got cancelled.</p> <p>In this situation, M/s ABC is required to issue a refund voucher and he can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category "Refund of excess payment of tax".</p>
3.	<p><u>Situation</u> - Goods have been supplied by a supplier under cover of a tax invoice, however the same are returned by the recipient.</p> <p><u>Question</u> - Whether the supplier can claim refund of GST paid or is he required to adjust the GST so paid in his returns?</p>	<p>In such a situation, the supplier is required to issue a "credit note" in terms of Section 34 of the CGST Act and the related tax liability needs to be adjusted in the GST return for the month during which such credit note has been issued.</p> <p>Further, there is no need to file a separate refund claim.</p> <p>However, in cases where there is no output liability against which the credit note can be adjusted in the GST return, registered persons may proceed to file the refund claim under "Excess payment of tax, if any" through FORM GST RFD-01.</p>	<p>A supplier M/s ABC Ltd supplied goods amounting to Rs. 1 Lakh to M/s XYZ Ltd in the month of February and issued the tax invoice for the same.</p> <p>However, M/s XYZ Ltd returned back the said goods in the month of April.</p> <p>In this case, M/s ABC Ltd is required to issue a credit note and declare the details of such credit note in the GST return for the month of April.</p> <p>However, if there is no output liability against which such credit note can be adjusted, M/s ABC Ltd may proceed to file a refund claim under "Excess payment of tax, if any" through FORM GST RFD-01.</p>
4.	<p>In case of expiry of Letter of Undertaking (LUT) for FY 19-20 furnished for the purposes of zero rated supplies on 31 March 2020, whether a registered person can still make a zero-</p>	<p>Vide Notification No. 35/2020 Central Tax dated 03 April 2020, relaxation has been provided wherein if due to any requirement under the GST Law, the timeline to furnish any prescribed information viz., report, document, return, statement or such other record falls</p>	<p>M/s ABC Ltd is a 100% exporter of services (subject to satisfaction of other prescribed conditions) and were always filing LUT in the first week of April for the relevant financial year. They have the filed LUT for FY 19-20 but</p>

	<p>rated supply on such LUT or does he have to make such supplies on payment of IGST and claim refund of such IGST?</p>	<p>during the period from 20 March 2020 to 29 June 2020, the same has been extended till 30 June 2020.</p> <p>Accordingly, it has been clarified that the time limit for filing of LUT for the year FY 20-21 shall be extended to 30 June 2020.</p> <p>Further, the taxpayer can continue to make the supply without payment of tax under LUT provided that the FORM GST RFD-11 for FY 20-21 is furnished on or before 30 June 2020. Also, the taxpayers may quote the reference no. of the LUT for the FY 19-20 in the relevant documents.</p>	<p>couldn't file the LUT in April 2020 for FY 20-21 owing to Covid 19.</p> <p>As per this clarification, M/s ABC Ltd can now issue invoices in April, May and June 2020 for export of services without charging IGST provided that:</p> <ol style="list-style-type: none"> Reference no of the LUT for FY 19-20 must be quoted in the relevant export invoices to be issued during the intervening period; and M/s ABC Ltd must apply for LUT (Form GST RFD-11) for FY 20-21 on or before 30 June 2020.
5.	<p>Extension in the due date for depositing the payment of Tax deducted at source (TDS)</p>	<p>In terms of Notification No. 35/2020 Central Tax dated 03 April 2020, the timeline of specified GST compliances falling between 20 March 2020 to 29 June 2020, has been extended to 30 June 2020.</p> <p>Accordingly, the due date for furnishing of TDS return in FORM GSTR-7 along with deposit of tax deducted for the said period has also been extended till 30 June 2020.</p> <p>Further, no interest under Section 50 shall be leviable if tax deducted is deposited by the said date i.e. 30 June 2020.</p>	<p>M/s ABC Ltd (a Govt. Body) while making the payment of Rs. 50 Lakh to the supplier/deductee in March 2020, deducted tax @ 1% which was required to deposit by 10 April 2020.</p> <p>As per this clarification, M/s ABC Ltd can now deposit the said TDS amount to Govt. while furnishing the relevant return in FORM GSTR-7 latest by 30 June 2020.</p>
6.	<p>Extension in the due date for filing of refund claims</p>	<p>It has been clarified that in terms of Notification No. 35/2020-Central Tax dated 03 April 2020, if the due date for filing of refund application under Section 54(1)</p>	<p>M/s ABC Ltd was required to file a refund claim for unutilized ITC under Section 54 (1) of CGST Act, for which the last date was 31 March 2020.</p>

		is falling between period from 20 March 2020 to 29 June 2020, the same shall be extended till 30 June 2020.	As per this clarification, now M/s ABC Ltd can file the said refund application latest by 30 June 2020.
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