

Nangia Andersen LLP



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Checklist of important activities to be completed before 30 September 2020

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Checklist of important activities to be completed before 30 September 2020

September marks an important month from Goods and Services Tax ('GST') perspective as some of the important activities/ compliances are required to be completed on or before 30 September. Due to the wake of Covid-19 Pandemic, the government sought to provide certain relief by way of extension of the certain due date for payment of taxes, waiver of late fees & penalty, nil or reduced interest rate for filing return by 30 September 2020.

We have provided below a gist of key activities required to be undertaken by a person registered under GST.

1. Rectification of omission or incorrect particulars in GSTR-1 for FY 2019-20

- A taxpayer who discovers any omission or incorrect details in GSTR-1 return can rectify such omission or incorrect particulars in return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed. However, no rectification is allowed after the due date for furnishing of return for the month of September or the actual date of furnishing of relevant annual return, whichever is earlier.
- Therefore, taxpayers can report / rectify details of outward supplies for FY 2019-20 (omitted or needs amendment) in GSTR-1 till due date for filing GSTR-1 of September 2020 (October 11, 2020).

2. Issue of Credit Note

- As per Section 34 of the Central Goods and Services Tax Act, 2017 ('CGST Act'), a credit note can be issued (in certain circumstances) and reported in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made or date of filing annual return, whichever is earlier. Credit note for supply made during FY 2019-20 should be issued and accounted by 30 September 2020.
- Input Tax Credit ('ITC') on debit notes pertaining to invoices issued in FY 2019-20 can be claimed till filing of GSTR-3B for September 2020 (i.e. till October 20, 2020). Given this and in order to enable customer to claim ITC within the timeline, debit notes should be issued by 30 September 2020 and ITC to be claimed by recipient in September 2020.

3. Annual Return and Reconciliation Statement

- Annual Return (Form GSTR-9) and Reconciliation Statement (Form GSTR-9C) for Financial Year 2018-19 is required to be filed on or before 30 September 2020.

4. Implementation of E-invoicing

- In 39th GST Council meeting, it was decided to defer the implementation of e-invoicing to 1st October 2020. As per Notification No. 61/2020-Central Tax dated 30 July 2020, E-invoicing is mandatory for taxpayers having aggregate turnover exceeding ₹ 500 crores effective October 1, 2020. Therefore, pertinent taxpayers should complete the preparation/ implementation and be ready to issue E-invoice from 1 October 2020.
- Certain category of suppliers have been exempted from issuing e-Invoicing such as the insurance, banking, financial institutions, NBFCs, GTA, SEZ, passenger transportation service provider, admission to exhibition of cinematograph films in multiplex screens, etc.

5. Lower Interest rate on Late filing

- Taxpayers with aggregate turnover of upto Rs. 5 crores in the preceding Financial Year, filing return after extended due date as applicable but before 30th September 2020 to be eligible for lower interest rate of 9%¹. On filing of return after 30th September 2020, interest at 18% would be applicable.

6. Non-Filers of Return from July 2017

- Taxpayers who have not filed return in Form GSTR-3B for any month from July 2017 till January 2020, can file Form GSTR-3B from 1st July 2020 till 30th September 2020, without any late fee for those months in which they did not have any tax liability. In case of any liability, late fee would be maximum at Rs. 500 per return (Rs. 250 CGST and Rs. 250 SGST)².

7. Actualization of apportionment of ITC on common credits used for exempt supplies

- Rule 42 and Rule 43 of the Central Goods and Services Tax Rules, 2017 ('CGST Rules') provides for monthly reversal of ITC on inputs, input services and capital goods attributable to exempted supplies on provisional basis. This needs to be finalized on yearly basis. Any adjustment (availment / reversal of excess ITC) needs to be done by September 30 of next FY. Accordingly, taxpayers need to finalize these workings for FY 19-20 till September 30, 2020.

8. GSTR-2A reconciliation and claiming ITC pertaining to FY 2019-20

- ITC for FY 2019-20 can be claimed before filing of GSTR-3B for September 2020 (i.e. till October 20, 2020) or annual return (December 31, 2020), whichever is earlier.
- Thus, in order to avail full eligible ITC for FY 2019-20, it is imperative that all the registered person may complete their GSTR-2A reconciliation for FY 2019-20 and any missing credit can be claimed. In case of any discrepancy, appropriate action should be taken.
- Accordingly, it would be important to co-ordinate with vendors to ensure that all invoices as well as debit notes pertaining to invoices issued in FY 2019-20 are received/ accounted and input credit of the same is availed within the prescribed timelines. Further, it should be ensured that payment of invoices, in respect of which ITC has been availed, should be made to the vendors within 180 days from the date of issue of invoice.
- As an immediate action step with respect to the return being filed for the month of September, credit pertaining to FY 2019-20 invoices as well as debit notes should be availed (and reversed if payment has not been made as of September 30, 2020 and re-availed upon payment)

¹ Notification No. 51/2020 – Central Tax dated 24 June 2020 and Notification No. 05/2020 – Integrated Tax dated 24 June 2020

² Notification No. 52/2020 – Central Tax dated 24 June 2020

9. GSTR-2A Reconciliation from Feb 2020 to Sep 2020 in GSTR-3B of Sep 2020

- As per the proviso to Rule 36(4) inserted vide Notification No. 30/2020–Central Tax, the condition (Rule 36(4)) shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in FORM GSTR-3B for the tax period September, 2020 shall be furnished with the cumulative adjustment of ITC for the said months in accordance with the condition above.
- GSTR-2A reconciliation for the period Feb 2020 to Sep 2020 should be undertaken cumulatively and total ITC availed in the GSTR-3B from February 2020 to September 2020 should exceed more than 10% of eligible credit.

10. Export realization or application for extension in terms of Rule 96A

- Rule 96A (1) of the CGST Rules provides that any registered person may export goods or services without payment of Integrated tax after furnishing a LUT / bond and that he would be liable to pay the tax due along with the interest as applicable within a period of fifteen days after the expiry of three months or such further period as may be allowed by the Commissioner from the date of issue of the invoice for export, if the goods are not exported out of India.
- The time period in case of services is fifteen days after the expiry of one year or such further period as may be allowed by the Commissioner from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange.
- All relaxations which were given as part of Covid-19 compliance relief package were effective till 31 August and therefore, it is important that exporters who have not yet realized the export proceeds should rush to the jurisdictional commissioner to seek the extension in terms of Rule 96A of the CGST Rules.

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