



YUGAL GOYAL AND ASSOCIATES
CHARTERED ACCOUNTANTS

Budget – 2021

GST Proposals – An Analysis

Details of Proposed Amendments under CGST ACT, 2017:

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
1	99	Section 7 (1) (aa) - Inserted	NA	<p>In the Central Goods and Services Tax Act, 2017 (hereinafter referred as the Central Goods and Services Tax Act), in section 7, in sub-section (1), after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely: — 12 of 2017.</p> <p>“(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.</p> <p>Explanation: —For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;</p>

Analysis:

- Section 7 of CGST Act, 2017 states about scope of supply. An amendment is proposed to be inserted retrospectively by adding a new clause to Section 7 to the Act.
- The scope of supply has now been extended to the activities or transactions which involves supply of goods or services or both by any person such as clubs to its members or vice-versa for cash, deferred payments or other valuable consideration.



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- This inclusion wants to overcome the effect of Hon'ble Supreme Court Judgment in the case of State of West Bengal & Ors. v Calcutta Club Limited [2019 (10) TMI 160] for erstwhile Service tax regime wherein it was held that there cannot be the sale of goods or provision of services between the unincorporated private clubs/associations and its members owing to the principle of mutuality which treats such clubs/associations and its members as the same person.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
2	100	Section 16 (2) (aa) - Inserted	NA	In section 16 of the Central Goods and Services Tax Act, in sub-section (2), after clause (a), the following clause shall be inserted, namely: — “(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;”

Analysis:

- Section 16 of CGST Act, 2017 provides the eligibility and condition for taking input tax credit, which is proposed to be amended by inserting a new clause (aa). This clause provides that input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in the statement of outward supplies [GSTR-1] and such details have been communicated to the recipient of such invoice or debit note [GSTR-2A].
- In a way this amendment gives the statutory backup to the most disputed and deliberated upon rule i.e., Rule 36(4) of CGST Rules, 2017.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
3	101	Section 35 (5) - Omitted	Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy	NA



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			<p>of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.</p> <p>Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.</p>	
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Analysis:

- It is proposed to scrap down or remove the mandatory GST Audit [Form GSTR-9C] conducted by specified professionals, provided under Section 35 (5) of CGST Act, 2017.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
4	102	Section 44 - Substituted	<p>44. (1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year.</p> <p>Provided that the Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by</p>	<p>For section 44 of the Central Goods and Services Tax Act, the following section shall be substituted, namely: —</p> <p>“44. Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the</p>



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		<p>notification, extend the time limit for furnishing the annual return for such class of registered persons as may be specified therein.</p> <p>Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.</p> <p>(2) Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.</p> <p>Explanation: - For the purposes of this section, it is hereby declared that the annual return for the period from the 1st July, 2017 to the 31st March, 2018 shall be furnished on or before the 31st January, 2020 and the annual return for the period from the 1st April, 2018 to the 31st March, 2019 shall be furnished on or before the 31st March, 2020.</p>	<p>financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed:</p> <p>Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section:</p> <p>Provided further that nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force."</p>
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Analysis:

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- In line with the discussion stated in point 3, Section 44 of CGST Act, 2017 is being substituted. This proposed substitution provides that filing of annual return [Form GSTR – 9] is the responsibility of tax payer on self- certification basis.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
5	103	Section 50 (1) Proviso - Substituted	Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.	In section 50 of the Central Goods and Services Tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017, namely: — “Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger.”.

Analysis:

- By the help of above proposed amendment, Section 50 is to be amended, retrospectively w.e.f. July 1, 2017, to substitute the proviso to sub-section (1) so as to charge interest on net cash liability.
- This amendment will provide huge relief to the tax payers and much welcome step from Government which is inline with the decision of GST Council. This amendment will now put an end to the ongoing litigation where interest is demanded gross liability.

S.No.	Clause No. of	Section No.	Existing Provisions	New Provisions
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6	104	Section 74 Explanation 1 (ii) Substituted	(ii) Where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under sections 122, 125, 129 and 130 are deemed to be concluded.	In section 74 of the Central Goods and Services Tax Act, in Explanation 1, in clause (ii), for the words and figures "sections 122, 125, 129 and 130", the words and figures "sections 122 and 125" shall be substituted.

Analysis:

- After the proposed amendment under explanation 1 (ii) to Section 74 of CGST Act, 2017, the conclusion of proceedings under Section 73 or 74 means conclusion of proceedings under Section 122 and 125 but not under Section 129 and 130. Earlier, the law provided that the proceedings under Section 129 and 130 were getting concluded if, proceedings under Section 73 or 74 were getting concluded.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
7	105	Section 75 (12) - Inserted	NA	In section 75 of the Central Goods and Services Tax Act, in sub-section (12), the following Explanation shall be inserted, namely: — 'Explanation. —For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39.'



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Analysis:

- This proposed insertion of a new explanation, under Section 75 (12) of CGST Act, 2017, clarifying and widening the scope of self – assessment tax, i.e., now onwards, self- assessment tax shall include the tax on outward supplies which have been reported in GSTR-1 [i.e., return under Section 37] but not reported in GSTR-3B [i.e., return under Section 39].

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
8	106	Section 83 (1) Substituted	Where during the pendency of any proceedings under section 62 or section 63 or section 64 or section 67 or section 73 or section 74, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue, it is necessary so to do, he may, by order in writing attach provisionally any property, including bank account, belonging to the taxable person in such manner as may be prescribed.	In section 83 of the Central Goods and Services Tax Act, for sub-section (1), the following sub-section shall be substituted, namely: — “(1) Where, after the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed.”.

Analysis:

- Earlier, it was provided under law that provisional attachment takes place only when where during the pendency of any proceeding under Section 62 or 63 or 64 or 73 or 74 of CGST Act, 2017, the government officer may provisionally attach the any property. But this proposed amendment gives huge powers to government officers and they can use this power even after initiating any proceeding under Chapter XII, XIV and XV of CGST Act, 2017.



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- We can only pray that government officers will this power more wisely and with correct application of mind otherwise it may create serious troubles to honest tax payers.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
9	107	Section 107(6) Inserted	NA	In section 107 of the Central Goods and Services Tax Act, in sub-section (6), the following proviso shall be inserted, namely: — “Provided that no appeal shall be filed against an order under sub-section (3) of section 129, unless a sum equal to twenty-five per cent. of the penalty has been paid by the appellant.”.

Analysis:

- Section 129 of CGST Act, 2017 provides the provisions related to detention, seizure and release of goods and conveyances in transit. By way of this proposed amendment a new proviso to sub-section (6) of section 107 of the CGST Act is being inserted to provide that no appeal shall be filed against an order made under sub-section (3) of section 129, unless a sum equal to 25% of penalty has been paid by the appellant. However, the pre – deposit prior to this amendment is only 10 % of the tax liability.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
10	108	Section 129	<u>Substituted</u> Sub- Section (1) (a) on payment of the applicable tax and penalty equal to one hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever	In section 129 of the Central Goods and Services Tax Act, — (i) in sub-section (1), for clauses (a) and (b), the following clauses shall be substituted, namely: — “(a) on payment of penalty equal to two hundred percent. of the tax payable on such goods and, in case of exempted goods, on



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			<p>is less, where the owner of the goods comes forward for payment of such tax and penalty;</p> <p><u>Substituted</u></p> <p>Sub- Section (1) (b) on payment of the applicable tax and penalty equal to the fifty per cent. of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such tax and penalty;</p> <p><u>Omitted</u> - Sub section (2) has been omitted;</p> <p><u>Substituted</u></p> <p>(3) The proper officer detaining or seizing goods or conveyances shall issue a notice specifying the tax and penalty payable and thereafter, pass an order for payment of tax and penalty under clause (a) or clause (b) or clause (c).</p> <p><u>Substituted</u></p> <p>(4) No tax, interest or penalty shall be determined under sub-section (3) without giving</p>	<p>payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;</p> <p>(b) on payment of penalty equal to fifty per cent. of the value of the goods or two hundred per cent. of the tax payable on such goods, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty;”;</p> <p>(ii) sub-section (2) shall be omitted;</p> <p>(iii) for sub-section (3), the following sub-section shall be substituted, namely: —</p> <p>“(3) The proper officer detaining or seizing goods or conveyance shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1).”;</p> <p>(iv) in sub-section (4), for the words “No tax, interest or penalty”, the words “No</p>
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			<p>the person concerned an opportunity of being heard.</p> <p><u>Substituted</u></p> <p>(6) Where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty as provided in sub-section (1) within fourteen days of such detention or seizure, further proceedings shall be initiated in accordance with the provisions of section 130:</p> <p>Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of seven days may be reduced by the proper officer.</p>	<p>penalty” shall be substituted;</p> <p>(v) for sub-section (6), the following sub-section shall be substituted, namely: —</p> <p>“(6) Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3).</p> <p>Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less.</p> <p>Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer.”</p>
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Analysis:

- Proposed Amendment in clauses (a) and (b) of Section 129(1) of CGST Act, 2017 deals with quantum of Tax liability & Penalty in case of Detention, seizure and release



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of goods and conveyances in transit. Under the said amendment, the word tax has been deleted which means for releasing the conveyance and goods the concerned person needs to pay only the penalty. However, the penalty has been increased from 100 % to 200 % which in totality means the total amount to be paid by the concerned person remains same.

- Omission of sub-section (2) of Section 129 shall mean that now the conveyance and goods detained by the officer cannot be released on execution of bond and bank guarantee as security and the penalty imposed by the officer will have to be paid in cash by the tax-payer as provided under Section 67(6) of CGST Act, 2017.
- Proposed amendment to Section 129 (3) of CGST Act, 2017 provides the proper shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice. Earlier, there was no time limit for proper officer detaining or seizing goods or conveyances for issuing a notice and passing an order.
- Proposed amendment to Section 129 (4) of CGST Act, 2017 provides that the Tax and Interest shall not be demanded after the proposed amendment in law for release of goods and conveyance.
- By way of proposed amendment to Section 129(6) of CGST Act, 2017 proceedings under Section 129 and 130 are de-linked. Further, earlier the provision was if person does not pay tax and penalty within 14 days of seizure, the conveyance and goods detained were liable for confiscation as per Section 130. But, after this proposed amendment, the goods or conveyance detained or seized shall become liable to be sold or disposed off in the manner prescribed in case the payment of imposed penalty is not made within 15 days from the date of receipt of copy of the order imposing such penalty.
- At last, relief has been proposed to be provided is with respect to release of conveyance on payment of penalty imposed by the officer or Rs. 1 Lac whichever is less, by the transporter.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
11	109	130	<u>Substituted</u> Sub- Section (1) Notwithstanding anything contained in this Act, if any person	In section 130 of the Central Goods and Services Tax Act, — (a) in sub-section (1), for the words "Notwithstanding anything contained in this Act, if", the word "Where" shall be substituted;



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			<p><u>Substituted</u></p> <p>Sub- Section (2) (b) Second Proviso - Provided further that the aggregate of such fine and penalty leviable shall not be less than the amount of penalty leviable under sub-section (1) of section 129.</p> <p><u>Omitted</u></p> <p>Sub- Section (3) (c) - Where any fine in lieu of confiscation of goods or conveyance is imposed under sub-section (2), the owner of such goods or conveyance or the person referred to in sub-section (1), shall, in addition, be liable to any tax, penalty and charges payable in respect of such goods or conveyance.</p>	<p>(b) in sub-section (2), in the second proviso, for the words, brackets and figures “amount of penalty leviable under sub-section (1) of section 129”, the words “penalty equal to hundred per cent. of the tax payable on such goods shall be substituted;</p> <p>(c) sub-section (3) shall be omitted.</p>
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Analysis:

As discussed above, in point 10, the proposed amendment seeks to delink the proceedings under that section relating to confiscation of goods or conveyances and levy of penalty from the proceedings under Section 129 of the CGST Act, 2017 relating to detention, seizure and release of goods and conveyances in transit.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
12	110	Section 151 - Substituted	<p>(1) The Commissioner may, if he considers that it is necessary so to do, by notification, direct that statistics may be collected relating to any matter dealt with by or in connection with this Act.</p> <p>(2) Upon such notification being issued, the Commissioner, or any person authorised by him</p>	<p>For section 151 of the Central Goods and Services Tax Act, the following section shall be substituted, namely: —</p> <p>“151. The Commissioner or an officer authorised by him may, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act,</p>



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			<p>in this behalf, may call upon the concerned persons to furnish such information or returns, in such form and manner as may be prescribed, relating to any matter in respect of which statistics is to be collected.</p>	<p>within such time, in such form, and in such manner, as may be specified therein.”.</p>
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Analysis:

- The proposed amendment provides to substitute the power of commissioner. It now states that the jurisdictional commissioner directs any person and call for information relating to any matter dealt with in connection with the Act.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
13	111	Section 152	<p><u>Substituted</u></p> <p>(1) No information of any individual return or part thereof with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act.</p> <p><u>Omitted</u></p> <p>(2) Except for the purposes of prosecution under this Act or any other Act for the time being in force, no person who is not engaged</p>	<p>In section 152 of the Central Goods and Services Tax Act, —</p> <p>(a) in sub-section (1), —</p> <p>(i) the words “of any individual return or part thereof” shall be omitted;</p> <p>(ii) after the words “any proceedings under this Act”, the words “without giving an opportunity of being heard to the person concerned” shall be inserted;</p> <p>(b) sub-section (2) shall be omitted.</p>



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			in the collection of statistics under this Act or compilation or computerisation thereof for the purposes of this Act, shall be permitted to see or have access to any information or any individual return referred to in section 151.	
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Analysis:

- By way proposed amendment substituted Section 152 provides that no information obtained under sections 150 and 151 shall be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned i.e., opportunity of being heard is mandatory to be given.

S.No.	Clause No. of Finance Bill 2021	Section No.	Existing Provisions	New Provisions
14	112	Section 168(2)	The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (2) of section 38, sub-section (6) of section 39, sub-section (1) of section 44, sub-sections (4) and (5) of section 52, sub-section (1) of section 143, except the second proviso thereof, sub-section (1) of section 151, clause (l) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the	The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (2) of section 38, sub-section (6) of section 39, sub-section (1) of section 44, sub-sections (4) and (5) of section 52, sub-section (1) of section 143, except the second proviso thereof, sub-section (1) of section 151, clause (l) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the



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			said sections with the approval of the Board.	said sections with the approval of the Board.
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Analysis:

- Section 168 of the CGST Act, 2017 is being amended to enable the jurisdictional commissioner to exercise powers under Section 44 (i.e., annual return).

S.No.	Clause No. of Finance Bill 2021	Schedule	Existing Provisions	New Provisions
15	113	Schedule II (Paragraph 7)	<p><u>Omitted</u></p> <p>7. Supply of Goods</p> <p>The following shall be treated as supply of goods, namely: -</p> <p>Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.</p>	<p>In Schedule II of the Central Goods and Services Tax Act, paragraph 7 shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.</p>

Analysis:

- As discussed in Point 1, as a consequence to the amendment made in Section 7 of CGST Act, 2017, paragraph 7 of Schedule II of CGST Act has been proposed to be omitted retrospectively from July 1, 2017.

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Details of Proposed Amendments under IGST ACT, 2017:

S.No.	Clause No. of	Section No.	Existing Provisions	New Provisions
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16	114	16	<p><u>Inserted phrase</u></p> <p>Section 16 (1) (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.</p> <p><u>Substituted</u></p> <p>Section 16 (3)</p> <p>A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely: —</p> <p>(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or</p> <p>(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied,</p> <p>in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.</p>	<p>In the Integrated Goods and Services Tax Act, 2017, in section 16, —</p> <p>(a) in sub-section (1), in clause (b), after the words “supply of goods or services or both”, the words “for authorised operations” shall be inserted;</p> <p>(b) for sub-section (3), the following sub-sections shall be substituted, namely: —</p> <p>“(3) A registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed.</p> <p>Provided that the registered person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable interest under Section 50 of the Central Goods and Services Tax Act within thirty days after</p>



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				<p>the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 for receipt of foreign exchange remittances, in such manner as may be prescribed.</p> <p>(4) The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify—</p> <p>(i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;</p> <p>(ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.”.</p>
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Analysis:

- Proposed amendment to Section 16 (1) of IGST Act, 2017 provides that zero rated supply of goods or services to a Special Economic Zone developer or a Special Economic Zone unit only when the said supply is for authorised operations i.e., Such authorised operations must be as per the SEZ Act and rules made thereunder.
- Proposed amendment to Section 16 (3) of IGST Act, 2017 provides that foreign exchange remittance in case of export of goods linked with GST refund. Basically, this provision provides statutory backing to Rule 96B of CGST Rules, 2017.
- Proposed amendment to Section 16 (4) of IGST Act, 2017 provides that only notified class of taxpayer/notified class of goods/services are eligible for claiming refund in case the supplies are made with payment of tax, i.e., other than notified class of tax payers – most of the tax payers have to export without payment of IGST and needs to take refund of the accumulated ITC as provided in provisions of Section 54 of CGST Act, 2017 and rules made thereunder.



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