

EXECUTIVE SUMMARY OF FINANCE BILL, 2021 - INDIRECT TAXES (CGST)

Clause(S) Of Finance Bill, 2021	Particulars Of Amendments	Section	Amendment / Newly Inserted	Applicable W.E.F.	Brief Of Amendment.
99	<p>“(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or <i>vice-versa</i> , 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>	7	NEWLY INSERTION	01-07-2017	Transactions between persons other than individual to its members, constituents or vice versa comes under the ambit of supply
100	<p>“(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;”.</p>	16	NEWLY INSERTION	To be notified	Furnishing of details of invoice or debit note in GSTR1 proposed to become a mandataory requirement to claim Input tax credit.
101	<p>Section 35 of the Central Goods and Services Tax Act, sub-section (5) shall be omitted.</p>	35(3)	DELETION	To be notified	It is proposed to abolish GST audit u/s 35(3) by Chartered Accountant or Cost Accountant

102	<p>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 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>	44	SUBSTITUTION	To be notified	Proposed Consequential amendment of abolishing GST AUDIT. It is proposed to file Reconciliation statement electronically by the taxable person at its own. No need to file reconciliation statement by any Central/State Govt Department or Local authority whose accounts are audited by C&AG of INDIA.
103	<p>.”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.”.</p>	50	SUBSTITUTION	01-07-2017	Much awaited amendment. Now the interest shall be levied on the Net tax payable i.e Output Tax liability-Input tax credit legally available

104	In <i>Explanation 1</i> , in clause (ii) of Section 74 of CGST Act, 2017, for the words and figures “sections 122, 125, 129 and 130”, the words and figures “sections 122 and 125” shall be substituted.	74	SUBSTITUTION	To be notified	Persons involved in fraudulent activities will still liable to penalty u/s 122 or 125 of CGST Act even the proceedings against the main person person liable to pay tax have been concluded.
105	‘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.’.	75(12)	INSERTION	To be notified	It is proposed to include in self assessment tax, the tax payable in respect of invoices though included in GSTR-1, but tax not paid in GSTR3-B of the respective period.
106	3. 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.”.	83(1)	SUBSTITUTION	To be notified	It is proposed to give powers to Commissioner to attach provisionally any property including bank account to protect the interest of revenue even during the pendency of ASSESSMENT, AUDIT OR RECOVERY OF DEMANDS belonging to Taxable or any other person.

107	<p>3. In section 107 of the Central Goods and Services Tax Act, in sub-section (6), the following proviso shall be inserted, namely:—</p> <p>“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.”.</p>	107(6)	INSERTION	To be notified	No appeal shall be filed against an order under sub-section (3) of section 129(For detention and seizure of Conveyances and goods), unless a sum equal to twenty-five per cent. of the penalty has been paid by the appellant.”.
	<p>In section 129 of the Central Goods and Services Tax Act, -</p> <p>(i) in sub-section (1), for clauses (a) and (b), the following clauses shall be substituted, namely:—</p> <p>“(a) on payment of penalty equal to two 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 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>	129	SUBSTITUTION	To be notified	It is propose to increase in the levy of penalty from 100 percent to two hundred percent under clause (a) or penalty equal to 50 percent of value of goods or 200 percent of tax payable under clause (b).
	(ii) sub-section (2) shall be omitted;		Omission	To be notified	

<p>(iii) for sub-section (3), the following sub-section shall be substituted, namely:— “(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>		SUBSTITUTION	To be notified	It is proposed to prescribe time limit for issuing notice and order thereafter in case of detention and seizure of goods and conveyances.
<p>(iv) in sub-section (4), for the words “No tax, interest or penalty”, the words “No penalty” shall be substituted;</p>		SUBSTITUTION	To be notified	It is proposed to omit the words Tax and interest meaning thereby levy of tax and interest can be done without issue of notice.
<p>(v) for sub-section (6), the following sub-section shall be substituted, namely:— “(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): 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: 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>		SUBSTITUTION	To be notified	It is proposed to increase the time limit to pay the penalty within 15 days from the date of receipt of order from the present limit of 14 days from the detention or seizure. It is also proposed to release the conveyance on payment of Rs 1,00,000 or penalty whichever is less. The period of selling goods may be reduced by the proper office in case of seized goods are hazardous or perishable in nature.

109	(a) in sub-section (1) of section 130 of CGST Act, 2017, for the words “Notwithstanding anything contained in this Act, if ”, the word “Where” shall be substituted;	130(1)	SUBSTITUTION	To be notified	No Impact
	(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;	130(2)	SUBSTITUTION	To be Notified	it is proposed to quantify the amount of penalty on the owner of conveyance equal to the amount of tax u/s 130 (2).
	(c) sub-section (3) shall be omitted.	130(3)	OMISSION	To be Notified	It is proposed to revoke the powers of adjudging office to levy penalty on the owner of conveyance under this sub clause provided the fine and penalty under section 130(2) has been imposed.
110	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, within such time, in such form, and in such manner, as may be specified therein.”.	151	SUBSTITUTION	To be Notified	It is proposed to remove the requirement to issue notification to call for the information.
111	(a) in sub-section (1),—	152		To be Notified	
	(i) the words “of any individual return or part thereof” shall be omitted;				Consequential amendment to amendment in section 151.

	(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;				Principles of natural justice to be adhered before using of any information for the purpose of any proceedings under CGST Act, 2017.
	(b) sub-section (2) shall be omitted.		OMISSION	To be Notified	Consequential amendment
112	section 168 of the Central Goods and Services Tax Act, in sub-section (2),— (i) for the words, brackets and figures “sub-section (1) of section 44”, the word and figures “section 44” shall be substituted; (ii) the words, brackets and figures “sub-section (1) of section 151,” shall be omitted	168	SUBSTITUTION	To be Notified	Consequential amendment to sec 44 and 151 amendment
113	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 1 st day of July, 2017.	Schedule-II	OMISSION	01-07-2017	Consequential Amendment to Section 7