

Important Changes in GST w.e.f. January 1, 2021

Dear Reader,

We wish you and your family a very happy and a prosperous New Year 2021. May you and your family be blessed with abundance of health, wealth and prosperity now and always...!

Have a great start to a great year with prayer to the Almighty God that the pandemic Covid-19 should go away at the earliest!!!

We bring you the highlights of all important changes related to QRMP Scheme, E-invoicing, ITC availment, e-way bill, etc. under Central Goods and Services Tax Act, 2017 (“**CGST Act**”) and Central Goods and Services Tax Rules, 2017 (“**CGST Rules**”), effective from January 1, 2021, as below:

Notification No.	Topic/Section/ Rules of CGST Act/ Rules	Change effective from January 01,2021
E-invoicing made mandatory if aggregate turnover exceeds Rs. 100 Crores		
88/2020-CT dated November 10, 2020	Amended <i>Notification No. 13/2020 – CT dated March 21, 2020</i>	E-invoicing made applicable to Registered Person (other than SEZ unit, Insurance Company, banking company, financial institution including non-banking financial institution, GTA, supplier of passenger transportation service, supplier of services by way of admission to exhibition of cinematograph films in multiplex screens) whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs. 100 crore in respect of supply of goods or services or both or for exports.
Notified Sections of Finance Act, 2020 shall come into force		
92/2020-CT dated December 22, 2020	Section 10(2) (Composition levy)	Seeks to harmonise the conditions for eligibility for opting to pay tax under Composition Scheme as sub-section (1) and sub-section (2A) of Section 10 of the CGST Act.

Section 16(4) [Eligibility and conditions for taking Input Tax Credit ("ITC")]	Delinks availment of ITC on debit notes with the date of issuance of the original invoice. Thus, ITC on debit notes issued after 6 months from the end of the financial year to which invoice pertains can be availed post amendment.
Section 29(1)(c) (Cancellation or suspension of registration)	Allows cancellation of persons who has taken voluntary registrations under Section 25(3) of the CGST Act.
Proviso to Section 30(1) (Revocation of cancellation of registration)	Empowered jurisdictional Additional / Joint Commissioner and Commissioner to extend the period of 30 days to file an application for revocation of cancellation of registration.
Proviso to Section 31(2) (Tax invoice)	Empower the Government to prescribe period and manner or exclusion from issuing tax invoice for specified categories of services or any document which may be deemed to be a tax invoice for such services.
Section 51(3) (Tax deduction at source)	The requirement for the deductor to issue TDS certificate under Section 51 of the CGST Act has been removed with new rules to be prescribed for issuance of such certificates, and accordingly, the provision for fees (penalty) for the delay in issuance of such certificate has been omitted.
Section 122 (1A) (Penalty for certain offences)	Seeks to insert a new sub-section (1A) so as to make the beneficiary who retains benefit or at whose instance a supply has been made without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed liable for penalty as that of actual supplier/recipient.

	Section 132 (Punishment for certain offences)	Seeks to amend Section 132 so as to make the offence of fraudulent avilment of ITC without invoice or bill, <u>cognizable and non-bailable</u> offence under sub-section (1) of Section 69 and to make any person who retains the benefit of certain transactions and at whose instance such transactions are conducted liable for punishment.
	Schedule II, Para 4 (Activities or transactions to be treated as supply of goods or supply of services)	Omitted the words “ whether or not for consideration ” with effect from July 1, 2017, so as to give clarity to the meaning of the entries (a) and (b) of said paragraph 4, while aligning the same with Section 7(1), (1A) and Schedule I (supply without consideration) of the CGST Act. Now Schedule II, Para 4 reads as below: <i>“(a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, such transfer or disposal is a supply of goods by the person;</i> <i>(b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, the usage or making available of such goods is a supply of services;.....”</i>
Gist of important changes made vide CGST (Fourteenth Amendment) Rules		
94/2020-CT dated	Reduction in ITC entitlement for invoices not furnished by supplier from 10% to 5%	

December 22, 2020	Rule 36(4) amended (effective from January 1, 2021)	Restriction on claiming ITC in respect of invoices/debit notes not furnished by the suppliers has now been reduced from 10% to 5% of eligible credit available in GSTR-2B.
	Restricting use of ITC amount for discharging output tax liability in GST	
	New Rule 86B introduced (effective from January 1, 2021)	<p>It is applicable where value of taxable supply other than exempt supply and export, in a month exceeds INR 50 lakh.</p> <p>Taxpayer is not allowed to use ITC in excess of 99% of output tax liability.</p> <p>Certain exceptions provided to above restrictions are:</p> <ul style="list-style-type: none"> • If the registered person has paid more than INR 1 lakh as income tax under the Income-tax Act, 1961 in each of the last two financial years. • If the registered person has received a refund amount of more than INR 1 lakh in the preceding financial year on account of export under LUT/Bond or inverted tax structure. • If the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year • If the registered person is the Government Department, Public Sector Undertaking, Local Authority or Statutory Body.
	Validity of e-way bill narrowed by increasing distance from 100 km. to 200 km. per day	
Rule 138 amended (effective from January 1, 2021)	E-way bill will now be valid for 1 day for every 200 km of travel, as against 100 km earlier, in cases other than Over	

		Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship. For every 200 km. or part thereof thereafter, one additional day will be allowed.												
Time limit for filing Form GSTR-1														
<i>83/2020-CT dated November 10, 2020</i>	Extends the time limit for furnishing the details of outward supplies in Form GSTR-1	<p>Quarterly GSTR-1:</p> <p>If opted in for/ by default Quarterly Return Filing and Monthly Payment of Taxes:</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>The 13th day of the next month succeeding such quarter</p> </div> <p>Monthly GSTR-1:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Month for which GSTR-1 is to be filed</th> <th style="text-align: center;">Due date</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>January 2021</td> <td style="text-align: center;">11.02.2021</td> </tr> <tr> <td style="text-align: center;">2</td> <td>February 2021</td> <td style="text-align: center;">11.03.2021</td> </tr> <tr> <td style="text-align: center;">3</td> <td>March 2021</td> <td style="text-align: center;">11.04.2021</td> </tr> </tbody> </table>	S. No.	Month for which GSTR-1 is to be filed	Due date	1	January 2021	11.02.2021	2	February 2021	11.03.2021	3	March 2021	11.04.2021
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Scheme of quarterly return filing along with monthly payment of taxes for registered person having aggregate turnover up to Rs. 5 crores														
<i>84/2020-CT dated November 10, 2020</i>	Notified class of persons w.r.t. implementation of the Quarterly Return Filing and Monthly Payment of Taxes (" QRMP ") Scheme	<ul style="list-style-type: none"> A registered person who is required to furnish a return in Form GSTR-3B, and who has an aggregate turnover of up to 5 crore rupees in the preceding financial year, is eligible for the QRMP Scheme w.e.f. January 1, 2021, subject to following conditions: <ul style="list-style-type: none"> (i) the return for the preceding month, as due on the date of 												

		<p>exercising such option, has been furnished:</p> <p>(ii) where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the same</p> <ul style="list-style-type: none"> • A registered person whose aggregate turnover crosses five crore rupees during a quarter in a financial year shall not be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter. <p>Note: The option to avail QRMP Scheme is GSTIN wise. Therefore, few GSTINs under one PAN can opt for the Scheme and remaining GSTINs may remain out of the Scheme.</p>
Special procedure for making payment of 35% as tax liability in first two months by small taxpayers		
<i>85/2020-CT dated November 10, 2020</i>	Special procedure for making payment of 35% as tax liability in first two months by small taxpayers	<p>Registered Persons notified under proviso to sub-section (1) of Section 39 of the CGST Act, who have opted to furnish a return for every quarter or part thereof, may pay the tax dues in first month or second month or both months of the quarter under proviso to Section 39(7) of the CGST Act, by way of making a deposit of an amount in the electronic cash ledger equivalent to, -</p> <ul style="list-style-type: none"> • 35% of the tax liability paid by debiting the e-cash ledger in the

		<p>return for the preceding quarter where the return is furnished quarterly; or</p> <ul style="list-style-type: none"> • The tax liability paid by debiting the electronic cash ledger in the return for the last month of the immediately preceding quarter where the return is furnished monthly: <p>No amount is required to be deposited:</p> <ul style="list-style-type: none"> • for the 1st month of the quarter, where the <u>balance in the e-cash ledger or e-credit ledger is adequate</u> for the tax liability for the said month or where there is <u>nil tax liability</u>; • for the 2nd month of the quarter, where the <u>balance in the e-cash ledger or e-credit ledger is adequate for the cumulative tax liability</u> for the first and the second month of the quarter or where there is <u>nil tax liability</u>. <p>Note: Registered Person shall not be eligible for this special procedure unless he has furnished the return for a complete tax period (in which the person is registered from the first day of the tax period till the last day of the tax period) preceding such month.</p>
<p>Please watch our video series covering Central Goods and Services Tax (Fourteenth Amendment) Rules, 2020 vide Notification No. 94/2020- Central Tax dated December 22, 2020 and its various nuances -</p>		

1❑. New Rule 86B is restricting amount of GST ITC to be utilized towards payment of taxes

<https://youtu.be/i9CIW8mZqyQ>

2❑. 5% capping on GST Credit to be availed on Invoices not furnished by Suppliers U/R 36(4)

<https://youtu.be/1VyQgvyYBZo>

3❑. Now, GST Registration to be granted in 7 & 30 Working Days in different situations

<https://youtu.be/UnzyNTC07AE>

4. No opportunity of being heard for suspension of GST Registration

<https://youtu.be/BXauSd4nwxk>

5. When GST Registration can be cancelled by Proper Officer in GST

<https://youtu.be/RWF3PJeWdcl>

6. Blocking of filing of GSTR 1 if GSTR 3B is not filed

<https://youtu.be/z3LfvBJvEik>

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