

GST NEWSLETTER JANUARY 2020

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ARTICLES

E-invoicing – A revolutionary change

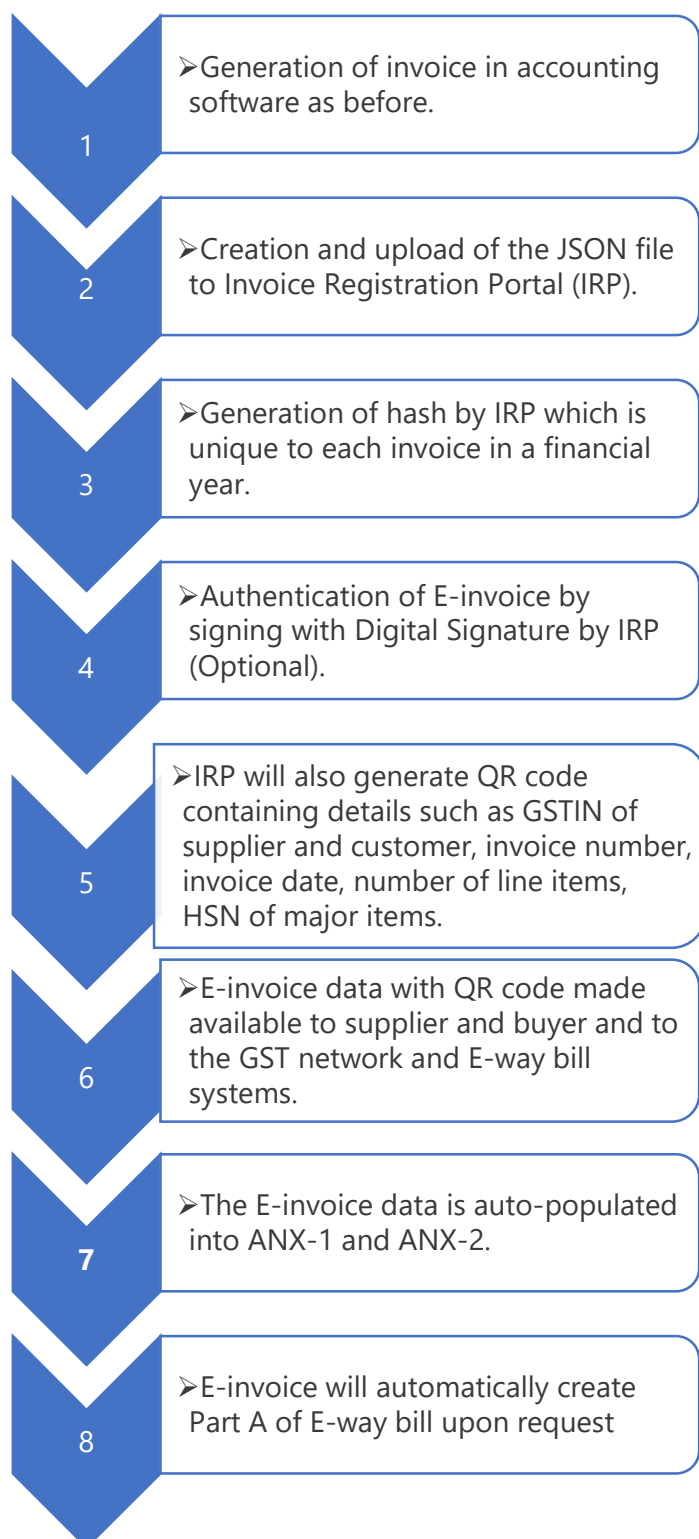
India is all set to introduce E-invoicing for B2B transactions from 1st April 2020. This is a revolutionary change being brought in to ensure the smooth flow of ITC from one supply chain to another and also maintain vigilance by the authorities on mis-use of ITC. E-invoicing is not a new concept and is already adopted in many countries and quite efficiently as well. Countries such as Hong Kong & Taiwan have a strong E-invoicing base with fully digital methods being implemented since 2000. Whereas nations like Japan, USA and Korea have a system on E-invoicing that is similar to what India has planned from April 2020; mostly restricted to large corporations. China, on the other hand, is yet to bring in any sort of E-invoicing and only follows digitisation of certain documents for sharing and transmissions. Hence, India will be the largest nation among the existing lot to bring in E-invoicing and hopefully ensure a smooth and reliable process for this.

E-Invoicing:

E-invoicing is a business reform which aims to pre-populate the return and to reduce the reconciliation process. This requires not only a change in tax structure but also accounting structures especially accounting software and aims at standardising the data sharing. E-invoices need to

generated from 1st April, 2020 mandatorily by registered tax payers having aggregate turnover in financial year of more than Rs. 100 Crores when making B2B transactions. However, companies having aggregate turnover in financial year of more than Rs. 500 Crores are required to generate invoices with QR code for B2C transactions.

The process of E-invoice generation is:



Benefits of E-invoice:

1. The invoices will be auto-populated in ANX-1 return and E-way bill of the supplier, hence eliminating the need to reconcile the invoices and enter them separately.
2. The invoices are immediately reflected in ANX-2 return and customers will be able to match the credits with records available with them.
3. It eliminates fake invoices and ensures that the same invoice is not issued to multiple customers, thus passing on credit to multiple taxpayers.

Important FAQ's:

1. Can uploaded E-invoices be rejected by the system?
 - A. IRP will validate for GSTIN existence (of seller and buyer) and deduplication of the invoice. If non-existent GSTIN and/or a duplicate invoice is found, the invoice will be returned with relevant error codes, without registering it.
2. Is digital signature of Supplier mandatory for uploading E-invoices?
 - A. Digital signatures are optional to suppliers at the time of uploading the invoices.
3. Will the uploaded invoices be available in PDF format also or only in JSON format?
 - A. The IRP will return only signed, JSON formats of E-invoices uploaded. No PDF formats will be provided.
4. Can the supplier provide additional details than what's required for the E-invoice?
 - A. The E-invoice will contain details which are mandatory such as supplier's details, receiver's details, supply line items and tax details. It will also contain optional line items such as payment details, shipping address etc which the supplier can use if required.

5. The current legislation requires invoices to be issued in triplicate for goods and duplicate for services. How can this be continued in E-invoices?
 - A. Relevant changes to the law will be made by the government to accommodate E-invoices.
6. If the supplier wishes to issue invoices in PDF format, will they be able to do so?
 - A. The IRP will provide only the QR code for the E-invoice and not PDF format invoices. The supplier may issue PDF format invoices provided that the IRP generated QR code is displayed in the PDF format invoices.
7. Do exporters and Input Service Distributors also need to issue E-invoices?
 - A. Yes, as all these suppliers are also required to issue tax invoices, they too need to issue E-invoices.
8. Are E-invoices required for exempt supplies?
 - A. E-invoices are mandatory only when supplies are made to registered taxpayers and for tax invoices. In case of exempt supplies made to registered taxpayers, a Bill of Supply is required to be issued in terms of Section 31 of the CGST / KGST Act, 2017 and thus, E-invoices need not be issued for the same.
9. Can the uploaded E-invoices be amended for any reason?
 - A. E-invoices once uploaded cannot be amended as the IRP's purpose is to authenticate the invoices. Any changes or amendments can only happen through the GST returns. However, the uploaded invoice can be cancelled by submitting the required information and once the invoice is cancelled another invoice cannot be generated for the same invoice number.
10. Should the invoices contain trade names or legal names of suppliers and buyers?
 - A. For the purpose of uploading and generating QR code for the E-invoices, the 'legal' name of the supplier and buyer should be used. However, the supplier may use trade names when issuing the invoice in PDF format which contains the QR code.

Case laws:

1. Facts of the case: Tamil Nadu, M/s. R.B Shah Enterprises India Private – AAR, TamilNadu

The applicant provides services which include Customs law consultancy services, documentation, training etc to its clients and also purchases credit scrips from exporters at discounted rates and sell them at a premium to its clients. These supplies are made together and the applicant raises a single invoice for all the services including the scrips sales. The applicant is of the opinion that, since the scrip sales are exempt under GST, they should charge GST only on the consultancy services and not on the scrips and has approached the AAR for clarification.

Provisions of law:

As per Section 2(74) of the CGST/KGST Act, 2017 "mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. As per Section 8 of the CGST/KGST Act, 2017, in case of mixed supply the highest rate of tax applicable for any supply in the mixed supply shall be considered.

Ruling:

The learned AAR held that the applicant was providing both exempt supplies and taxable supplies under a single supply. This was made evident as the applicant was received a single work order copy from the clients for the consultancy and scrip sale supplies and was also raising a single invoice for all the supplies. Hence, the applicable tax rate is 18% GST for the consultancy services as these attract the highest rate of tax.

2. Facts of the case: AAAR, M/s. Sanghvi Movers Limited, AAR – TamilNadu

The applicant is in the business of providing medium sized heavy-duty cranes on rental/lease/hire basis to its clients without transferring right to use the cranes. The title and ownership of all the cranes vest with the HO in Maharashtra. The HO has an MOU with its branch in TamilNadu where the IGST leased out cranes to the branch are paid by HO itself. The branch has approached the AAR to gain clarification on whether the payment for the inward supply from HO can be set-off through book adjustment entries rather than actual payment in order to claim ITC as per second proviso to section 16(2) of the CGST/KGST Act, 2017.

Provisions of law:

As per second proviso to section 16(2) of the CGST/KGST Act, 2017, where a recipient fails to pay to the supplier of goods or services or both other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.

Ruling:

The applicant and its HO are distinct persons and hence, out that the 'consideration' stands paid to the HO either by the customer of the applicant or by setting off against the payables of the applicant to HO, in respect of lease/hire of Cranes, etc which is as per the established accounting principles. Hence, the applicant is eligible to claim ITC on such transactions.

NOTIFICATIONS AND CIRCULARS FOR THE MONTH OF DECEMBER 2019

- **Sixteen Central Tax Notification.**
- **Three Central Tax (Rate) Notification.**
- **Three Integrated Tax (Rate) Notification.**
- **Three Union Territory Tax (Rate) Notification.**
- **Four Central Tax Circulars.**
- **Two Central Tax Order.**

Sl. No	Subject	Notifications/Circulars No. Date of Issue
1.	Seeks to extend the due date for furnishing of return in FORM GSTR-7 for registered persons in Assam, Manipur or Tripura for the month of November, 2019.	78/2019-Central Tax, dt. 26-12-2019
2.	Seeks to extend the due date for furnishing of return in FORM GSTR-3B for registered persons in Assam, Manipur, Meghalaya or Tripura for the month of November, 2019	77/2019-Central Tax, dt. 26-12-2019
3.	Seeks to extend the due date for furnishing of return in FORM GSTR-1 for registered persons in Assam, Manipur or Tripura having aggregate turnover more than 1.5 crore rupees for the month of November, 2019.	76/2019-Central Tax, dt. 26-12-2019
4.	Seeks to carry out changes in the CGST Rules, 2017.	75/2019-Central Tax, dt. 26-12-2019
5.	Seeks to waive late fees for non- filing of FORM GSTR-1 from July, 2017 to November, 2019.	74/2019-Central Tax, dt. 26-12-2019
6.	Seeks to extend the last date for filing of FORM GSTR-3B for the month of November, 2019 by three days from 20.12.2019 till 23.12.2019.	73/2019-Central Tax, dt. 23-12-2019
7.	Seeks to notify the class of registered person required to issue invoice having QR Code.	72/2019-Central Tax, dt. 13-12-2019
8.	Seeks to give effect to the provisions of rule 46 of the CGST Rules, 2017.	71/2019-Central Tax, dt. 13-12-2019
9.	Seeks to notify the class of registered person required to issue e-invoice	70/2019-Central Tax, dt. 13-12-2019
10.	Seeks to notify the common portal for the purpose of e-invoice.	69/2019-Central Tax, dt. 13-12-2019

11.	Seeks to carry out changes in the CGST Rules, 2017.	68/2019-Central Tax, dt. 13-12-2019
12.	Seeks to extend the due date for furnishing of return in FORM GSTR-3B for registered persons in Jammu and Kashmir for the month of October, 2019	67/2019-Central Tax, dt. 12-12-2019
13.	Seeks to extend the due date for furnishing of return in FORM GSTR-3B for registered persons in Jammu and Kashmir for the months of July, 2019 to September, 2019	66/2019-Central Tax, dt. 12-12-2019
14.	Seeks to extend the due date for furnishing of return in FORM GSTR-7 for registered persons in Jammu and Kashmir for the months of July, 2019 to October, 2019.	65/2019-Central Tax, dt. 12-12-2019
15.	Seeks to extend the due date for furnishing of return in FORM GSTR-1 for registered persons in Jammu and Kashmir having aggregate turnover more than 1.5 crore rupees for the month of October, 2019.	64/2019-Central Tax, dt. 12-12-2019
16.	Seeks to extend the due date for furnishing of return in FORM GSTR-1 for registered persons in Jammu and Kashmir having aggregate turnover more than 1.5 crore rupees for the months of July, 2019 to September, 2019	63/2019-Central Tax, dt. 12-12-2019
17.	To amend notification No. 13/ 2017- Central Tax (Rate) so as to notify certain services under reverse charge mechanism (RCM) as recommended by GST Council in its 38th meeting held on 18.12.2019.	29/2019-Central Tax (Rate), dt. 31-12-2019
18.	To amend notification No. 12/ 2017- Central Tax (Rate) so as to exempt certain services as recommended by GST Council in its 38th meeting held on 18.12.2019.	28/2019-Central Tax (Rate), dt. 31-12-2019
19.	Seeks to further amend notification No. 01/2017-Central Tax (Rate), to change the rate of GST on goods as per recommendations of the GST Council in its 38th Meeting.	27/2019-Central Tax (Rate), dt. 30-12-2019
20.	To amend notification No. 10/ 2017- Integrated Tax (Rate) so as to notify certain services under reverse charge mechanism (RCM) as recommended by GST Council in its 38th meeting held on 18.12.2019.	28/2019-Integrated Tax (Rate), dt. 31-12-2019
21.	To amend notification No. 9/ 2017- Integrated Tax (Rate) so as to exempt certain services as recommended by GST Council in its 38th meeting held on 18.12.2019.	27/2019-Integrated Tax (Rate), dt. 31-12-2019
22.	Seeks to further amend notification No. 01/2017-Integrated Tax (Rate), to change the rate of GST on goods as per recommendations of the GST Council in its 38th Meeting.	26/2019-Integrated Tax (Rate), dt. 30-12-2019
23.	To amend notification No. 13/ 2017- Union Territory Tax (Rate) so as to notify certain services under reverse charge mechanism (RCM) as recommended by GST Council in its 38th meeting held on 18.12.2019	29/2019-Union Territory tax(rate), dt. 30-12-2019

24.	To amend notification No. 12/ 2017- Union Territory Tax (Rate) so as to exempt certain services as recommended by GST Council in its 38th meeting held on 18.12.2019.	28/2019-Union Territory tax(rate), dt. 30-12-2019
25.	Seeks to further amend notification No. 01/2017-Union Territory Tax (Rate), to change the rate of GST on goods as per recommendations of the GST Council in its 38th Meeting.	27/2019-Union Territory tax(rate), dt. 30-12-2019
26.	RCM on renting of motor vehicles.	130/2019-Circular no, dt. 31-12-2019
27.	Standard Operating Procedure to be followed in case of non-filers of returns – reg.	129/2019-Circular no, dt. 24-12-2019
28.	Generation and quoting of Document Identification Number (DIN) on any communication issued by the officers of the Central Board of Indirect Taxes and Customs (CBIC) to tax payers and other concerned persons.	128/2019-Circular no, dt. 23-12-2019
29.	Seeks to ab-initio withdraw the Circular No. 107/26/2019 dated 18.07.2019.	127/2019-Circular no, dt.04-12-2019
30.	Seeks to extend the last date for furnishing of annual return/reconciliation statement in FORM GSTR-9/FORM GSTR-9C for FY 2017-18 till 31.01.2020	Order No.10/2019 - Central Tax, dt. 26-12-2019
31.	Issuance of Removal of Difficulties Order so as to extend the last date for filing of appeals before the GST Appellate Tribunal against orders of Appellate Authority on account of non-constitution of benches of the Appellate Tribunal	Order No.9/2019 - Central Tax, dt. 03-12-2019

DUE DATES OF GST FOR THE MONTH OF JANUARY 2019

January 2020						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10 *GSTR-7 & GSTR-8	11 *GSTR-1
12	13	14	15	16	17	18 *CMP-08
19	20 *GSTR-3B/5/5A	21	22	23	24	25
26	27	28	29	30	31 *GSTR-9/9A/9C *GSTR-1	

*Monthly return for taxpayers with Annual Turnover more than Rs.1.50 Crores or Taxpayer who has opted Monthly return option.

* Monthly return for taxpayers with Annual Turnover less than Rs.1.50 Crores or Taxpayer who has opted Quarterly return option.

Disclaimer:

The conclusions reached and views expressed in the Newsletter are matters of opinion based on our understanding of the facts, existing and anticipated tax laws and existing and anticipated rules. There can be no assurance that the tax authorities' or regulators may not take a position contrary to our views. Further, the content of this newsletter should not be used as a supporting to frame any opinions. All queries and clarifications on the content stated in this newsletter should be directed to Vinay & Keshava LLP Chartered Accountants through phone or email.

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