



## Goods and Services Tax Alert

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The GST Council, in the meeting on 4<sup>th</sup> May, 2018, has recommended the following:

- Single monthly return proposed for all tax payers except composition dealer and dealers having nil transactions (who shall file quarterly returns)
- The new design of single monthly return shall be implemented in three stages:
  - Under stage 1, the present system of filing GSTR-3B and GSTR-1 shall continue for 6 months.
  - Under stage 2, the new simplified monthly return will be required to be filed which shall have the facility to upload invoice-wise data for B2B transactions. Facility for claiming provisional input tax credit on a self-declaration basis shall be available to the recipient for 6 months from the date of implementation of stage 2.
  - Under stage 3 (which shall commence after expiry of 6 months from date of implementation of stage 2), the facility of provisional credit shall be withdrawn and input tax credit shall be available only on the basis of invoices uploaded by the supplier.

Uploading of invoices by supplier, who has defaulted in payment of tax above a threshold level, shall be blocked to prevent misuse of input credit facility.

There will be no automatic reversal of input tax credit of recipient on account of non-payment of tax by the supplier. Tax would be recovered from recipient only under circumstances such as closure of business of supplier or supplier not having adequate assets etc., leading to default in payment of tax by supplier.

Recovery of tax or reversal of credit shall be through issuance of automated notices from the GSTN portal to reduce human interface.

- The content / information required to be reported in the return has also been proposed to be reduced as a measure of simplification.
- It has been proposed to set up a Group of Ministers for the following:
  - To finalize the proposal of a concession of 2% in GST rates on B2C supplies. This will be applicable on payment through cheque or digital mode, subject to ceiling of INR 100 per transaction.
  - To discuss the imposition of sugar cess and reduction of GST rate on ethanol.
- The Goods and Service Network – Special Purpose Vehicle (GSTN-SPV) which is currently a private entity has been proposed to be converted into a fully-owned government company.

Centre and State Governments will acquire 51% of equity currently held by private entities.

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