

GST CAFÉ

***Clarifications issued by CBIC related to
Compliance amidst pandemic COVID-19***

The Finance Ministry in view of the COVID-19 outbreak announced various reliefs relating to statutory and compliance matters under Indirect Tax. In furtherance of the same, Central Board of Indirect Taxes and Customs (“CBIC”) has issued a clarification on challenges faced by the registered persons in adhering to compliance under Goods and Services Tax Law (“GST”). The issues dealt with by CBIC are detailed as under:

1. TAX PAID ON ADVANCES RECEIVED BY SUPPLIER FOR A FUTURE EVENT, WHICH HAS BEEN SUBSEQUENTLY CANCELLED:

In such case, the supplier is required to issue a “credit note”, provided that the supplier has issued an invoice prior to supply of service and has also paid GST on advances received for a future event, which has subsequently been cancelled. It is further clarified that, in cases where there is no output liability against which the credit note can be adjusted, the registered person (i.e. supplier) may proceed to file a refund claim under “Excess payment of tax, if any” through FORM GST RFD-01.

[CONTD.] TAX PAID ON ADVANCES RECEIVED BY SUPPLIER FOR A FUTURE EVENT, WHICH HAS BEEN SUBSEQUENTLY CANCELLED:

Likewise, in cases where no invoice has been issued, the supplier is required to issue a “refund voucher” on advances received for a future event which has been subsequently cancelled, It is further clarified that such supplier may proceed to file refund of GST paid on such advances in FORM GST RFD-01 under the category “Refund of excess payment of tax”.

2. RETURN OF GOODS BY RECIPIENT, WHERE TAX INVOICE HAS BEEN ISSUED:

In the scenario, where the recipient has returned goods to the supplier pursuant to issuance of tax invoice and payment of tax, the supplier is required to issue a “credit note”,. In such case, the supplier is required to declare the details of such credit notes in the return for the month during which such credit note has been issued. In addition, the tax liability shall be adjusted in the return thereby, a separate refund claim is not required to be filed.

3. EXTENSION OF TIME LIMIT FOR LETTER OF UNDERTAKING ('LUT') FOR 2020-21

It is clarified that the time limit for filing LUT for the year 2020-21 shall stand extended to 30.06.2020 in terms of Notification No. 35/2020 Central Tax dated 03.04.2020. Further clarified that, the taxpayer may continue to make the supply without payment of tax under LUT for the period 2019-20 provided that FORM GST RFD-11 for 2020-21 is furnished on or before 30.06.2020

4. EXTENSION OF TIME LIMIT FOR FILING RETURN IN FORM GSTR-7

It is clarified that time limit for furnishing of return in FORM GSTR-7 along with deposit of tax deducted for the period 20.03.2020 to 29.06.2020 has been extended to 30.06.2020 vide Notification No. 35/2020 Central Tax dated 03.04.2020.

5. EXTENSION OF TIME LIMIT FOR APPLICATION FOR REFUND

It is clarified that time limit for filing application for refund has been extended to 30.06.2020 vide Notification No. 35/2020 Central Tax dated 03.04.2020, where the last date for filing the same was between 20.03.2020 to 29.06.2020.

For any details and clarifications, please feel free to write to:

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