IDT Update : Notifications issued on 23rd December 2020

Team Tattvam

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Rule 86B : Restriction on use of amount available in electronic credit ledger

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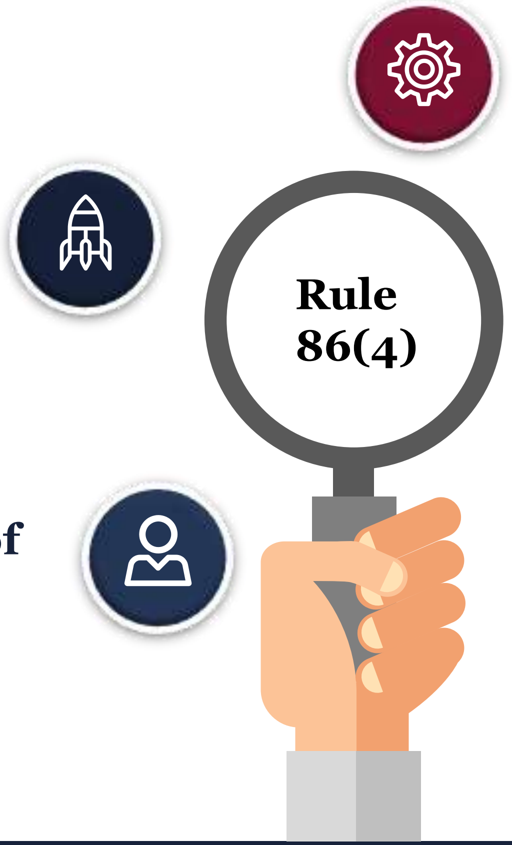
Effective from
1st January 2021

Output Tax Liability can be set off using the electronic credit ledger only to the extent of 99% of said liability.

Applicable on person whose value of taxable supply in a month exceeds Rs.50 Lakhs



Exemption on :

- Registered person who have paid more than Rs.1 Lakh under Income Tax Act, 1961, in last two financial years
- Registered Person who has received refund of unutilized input tax credit exceeding Rs.1 Lakh in preceding financial year
- Registered person who has cumulatively discharged the output tax liability in excess of 1% through the electronic cash ledger
- Government Department, Public Sector Undertaking, Local Authority and Statutory Body

Changes in Rule 36(4)

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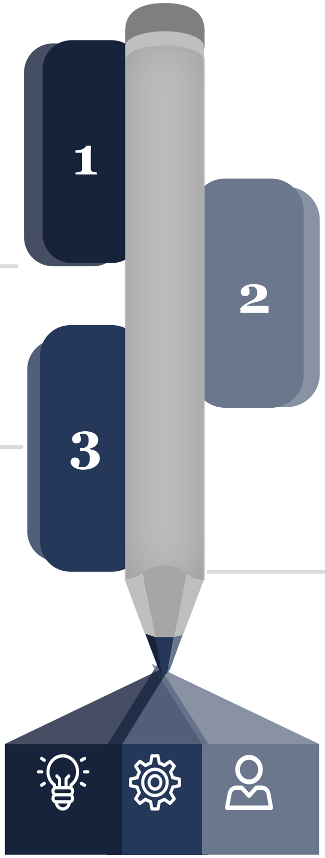
The maximum amount of credit that can be availed by registered person reduced from 110% to 105% of eligible credit getting reflected in GSTR 2A.



The 5% provisional credit is to be calculated on the invoices whose corresponding return has been filed by the vendor. Earlier, provisional credit was computed on the invoices uploaded over the common portal, irrespective of whether the return has been filed or not.

Where credit claimed in excess of 105% of eligible credit, registration shall be liable to be suspended

Blocking of GSTR-1

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Monthly return Filer	Where GSTR 3B not filed for preceding two months
Quarterly Return Filer	Where GSTR 3B not filed for preceding tax period. Invoice Furnishing Facility shall also be blocked
Taxpayer under Rule 86(B)	Where GSTR 3B not filed for preceding tax period.

Changes in validity of E-way Bill

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Old Provision

01

100 km per day in case goods are being transported by vehicle other then over dimensional cargo

New Provision

02

200 km per day in case goods are being transported by vehicle other then over dimensional cargo

Effective from
1st January 2021

Change in Registration Process

Authentication of Aadhar Number opted – Biometric Based Aadhaar Authentication and taking photograph at Facilitation Centre

Officers can now take 7 days time to grant the registration. Earlier, the time allowed for approving the grant of registration to applicant was 3 days.

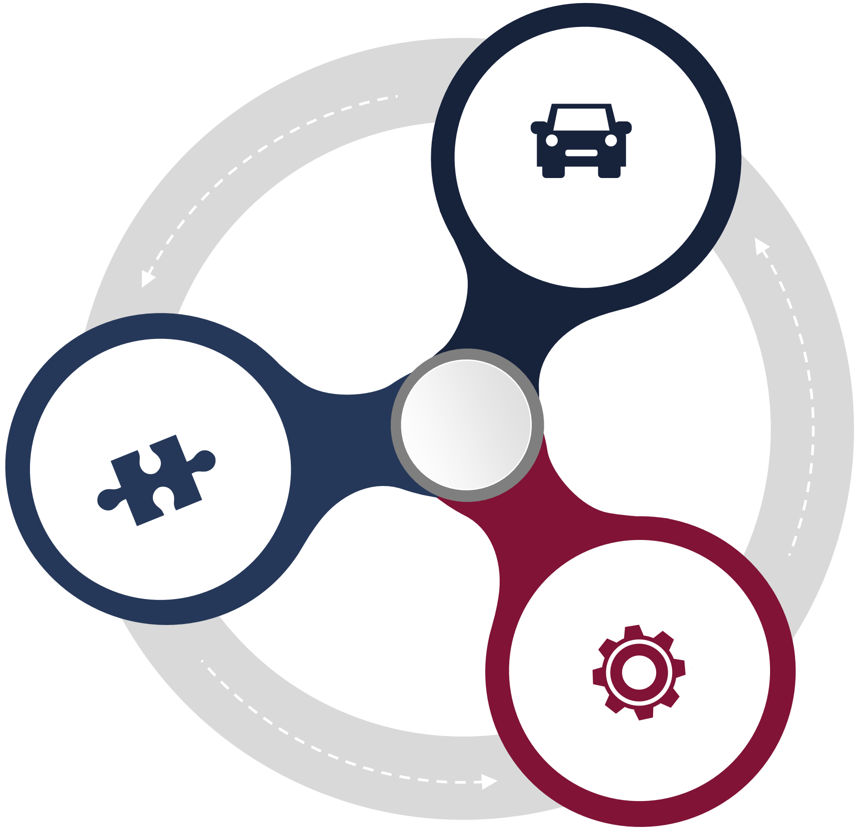
Authentication of Aadhar Number not opted – Taking Biometric information, photograph and verification of such other KYC documents as notified, at facilitation center.

Time limit for carrying out physical verification of premises by the officer reduced from 60 days to 30 days. Further, registration to be granted only after physical verification has been done.

Date from which the said provision shall be applicable is yet to be notified

Shall come into effect from date of notification i.e. 22nd December 2020

Additional Scenarios for Cancellation of GST Registration by Department

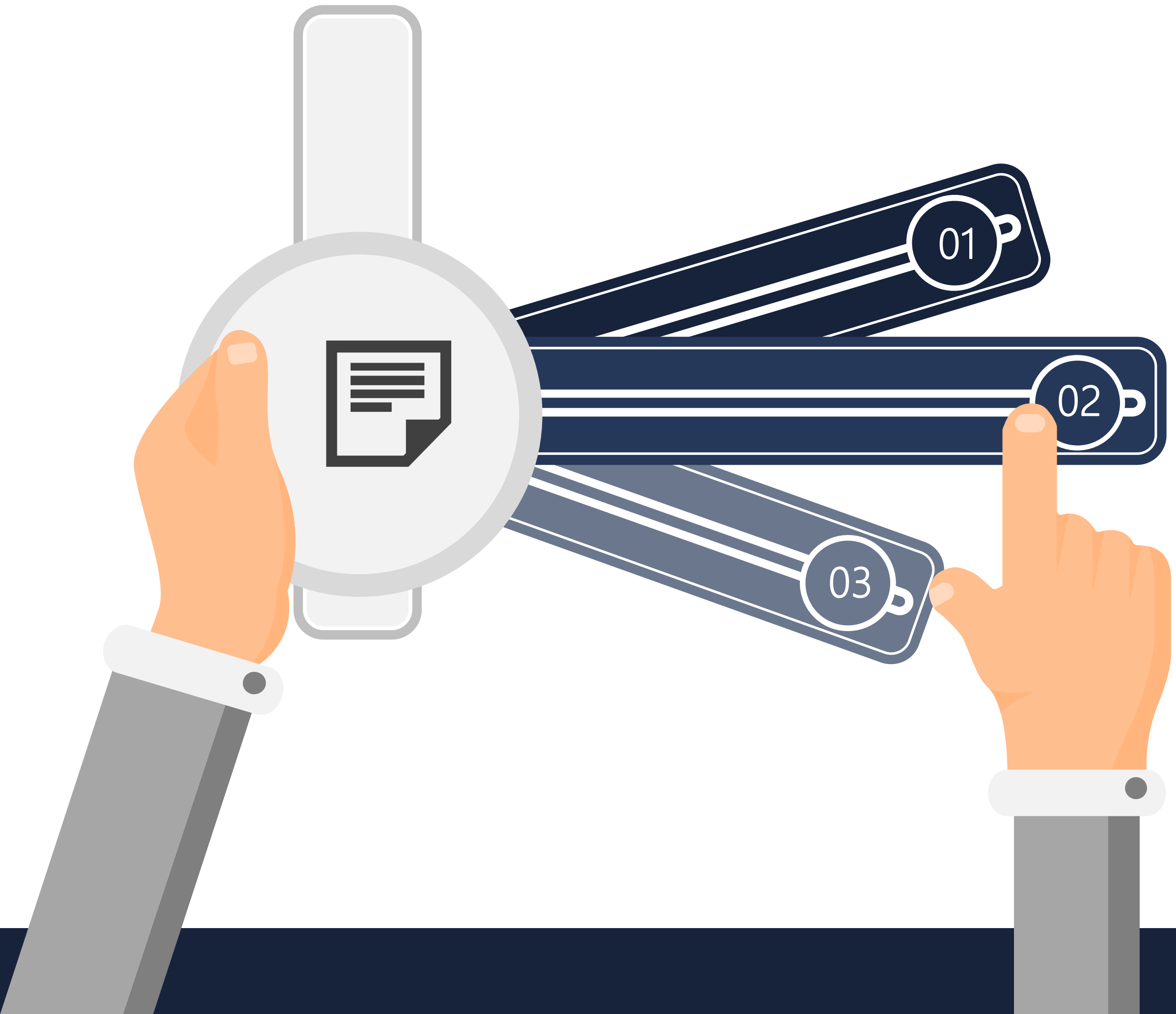


Outward Supplies declared in GSTR 1 exceeds the outward supplies reported in GSTR 3B

ITC availed in violation of Section 16 or rules made thereunder

Contravention of Rule 86B

Suspension of Registration



No opportunity of being heard shall be provided before suspending registration

01

Where

- Outward supplies reported in GSTR 1 is in excess of supplies reported in GSTR 3B; or
- There is huge mismatch between ITC getting reflected in GSTR 2B/2A and ITC claimed in GSTR 3B

officer can suspend the registration and, within 30 days, the taxpayer shall be required to explain the reasons for said differences, failing which the registration shall be cancelled

02

Refund shall not be granted where registration has been suspended

03

THANK YOU

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