

Topics to be covered during the webinar

Recent changes and relaxation given w.r.t GST 01 Recent changes and relaxation given w.r.t FTP 02 **Issues and resolutions of some issues due to COVID** 03 04 **H&A during Lock down** Way forward and precautions 05 **Question and Answers**

COVID impact on Economy

COVID Impact on Economy

- GDP estimated to reduce by around 1.5 to 0.5% points (less than 5% from 6%+ estimates)
- Recovery could take time: 'U' shape by end of FY
- Rupee depreciation off set with reduction on oil price
- Business Impact
 - Reduction in consumer spending
 - Reduction in profits
 - Fear of employees working would reduce the productivity
 - Stress on Bank could impact the credit growth
- New opportunity possible due to exit from China. India is ready?

Changes and relaxations w.r.t GST

Recent Changes and relaxations

Due date for compliance of certain actions expiring between 20.03.2020 to 29.06.2020 – extended up to 30.06.2020

Due date for opting composition scheme for FY 20-21 has been extended further

Extension of due dates of monthly returns in staggered manner based on T.O

Applicability of rule 87(13) w.e.f 21.04.2020

Extension of filing of GSTR 9C to

30.09.2020

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Relaxation measures provided in view of COVID with respect to GST

Certain changes were notified by central government to assist small and medium traders and relaxations have been provided to relieve from various burden.

Recent Changes and relaxations

Intra-head or inter-head transfer of amount available in E-Cash Ledger – GST PMT -09

Personal Hearings in Virtual Mode in Customs, Central

Expediting pending refund claims

Refund of GST paid on advance consequent to cancellation of order

Refund of GST paid on account of return of goods

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Relaxation measures provided in view of COVID with respect to GST

Certain changes were notified by central government to assist small and medium traders and relaxations have been provided to relieve from various burden. Changes and relaxations w.r.t FTP

Recent Changes and relaxations

Benefits under all export promotion schemes, except SIES, - extended for another 12 months

Validity of imports expiring between 01.02.2020 to 31.07.2020 – extended by six more months

Last date for applying various scrips has been extended(MEIS/SEIS/ROSCTL)

Filing application for refund of TED/drawback has been extended.

FTP benefits has been extended up to 31.03.2021

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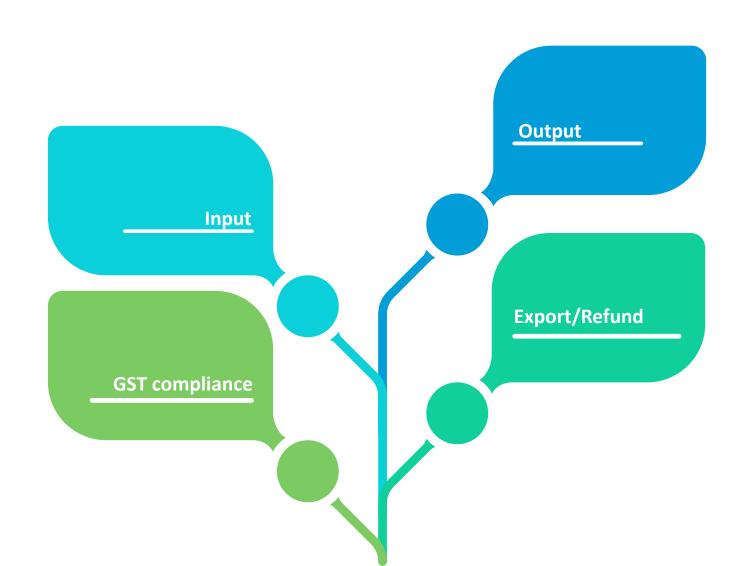
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Relaxation measures provided in view of COVID with respect to FTP

Certain changes and relaxation measures were notified by central government to assist importers and exporters in various aspects. Certain issues raised during COVID and it's resolutions

Overview of issues covered



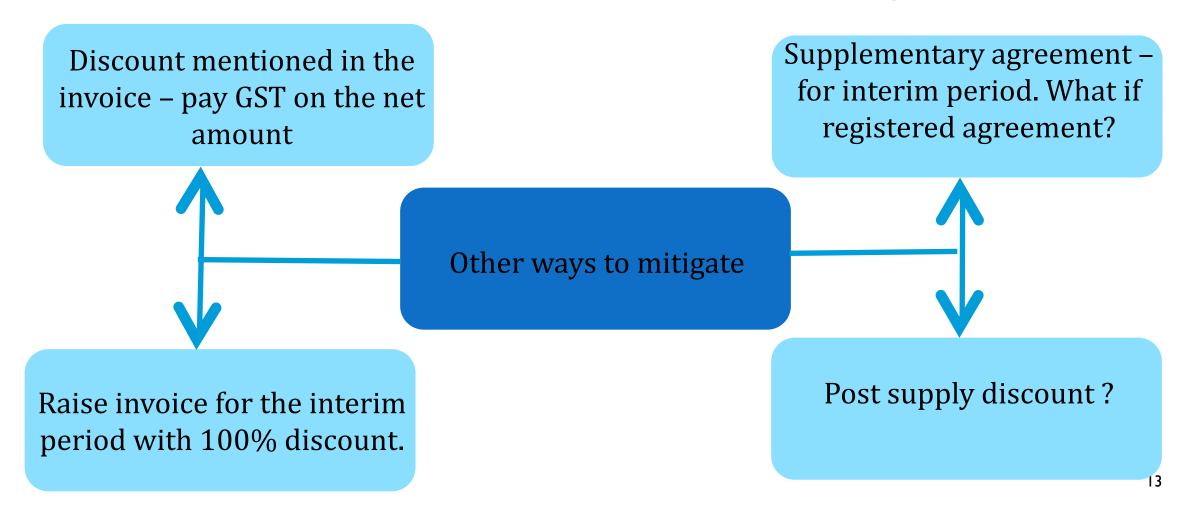
Damages/compensation

- ➤ Contract terminated and compensation payable
 - ➤ May be provided in the agreement or otherwise
- Whether any supply? Schedule II (Tolerance of an act or a situation)
- Positive act of doing vs non doing
- ➤ Consideration Vs. Compensation for breach of contract

- ➤ Rental agreement signed for 3 years. Termination by paying 6 months rental based on negotiation ?
- ➤ ITC to the recipient if charged?

Upfront discount

> Continuous supply of services - Customer is not willing to pay. Is contract modification for interim period, possible? Any other ways to mitigate hardship?



Post supply non payment

- ➤ Forced to issue discount or full waiver post supply though not agreed earlier due to present situation.
 - ➤ Discount should be known at the time of supply.
 - ➤ Possible to establish non completion or deficiency of service may be difficult
- ➤ Mere non-payment by recipient due to financial constraints sec 15 benefit difficult
- > Supplementary agreement post completion of supply may appear afterthought
- ➤ Representation to Govt

Output/ Tax liability

➤ Substantial reduction in price to clear out old inventory – Tax on transaction value or market price? Fiat SC judgment on sole consideration

➤ Employee working from home –fixed establishment? Separate registration if outside State – may not required.

➤ Interest charged for delayed payment of consideration

Output/ Tax liability

➤ Job work goods which are due for receipt, have not received within 1 year or 3 years due in this lockdown period. Is there any impact on the same?

MHA guidelines does not permit for movement of goods

Extension power is with commissioner to extend

Circular no.138/08/2020 dated 06.05.2020 Could fall in the compliance clause of the notification

Suggest to write a letter to Commissioner as safe measure.

ITC on employee expenses

☐ ITC impact on various expenditure incurred – i.e., employee stay arrangement, distributing of food, their conveyance/movement, Mediclaim – as per MHA order

It is possible considering that it is required under law considering present situation

Furniture received at home – ITC eligible. Employee to receive on behalf of the Company. If employees are living in the State in which company does not have presence, ITC is eligible.

For the past period, ITC may not be permissible considering that there was no statutory mandate at the date of receipt of goods/services

ITC on Medi-claim insurance

ITC – Right – Art. 19 – Freedom of doing Business

Central Excise Regime - Eicher Motors Ltd. Vs UOI - 1999 (106) ELT 3 (SC) & Dai Ichi Karkaria - 1999(112) ELT 353(SC)

Confirmed in GST - May 2020 - Brand Equity & Others – Delhi HC - Transitional Credit upto 30.6.2020, earlier in - Siddharth – Stock beyond 1 year

- Already challenged as Violative of Art.19 of COI.
- Matching 2A
- Blocking past ITC
- SOP attaching bank a/c
- E- way bill blocking
- Interest o gross
- Cancellation of registration

ITC reversal – non payment within 180 days

"Fails to pay" to be read.

Party may agree to extend the due date of payment and in such cases, the benefit may be claimed.

Supplementary/ Amendment..

There is compliance to make computation and reversal on expiry of 180 days. As it could be said to be falling in the nature of compliance, 180 days may not be applicable. Circular 138

Another view is to pay interest and not to reverse the credit till 30th June.

If payment not made to vendor till 30th June, reverse the credit also on 30th June.

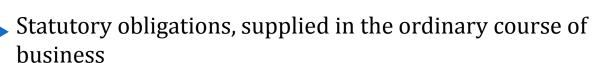
Challenges could be faced:

- 1. Parties not willing to renegotiate
 - 2. MSME requirement

ITC - COVID contribution

Is it a part of CSR?

Yes. It is a part of CSR



Contrary view:

CSR definition and judgment under Company Act – excluded from business expenses, scope of ITC in GST narrower than under CCR.



PPE kits, equipment – eligible to avail Food/Beverages – difficult to avail



Sec 16(1) - In the course of business: tangible evidence - Disputable

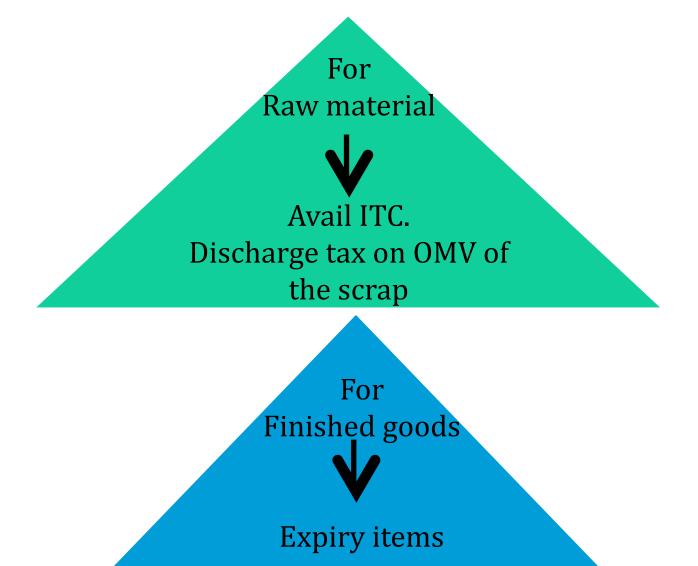
Sec 17(5) – Gift Disputable

A. Retrospective after RepresentB. Protest



ITC on perishable goods

☐ ITC on goods which are expired/perishable in nature. Is ITC to be reversed?



Other ITC

☐ Provisions/actual written off made in the books of account for inventory expiry after year end. Written off vs written down?

☐ ITC based on soft copy/scanned copy of invoice

☐ ITC for invoices before Feb 20. Earlier not appearing in 2A. ITC to be claimed now?

□Closure of few of the locations – ITC accumulated in some of the States – transfer possible?

Reversal under Rule 42/43

□ Rule 42 or Rule 43 credit reversal due date without interest is 5th May. However, the same may not be possible to compute now. There is no relaxation from interest. Benefit of Notification 35/2020?

Interest liability w.e.f. 01.04.2020, which is distinct from 180 days condition

If there is sufficient credit available –
At much better footing

Turnover less than 5 crore

Export/Refund

Issues concerned with Export/Refund

Merchant exporter where time limit of 90 days for exports.

Circular

Refund is granted based on the entries appearing in 2A. Many suppliers not filing GSTR-1, how to claim the refund?

GST compliance

01

No access to records to file returns due to lockdown. Beyond 5th if lockdown extends, GST to be paid with interest of 9%.

02

Lockdown extended but GST due date for payment without interest not extended still beyond 5th May.

Validity of E-way bills beyond 30th April 2020 - extended

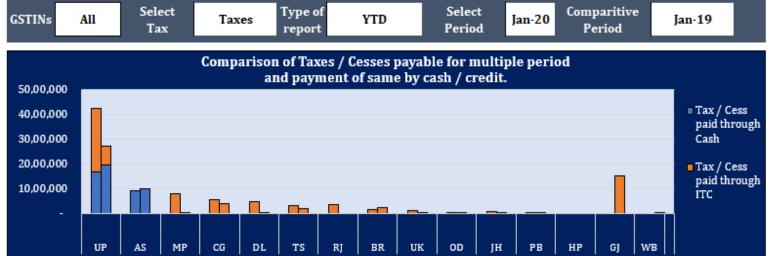
H&A during Lockdown

- Updated articles on hiregange.com blog.
- Took up book writing: How to Tackle GST Problems [June]; GST Procedures[July]; Department Audit Manual [June]; GST Legal Precedence [October]; GST for Health Care & Pharma [June] GST
- Webinar series + Certificate course was conducted for strengthening the knowledge
- Internal process including quality control put in place for a high quality deliverables
- Investment in technology for working from home to ensure uncompromised deliverables
- Close monitoring of work for timely deliverables
- Voluntary reduction in fee by 25% for Q1
- Looking at short videos and many more...

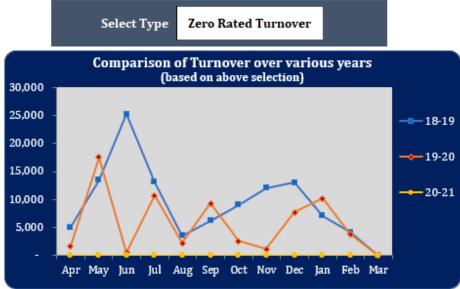
MIS Dashboard

ANALYSIS OF OUTWARD SUPPLY AND OUTPUT TAXES AT PAN LEVEL

Hiregange & Associates Chartered Accountants



		UP		AS	MP			CG		Grand Total		
	Tax / Cess paid by Cash	16,81,033	40%	9,42,336	100%		9,848	1%	12,908	2%	26,65,963	33%
Jan-20	Tax / Cess paid by ITC	25,53,769	60%	·	0%		7,86,327	99%	5,65,446	98%	55,10,130	67%
	TOTAL LIABILITY	42,34,802		9,42,336			7,96,175		5,78,353		81,76,094	
	Tax / Cess paid by Cash	19,90,924	73%	10,08,829	100%		339	100%	297	0%	30,33,448	50%
Jan-19	Tax / Cess paid by ITC	7,41,783	27%	-	0%		-	0%	3,94,092	100%	30,67,895	50%
	TOTAL LIABILITY	27,32,707		10,08,829			339		3,94,389		61,01,344	



Select Period	Taxable Turnover	Zero Rated Turnover	Exempt Turnover	Non GST Turnover	Aggregate Turnover
Month - Jan-20	34,58,429	10,150	171		34,68,750
Month - Jan-19	27,73,262	7,053	4,610	-	27,84,925
YTD - Jan-20	2,95,20,579	63,225	23,967	-	2,96,07,772
YTD - Jan-19	3,12,15,094	1,07,762	37,423	•	3,13,60,279

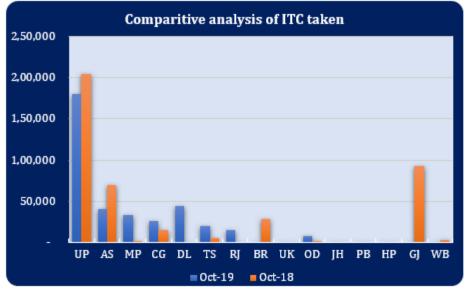
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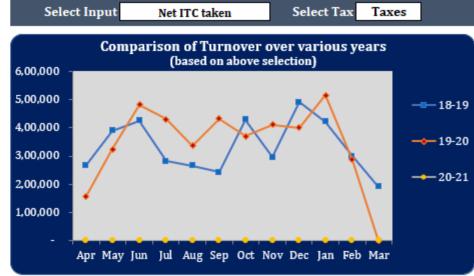
ANALYSIS OF INPUT TAX CREDIT AT PAN LEVEL

Hiregange & Associates Chartered Accountants

GSTINs All
Select Tax Taxes
Type of report Monthly
Select Period Oct-19
Comparitive Period Oct-18

States		Oct-19	Oct-18	% Change	
UP	•	1,79,642	2,04,499	88%	•
AS	•	41,219	69,995	59%	_
MP	•	33,600	2,646	1270%	
CG	•	26,768	15,566	172%	
DL	•	44,491	1,375	3235%	•
Total	•	3,69,659	4,28,600	86%	





	PAN L	EVEL N OF ITC		oort of oods	-	Import of service	n	C - RCM	Input service distributor		Other ITC	Reversal u/r 42 and 43	Other Reversals	Ne	et ITC taken
Mo	nth -	Oct-19	•	65	0	-	•	3,757	• 54	•	3,77,427	-7	-11,637	•	3,69,659
Mo	nth -	Oct-18		-		-		4,649	•		4,39,127	-25	-15,150		4,28,600
	% Change				81%				86%	27%	77%		86%		
Y	TD -	Oct-19	•	9,171	•	3,649	•	16,628	• 54	•	25,56,234	-73	• -53,781	•	25,31,882
Y	TD -	Oct-18		-		-		23,578	36,274		22,89,931	-220	-49,565	П	22,99,999
	% Change							71%	0%		112%	33%	109%		110%

Way forward and precautions

- Enhance knowledge & capability of personnel in GST
- Validate original entries w/o fail
- Avoid common errors
- Greater disclosure- when in doubt even more important
- Review to avoid disputes
- GST Cost optimisation
- Planning if needed
- Doubtful Levy payment interest to await SCN for interest
- Doubtful ITC Avail- do not utilise/ reverse under protest
- Communicate by RPAD/ mail all issues faced
- Any blocks faced escalate- refund-claim interest

Questions and Answers



THANK YOU



For any clarification

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