

TAX FLASH NEWS

19 December 2019

38th GST Council Meeting update

GST Council in its 38th Meeting held yesterday on 18 December 2019, has announced various measures, particularly focusing on the compliances and wrongful availment of Input tax credit.

In addition, the Council has also extended the date of filing of the GST Annual Returns and Reconciliation Statement from 31 December 2019 to 31 January 2020.

1. On GST Returns

- Date of filing of Annual GST return and reconciliation statement for FY 2017-18 in form 9 and 9C extended from 31 December 2019 to 31 January 2020
- Waiver of late fees announced for all taxpayers to encourage the filing of pending GST return in form GSTR-1 by 10 January 2020. Failure to do so, e-way bill to be blocked, where returns are not filed for two tax periods
- Standard operating procedures to be issued to tax officers on the actions to be taken in case of non-filing of GSTR-3B

2. On Input tax credits

- The restriction of 20 per cent¹ imposed on availing credit of unmatched invoices has been further reduced to 10 per cent
- Measures to block credits in case of fraudulent claim of ITC

3. GST Rates

Sl. No.	Particulars	Existing position	Announcement on the 38 th Council Meeting	Effective date
1	CH – 9972 Upfront amount payable for long term lease of industrial/ financial infrastructure plots	Exemption available to an entity having 50 per cent or more ownership of Central or State Government	Scope enhanced to allow exemption for entities having 20 per cent or more ownership of Central or State Government	1 January 2020
2	Lottery run by state Government	GST rate 12 per cent	28 per cent	1 March 2020
3	Lottery Authorised by State Government	GST rate 28 per cent	Continue to remain at 28 per cent	NA
4	CH 3923 or 6305 - Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods.	GST rate 12 per cent	18 per cent	1 January 2020

¹ Rule 36(4) of the Central Goods and Services Tax Rules, 2017

Our comments

As expected, the Council has focused more on ensuring that the taxpayers adhere to the compliance requirements. In addition, the focus was also on measures which can help to address the issues concerning the wrongful availment of the tax credit by fraudsters.

Further, contrary to the fear of possible rate hikes and/or the possibility of change of tax slabs, the council had abstained from carrying out any major rejig in the rates which would have increased the cost of supplies.

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