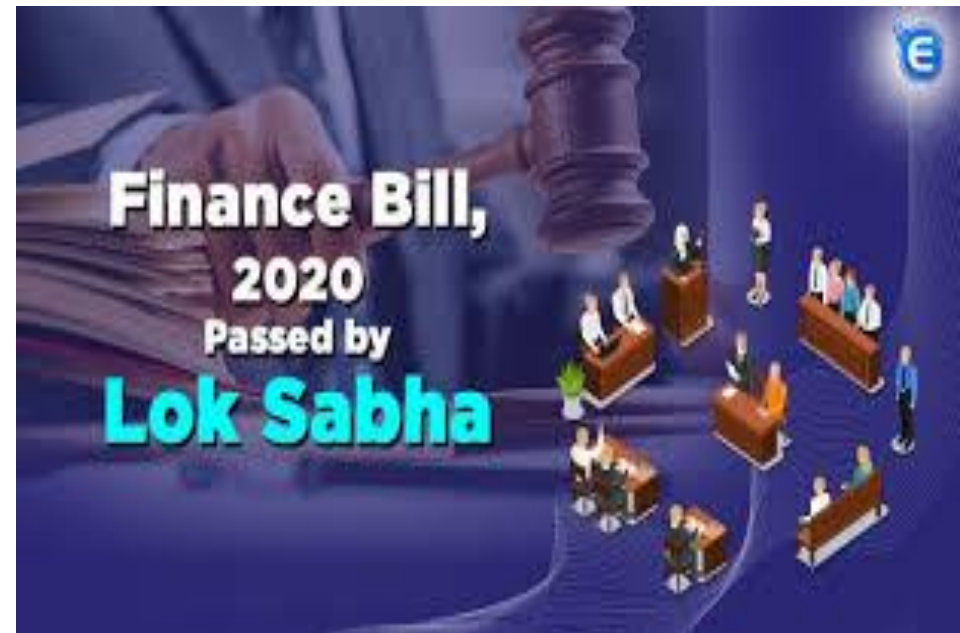


Goods and Services Tax Alert

Indirect Tax Reforms

Subject: Goods and Services Tax Amendments
as per Finance Bill'2020



Amendment in eligibility of Input Tax Credit

- ❑ Words “invoice relating to such” shall be omitted from Sub-Section 4 of Section 16.

Section 16(4) Old Provision

A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

RNM Analysis

- ITC of debit notes or credit notes would be admissible based on date of such notes instead of date of invoice against which such note is issued.

New Penalty

- ❑ In section 122 of the Central Goods and Services Tax Act, after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.”

RNM Analysis

- Action would now be taken against person retaining benefit of offence even conducted by others.



Amendment in definition of supply

- ❑ In Schedule II to the Central Goods and Services Tax Act, in paragraph 4, the words “Whether or not for a consideration,” at both the places where they occur, shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.

RNM Analysis

- The amendment in law is made to sync with the amendment in Section 7 of CGST Act i.e. definition of Supply in reference to supplies under Schedule II. Accordingly, the relevance of “whether or not for consideration” was anyway lost.

AMENDMENT

