

43rd GST Council meeting: Key recommendations/decisions

The GST Council in its 43rd meeting held through videoconferencing on 28 May 2021 took various decisions regarding reliefs due to COVID-19, amnesty scheme regarding late fees for pending returns, trade facilitation, simplification of return filing process, etc. These recommendations shall be given effect through notifications and/or circulars.

Key recommendations/decisions

- Exemption from IGST on COVID-19 related items:** Exemption from levy of Integrated Goods and Services Tax (IGST) on medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits only when these goods were imported 'free of cost' for free distribution shall be extended **till 31 August 2021**. Further, in view of rising Black Fungus cases, the above exemption from IGST shall be extended to Amphotericin B.
- Amnesty scheme to provide relief to taxpayers regarding late fee for pending returns:** The late fees for non-furnishing of return in Form GSTR-3B for the period July 2017 to April 2021 to be waived/reduced as under:
 - Maximum late fee to be capped at INR 500 per return (INR 250 each for CGST and SGST), for taxpayers having no tax liability;
 - Maximum late fee to be capped at INR 1,000 per return (INR 500 each for CGST and SGST) for other taxpayers.

The reduced late fee to apply for all the GSTR-3B returns furnished between 1 June 2021 to 31 August 2021.

- Rationalisation of late fees for small taxpayers:** To reduce burden of late fee on smaller taxpayers, the late fee for delay in furnishing of Form GSTR-3B and Form GSTR-1 to be capped, per return, as under:

Type of return	Category of taxpayers	Maximum late fees (per return)
GSTR-3B and GSTR-1	No tax liability	INR 500 per return (INR 250 each for CGST and SGST)
	AATO* in preceding year upto INR 1.5 crore	INR 2,000 per return (INR 1000 each for CGST and SGST)
	AATO* in preceding year between INR 1.5 crore to INR 5 crore	INR 5,000 per return (INR 2500 each for CGST and SGST)
	AATO* in preceding year above INR 5 crore	INR 10,000 per return (INR 5000 each for CGST and SGST)
GSTR-4	No tax liability	INR 500 per return (INR 250 each for CGST and SGST)
	Other taxpayers	INR 2,000 per return (INR 1,000 each for CGST and SGST)
GSTR-7		INR 50 per day (INR 25 each for CGST and SGST) capped to maximum INR 2,000 per return (INR 1,000 each for CGST and SGST)

*AATO - Annual Aggregate Turnover

- Relaxation in restriction of Input Tax Credit (ITC):** Restriction of 5% cap on ITC in Form GSTR-3B be applicable on cumulative basis for period April, May and June 2021, to be applied in the return for tax period June 2021.

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- Reduction in rate of interest for delayed payment of taxes:

Category of taxpayer	Tax periods	Interest rate (applicable from the due date to date of payment)
Aggregate turnover above INR 5 crore	for the month of March and April 2021	<ul style="list-style-type: none"> 9% - for the first 15 days
Aggregate turnover up to INR 5 crore	for the month of March and April 2021	<ul style="list-style-type: none"> Nil - for the first 15 days 9% - for further 45 days (March 2021) and 30 days (April 2021)
	May 2021	<ul style="list-style-type: none"> Nil - for the first 15 days 9% - for further 15 days
Taxpayers under composition scheme	for the quarter ending 31 March 2021	<ul style="list-style-type: none"> Nil - for the first 15 days 9% - for further 45 days

- Waiver of late fees for delay in furnishing return in Form GSTR-3B for tax periods March, April and May 2021:

Category of taxpayer	Waiver of late fees
Aggregate turnover above INR 5 crore	Waiver for 15 days for May 2021
Aggregate turnover upto INR 5 crore	<ul style="list-style-type: none"> For March 2021 and April 2021 - waiver for 60 days and 45 days respectively
	<ul style="list-style-type: none"> For May 2021 - Waiver for 30 days

- Extension of due dates: Due dates for filing certain returns to be further extended as under:

Type of return	Tax periods	Revised due date
Form GSTR-1	May 2021	26 June 2021
Form GSTR-1 using IFF	May 2021	28 June 2021
Form GSTR-4	FY 2020-21	31 July 2021
Form ITC-04	Quarter ending March 2021	30 June 2021

- Extension in timelines for completion of various actions by any authority under GST law: Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from 15 April 2021 to 29 June 2021 shall be extended **upto 30 June 2021**, subject to some exceptions.
- Simplification of Annual Return for FY 2020-21:
 - Amendment brought in by the Finance Act, 2021, which provided that the reconciliation statement in Form GSTR-9C shall be self-certified by the taxpayers instead of getting it certified by chartered accountants to be notified.
 - The filing of annual return in Form GSTR-9 / 9A for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto INR 2 Crore.
 - The reconciliation statement in Form GSTR-9C for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above INR 5 crore.

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- **GST rate reduction on certain goods / services:**

Item	Existing rate	Revised rate
Diethylcarbamazine (DEC) tablets	12%	5%
Maintenance, repair or overhaul services (MRO)	18%	5%
Services in respect of Ships / Vessels		
Services of Construction of Ropeway supplied to Government entity		18%

- **Exemption to certain services:**

- Services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid-day meals under any mid-day meals scheme, sponsored by government irrespective of funding of such supplies from government grants or corporate donations;
- Services provided by way of examination including entrance examination, where fee is charged for such examinations, by National Board of Examination (NBE), or similar central or state educational boards, and input services relating;
- Supply of service by way of milling of wheat/paddy into flour (fortified with minerals etc. by millers or otherwise)/rice to government/local authority etc. for distribution of such flour or rice under PDS is exempt from GST if the value of goods in such composite supply does not exceed 25%.

Otherwise, such services would attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS;

- Services supplied by government to its undertaking/PSU by way of guaranteeing loans taken by such entity from banks and financial institutions;
- Annuities paid for the service by way of access to a road or a bridge.

- **Other measures**

- Filing of returns by companies using Electronic Verification Code (EVC) instead of Digital Signature Certificate (DSC) to be allowed till 31 August 2021.
- Retrospective amendment with effect from 1 July 2017 providing for payment of interest on net cash basis to be notified at the earliest.
- Amendments to be made in certain provisions of the GST law so as to make the present system of GSTR-1/3B return filing as the default return filing system in GST.