

# 42nd GST Council meeting: Key recommendations/decisions

The GST Council in its 42nd meeting held on 5 October 2020 through videoconferencing took various decisions regarding trade facilitation, simplification of return filing process, reducing compliance burden etc. These recommendations shall be given effect through notifications and/or circulars.

## Key recommendations/decisions

- **Extension of levy of compensation cess:** The GST Council has recommended extending the levy of compensation cess beyond the initial transition period of five years, i.e., beyond June 2022. The extension shall be for such period as may be required to meet the revenue gap.
- **Simplification of return filing and reduce taxpayer's compliance burden:** With a view to further enhance Ease of Doing Business and improve the compliance experience, the GST Council has approved future roadmap for return filing as under:
  - **Due date for filing quarterly return in Form GSTR-1:** Effective from 1 January 2021, the due date for furnishing quarterly return in Form GSTR-1 to be revised to 13th of the month succeeding the quarter.
  - **Auto generation of return in Form GSTR-3B from Form GSTR-1:** From 1 January 2021, facility to auto-calculate liability from GSTR-1 shall be made available. Further, facility to auto-populate input tax credit (ITC) from supplier's GSTR-1, through the newly developed facility in Form GSTR-2B, shall be made available for monthly return filing taxpayers. For quarterly return filing taxpayers, this facility shall be available from 1 April 2021.
  - **Mandatory filing of return in Form GSTR-1 before Form GSTR-3B:** In order to ensure auto-population of ITC and auto-calculation of liability in GSTR-3B, Form GSTR-1 would mandatorily be required to be filed before Form GSTR-3B from 1 April 2021.
  - **Continuation of present return filing system:** The present return filing system in Form GSTR-1 and Form GSTR-3B to be extended till 31 March 2021. Further, the GST law to be amended to make the return in Form GSTR-1 and Form GSTR-3B as the default return filing system.
- **Small taxpayers to file quarterly returns:** The GST Council has recommended that, with effect from 1 January 2021, small taxpayers (having aggregate annual turnover of less than INR 5 crore) should be allowed to file returns on a quarterly basis with monthly tax payments. Further, such taxpayers should also be given an option to pay 35% of the net cash tax liability of the last quarter using an auto-generated challan for the first two months of the quarter.
- **Provision for furnishing Nil return in Form CMP-08 through SMS:** Amendment in the GST laws have been recommended to include provision for furnishing Nil return in Form CMP-08 (return by Composition Dealer) through short messaging service (SMS).
- **Refund disbursement in validated bank account:** With effect from 1 January 2021, refund to be disbursed in a validated bank account linked with the Permanent Account Number (PAN) and Aadhaar of the registrant.



- **Declaration of HSN/SAC code in invoices and Form GSTR-1:** Taxpayers shall be required to declare Harmonised Commodity Description and Coding System (HSN) for goods and Services Accounting Code (SAC) for services in invoices and in Form GSTR-1, from 1 April 2021, as under:

Category of taxpayers	Disclosure requirement
Aggregate annual turnover above INR 5 crore	6-digits of HSN/SAC for all supplies
Aggregate annual turnover up to INR 5 crore	4-digits of HSN/SAC code for B2B supplies
All taxpayers	Government to notify 8-digit HSN on notified class of supplies

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