





PROPOSED AMENDMENTS IN CGST ACT, 2017 AS RECOMMENDED BY THE LAW COMMITTEE:

The Law Committee has recommended several important amendments to existing provisions and has proposed the introduction of new provisions that may majorly impact the process and the nature of claiming of Input Tax Credit moving ahead. Due to the above, statutory validity and power shall be provided to the existing use of GSTR-2B statement, restrictions on use of amount in Input Credit Ledger i.e. Rule 86B and by introduction of new provisions, additional conditions and restrictions are proposed to be imposed on the eligibility and the availment of Input Tax Credit.

Therefore, in the times to come, claiming Input Tax Credit shall become a cumbersome process and the importance of "know your supplier" shall be of paramount importance since the eligibility and availment of Input Tax Credit for the recipient shall be majorly dependent on the actions and inactions of his supplier.

Further, several amendments have been proposed to replace the earlier envisaged automated GST Return filing system of GSTR-1/2/3 model related provisions with the current GSTR-1/3B return filing system which is in line with the recommendation made in the 42nd GST Council Meeting held in October, 2020 that the present system of GSTR-1/3B return filing is to be continued and the GST laws may be amended to make the GSTR-1/3B return filing system as the default return filing system.

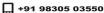
Further, few amendments have been proposed which shall impact the existing provisions on due dates for rectification of details furnished in GSTR-1, GSTR-3B and other return filings for specified registered persons, late fees on certain returns, interest on ineligible Input both availed and utilized and refund of cash balance.

The proposed amendments in CGST Act, 2017 along with its rationale and analysis are mentioned as below:

Note: (1) Text in Red is the text of the proposed new provision, (2) Text highlighted in yellow and struck-through is the text of current provision which is proposed to be amended.

S. NO.	TITLE OF SECTION PROPOSED FOR AMENDMENT	TEXT OF SECTION PROPOSED FOR AMENDMENT	ANALYSIS OF AMENDMENT ALONG WITH RATIONALE
1	Section-	(e) input tax credit in	Before Amendment:
	16(2)(e)	respect of the said supply has not	Only 4 notified conditions u/s 16(2)
	(Newly	been restricted in the details	were to be fulfilled to be eligible to
	inserted) -	communicated to such registered	claim ITC.
	Eligibility and	person under section 38:	

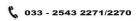


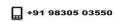






conditions for taking input tax credit.	Also, till now statutorily, the eligibility to claim ITC was not dependent on its availability in GSTR-2A/2B since Section 16(2)(aa) is yet to be notified.
	After Amendment:
	1) Section 16(2)(e) gives statutory validity to the sixth condition to claim ITC and restricts the eligibility of ITC in case the said supply falls in any of the restrictions as enumerated in the amended Section 38.
	2) Amendment has been proposed in section 38, which, inter-alia, provides that details of outward supplies furnished by the suppliers that are to be communicated to the recipients may be restricted in specified cases. Accordingly, it is proposed to provide in law that the recipient shall not be eligible for ITC corresponding to such details which have not been communicated for which clause (e) is proposed to be added in section 16(2).
	3) Section 16(2)(aa), whenever notified, would work in tandem with Section 16(2)(e) and would provide statutory enablement and power to GSTR-2A/2B in regard to the eligibility of



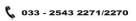








			ITC on the basis of its availability in such forms. (Fifth Condition to claim ITC.) Therefore, now claiming of eligible ITC shall become more cumbersome and shall be majorly dependent on the actions of the Supplier in regard to him paying his output tax and/or claiming ITC correctly.
2	Section- 16(4)- Eligibility and conditions for taking input tax credit.	(4) 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 thirtieth day of November following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier	Before Amendment: 1) Rectification of particulars in GSTR-1 is presently linked with furnishing of return for September month. 2) Rectification of particulars in GSTR-3B is linked with due date of furnishing of return for September month. 3) The last date to claim Input Tax Credit for the immediately preceding financial year is linked with due date of furnishing of return for September month of the current year or the due date of Annual Return of preceding year, whichever is earlier. After Amendment: It is recommended that a fixed date 30th November be fixed for both, rectification in GSTR-1 and GSTR-3B returns as well and also to claim pending Input Tax Credit of the preceding year:

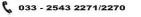


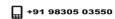






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			a. In the portal, after the cutoff
			date no amendment would
			be permitted.
			b. It provides one more month
			to taxpayer to amend their
			returns and also to claim Input tax
			Credit.
3	Section- 37(1)-	Every registered person, other	Brief:-
	Furnishing	than an Input Service Distributor, a	
	details of	non-resident taxable person and a	Sub section 1 is to be amended to
	outward	person paying tax under the	include conditions and restrictions
	supplies.	provisions of section 10 or section	through proposed Rules for filing
		51 or section 52, shall furnish,	GSTR1 and for passing on the Input
		electronically, subject to such	Tax credit (ITC) to the recipient in
		conditions and restrictions and in	GSTR 2A/2B.
		such form and manner as may be	
		prescribed, the details of outward	Analysis of Amendment of Sec
		supplies of goods or services or	37(1):-
		both effected during a tax period	
		on or before the tenth day of the	1. Conditions for the claiming and
		month succeeding the said tax	passing on of ITC and the
		period and such details shall,	communication to the recipient will
		subject to such conditions and	be included within section 37 itself
		restrictions, within such time and	and to be read with rules.
		in such manner as may be	
		prescribed , be communicated to	2. The words "conditions" and
		the recipient of the said supplies	"restrictions" have been inserted in
		within such time and in such	this section.
		manner as may be prescribed:	This essentially links to the newly
		, .	inserted Section 16(2)(e) and
		Provided that the registered	therefore only such ITC shall be
		person shall not be allowed to	eligible which are not restricted
		furnish the details of outward	under amended Section 38,
		supplies during the period from	provided other conditions to claim
		the eleventh day to the fifteenth	ITC are fulfilled as per Sec 16(2).
		day of the month succeeding the	
		tax period:	3. Restrictions on furnishing the
			details between 11th to 15th have
			been deleted, because the freezing
			of data before the 2-way
			communication is proposed to be
			done away with.
			uone away with.



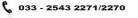








4	Section- 37(2)-	To Be Omitted and removed	Provision related to
	Furnishing	To be difficted and removed	communication, acceptance and
	details of		rejection of invoices has been
	outward		incorporated u/s 37 (1) and hence
	supplies.		Section 37(2) is proposed to be
			deleted and also since the 2-way
			communication is proposed to be
			done away with.
5	Section- 37(3)-	(3) Any registered person, who has	Analysis of Amendment of Sec
	Furnishing	furnished the details under sub-	37(3) :-
	details of	section (1) for any tax period <mark>and</mark>	
	outward	which have remained unmatched	1. Since Sections 42 and 43 are
	supplies.	under section 42 or section 43,	proposed to be deleted, therefore
		shall, upon discovery of any error	there remains no relevance of
		or omission therein, rectify such	Matching/Mismatching under
		error or omission in such manner	section 37(3).
		as may be prescribed, and shall pay	
		the tax and interest, if any, in case	2. The proposed due date for
		there is a short payment of tax on	amendment or rectification in
		account of such error or omission,	GSTR-1 shall be the 30th of
		in the return to be furnished for	November following the end of
		such tax period:	the financial year to which such
			details pertain, or furnishing of the
		Provided that no rectification of	relevant annual return, whichever
		error or omission in respect of the	is earlier. For Eg: The due date for
		details furnished under sub-section	_
		(1) shall be allowed after <mark>the due</mark>	amendment in any GSTR-1 of F.Y.
		date of furnishing of the return	2021-22 would be now 30.11.2022
		under section 39 for the month of	rather than 20.10.2022 or
		September the thirtieth day of	22.10.2022/24.10.2022 for
		November following the end of the	monthly filers and QRMP filers
		financial year to which such details	respectively.
		pertain, or furnishing of the	
		relevant annual return, whichever	
		is earlier.	
6	Section- 37(4)	(4) A registered person shall not	Analysis of Amendment :-
	(New Sub-	be allowed to furnish the details	
	Section	of outward supplies under sub-	1. Similar to section 39(10), a new
	inserted)-	section (1) for a tax period, if the	sub-section 37(4) is proposed to be
	Furnishing	details of outward supplies for	introduced which restricts a
	details of	any of the previous tax periods	registered person to furnish GSTR-1
	outward	has not been furnished by him.	for a tax period if the GSTR-1 for
	supplies.	Provided that the Government	





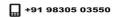






		may, on the recommendations of	any previous tax period has not
		the Council, by notification and	been furnished by him.
		subject to such conditions and	
		restrictions as may be specified	2. Relaxation may be provided from
		therein, allow a registered person	applicability of Section 37(4) subject
		or a class of registered persons to	to such notified conditions and
		furnish the details of outward	restrictions to notified specified
		supplies under subsection (1),	registered person.
		even if he has not furnished the	
		details of outward supplies for	3. This Section shall permit GSTR-1
		one or more previous tax periods.	to be filed only sequentially which
		personal formation of the personal formation	shall further allow seamless
			transmission of Input Tax Credit.
7	Section	38. Communication of details of	Analysis of Amendment of Sec 38 :-
'	38(New	inward supplies and input tax	Analysis of American of Sec 30:
	Section	credit.—	1)The present sub-sections to be
	Inserted)-	credit.—	omitted in entirety as there is no
	Furnishing	(1) The details of outward supplies	requirement of furnishing details of
	details of		
		furnished by the registered	inward supplies under automated
	Inward	persons under sub-section (1) of	return filing system.
	Supplies.	section 37 and such other supplies	2) 6 1,
		as may be prescribed, and an	2) Sub-section (1) of Section 38
		auto-drafted statement	states to provide details of inward
		containing the details of input tax	supplies which shall be made
		credit shall be made available	available to the recipients in a
		electronically to the recipients of	prescribed manner and brings the
		such supplies in such form and	legal validity to Form GSTR-2B
		manner, within such time, and	which is subject to such conditions,
		subject to such conditions and	restrictions, form, manner and
		restrictions as may be prescribed.	within such time as notified.
		(2) The auto-drafted statement	2) The Form GSTR-2B is essentially
		under sub-section (1) shall consist	split in two parts in regards to ITC:-
		of:	
			a. Credit of Input Tax Credit may be
		(a) details of inwards supplies in	available.
		respect of which credit of input	
		tax may be available to the	b. Credit of Input Tax Credit cannot
		recipient, and	be availed.
		(b) details of supplies in respect of	
		which such credit cannot be	The following situations would
		availed, whether wholly or partly,	restrict the passing of Input Tax
		by the recipient, on account of the	









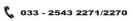


details of the said supplies being furnished under sub-section (1) of section 37:

- (i) by any registered person within such period of taking registration as may be prescribed; or
- (ii) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or
- (iii) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said sub-section during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or
- (iv) by any registered person who, during such period, as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance

Credit on the invoices uploaded by such specified suppliers:

- i) Newly registered suppliers may not be able to pass on Input Credit within the prescribed periods. For Eg: 1-month old newly registered supplier may not be able to pass on ITC for a period of 3 months from the date of his GST Registration, in case such time period is prescribed.
- ii) Defaulter supplier who has not filed his GSTR-3B return and has not paid tax and such default has continued for a prescribed time period. For Eg: In case the supplier has not filed his previous 2 GSTR-3B returns, he may not be able to pass on ITC on his sale invoice, in case such time period is prescribed.
- iii) if output tax payable by the supplier under GSTR- 1 is in excess of the output tax paid in GSTR-3B by a prescribed limit for such prescribed period. For Eg: ITC may be restricted for the recipient in case the



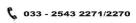


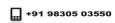






			with clause (a), by		supplier in his GSTR-1 of
			such limit as may be		May 2022, has declared
			prescribed; or		Taxable Outwards
					supplies of Rs. 1,00,000
					and applicable taxes
		(v)	by any registered		and in GSTR-3B of May
			person who has		2022, only Rs. 75,000
			defaulted in		and applicable taxes
			discharging his tax		have been reported, in
			liability through the		case such limits are
			electronic cash ledger,		prescribed.
			in accordance with the		
			provisions of sub-	iv)	where the supplier has
			section (12) of section	,	availed the eligible and
			49;		available credit in
					excess of the credit
		(vi)	or by such other class		which is available to
			of persons as may be		him as per GSTR-2B
			prescribed.		under clause (a) of
			•		section 38(2). For Eg:
					ITC for the recipient
					may be restricted in
					case the supplier has
					claimed Rs. 80,000
					under IGST in his GSTR-
					3B of May 2022 but in
					his GSTR-2B for May
					2022, amount of
					eligible ITC is Rs. 50,000
					under IGST, in case such
					limits are prescribed.
					·
				v)	The ITC for recipient
				,	shall be restricted if the
					supplier has paid its tax
					liability by using the
					Input Tax Credit in
					excess of the
					permissible proportion
					and in violation of
					Section 49(12).
					3000011 73(12).
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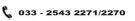








				Note:- Newly inserted
				Section 49(12) (which is
				later explained) is
				equivalent to the
				existing Rule 86B.
				_
			vi)	Any other class of
			-	suppliers which may be
				notified.
			Note: T	herefore, the eligibility of
			ITC for	the recipient shall be majorly
			depend	lent on the actions of his
				r in regard to him paying his
				tax and/or claiming ITC
			-	ly under Section 16(2) read
				e restrictions enumerated
				amended Section 38.
			ander e	
			Therefo	ore, now claiming of eligible
				Il become more
				rsome and knowing your
				r has become of paramount
			importa	-
8	Section 39-	(5) Every registered non-resident		s of the Amendment in Sec
	Furnishing of	taxable person shall, for every	39(5):-	
	Returns.	calendar month or part thereof,	(-/-	
		furnish, in such form and manner	1.	Now Non- Resident persons
		as may be prescribed, a return,		are required to file their
		electronically, within twenty		Return GSTR-5A up to 13th
		thirteen days after the end of a		and not the 20 th after the
		calendar month or within seven		end of a calendar month or
		days after the last day of the		within seven days after the
		period of registration specified		last day of the period of
		under sub-section (1) of section 27,		registration specified under
		whichever is earlier.		sub-section (1) of section
		whichever is earlier.		` '
		(7) Drovided that are more sistant d		27, whichever is earlier.
		(7) Provided that every registered	3	This is in line with the
		person furnishing return under the	2.	This is in line with the
		proviso to sub-section (1) shall pay		proposed dates on which
		to the Government, the tax due		GSTR- 2B picks up data in
		taking into account inward and		the System.
		outward supplies of goods or		











services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed:

Provided that every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, in such form and manner, and within such time, as maybe prescribed -, (a) an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, or (b) in lieu of the amount referred to in clause (a), an amount determined in such manner and subject to such conditions and restrictions as may be prescribed.

- (9) Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter the thirtieth day of November following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.
- (10) A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods or the details of outward supplies under sub-section (1) of section

Analysis of the Amendment in First Proviso to Sec 39(7):-

In regard to QRMP Dealers:-

Status Before Amendment:-

QRMP Dealers have the option to pay the tax under two methods which were namely, self-assessment basis or fixed sum method, but these methods were not provided in law and were governed through specially notified procedures only.

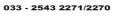
After Amendment-

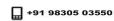
Above provisions have been inserted in law by a new proviso by substituting the first proviso to Subsection 7 of Section 39. The new proviso provides for:

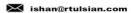
- a. Self-Assessment Basis.
- b. Fixed sum Method.

Analysis of the Amendment in First Proviso to Sec 39(9):-

Time limit for amendment and rectification of any omission, error or incorrect particulars in GSTR-3B shall be allowed on or before the **30th of November** following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.





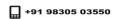






		37 for the said tax period has not been furnished by him. Provided that the Government may, on the recommendations of the Council, by notification and subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return, even if he has not furnished the returns for one or more previous tax periods.	Analysis of the Amendment in Sec 39(10):- Making GSTR-1 mandatory before furnishing return in GSTR-3B. Before Amendment:- The previous period GSTR-3B is required to be filed before the filing of the next month GSTR-3B. After Amendment: Now, both GSTR-1 of the same tax period and GSTR-3B of the previous period respectively require to be filed before the filing of next month GSTR-3B. Govt. may provide the relaxation from 39(10) subject to such conditions and restrictions to specified registered persons through notification. Example- GSTR-1 of August 2022 and GSTR-3B of July 2022 need to be filed before the filing of GSTR-3B of August 2022.
9	Section 41- Claim of Input tax Credit and provisional acceptance.	Claim Availment of input tax credit and provisional acceptance thereof.— (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take avail the credit of eligible input tax, as selfassessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.	Analysis of the Amendment in Section 41(1):- Substitution of the word "claim" and bring in the concept of availment and eliminate the concept of provisional availment of ITC in this section. The concept of provisional availment was the crux of the











		(2) The credit referred to in sub-	Automated GST Return System
		section (1) shall be utilised only for	model in GSTR-1,2,3.
		payment of self- assessed output	
		tax as per the return referred to in	Analysis of the Amendment in
		the said sub-section.	Section 41(2):-
			(2)
		(2) The credit of input tax availed	The Old sub section (2) has been
		by a registered person under sub-	deleted.
		section (1), in respect of such	deleted.
		supplies of goods or services or	loon and after each to a control Con-
		both the tax payable whereon has	Impact of newly inserted Sec
		not been paid by the supplier shall	41(2) and first proviso to it:-
		be reversed, along with applicable	
		interest, by the said person in	A restriction on the availment of
		such manner as may be	Input Tax Credit has been created
		prescribed:	in the event the Tax collected by
		p. combca.	the supplier has not been paid,
		Provided that where the said	resultantly the recipient may have
		supplier makes payment of the	to reverse such ITC along with
		tax payable in respect of the	applicable Interest.
			applicable interest.
		aforesaid supplies, along with	Subsequently, the recipient is
		applicable interest, the said	entitled to re-claim the reversed
		registered person shall be entitled	
		to re-claim the amount of credit	credit whenever the supplier
		reversed by him, as aforesaid, in	discharges the output tax along
		such manner as may be	with applicable interest.
		prescribed.	
			Note: Therefore, the inaction of
			payment of tax by unscrupulous
			suppliers may lead to reversal of
			ITC of an inadvertent recipient os
			supply.
10	Section 42-	To Be Omitted	Since, Section 42 provides for the
	Matching,		matching, reversal and reclaim of
	reversal and		ITC in the Automated GST Return
	reclaim of		System of GSTR-1,2,3, it remains of
	input tax		no relevance. Moving ahead,
	credit		matching of ITC will be governed by
			the yet to be notified Section
			16(2)(aa).
11	Section 43-	To Be Omitted	The existing section 43 may be
	Matching,		omitted as a whole as the concept
L	141010111115,		office as a whole as the concept









	reversal and reclaim of reduction in output tax liability		of 2-way communication is being replaced by self-assessment. Further, Credit note and duplication related checks have already been incorporated in the GSTR-2B statement. Moving ahead, matching of Credit notes will be governed by the same appearing in GSTR-2B.
12	Section 43A- Procedure for furnishing return and availing input tax credit	To Be Omitted	Section 43A which is yet to be notified is of no relevance and shall be replaced with the procedures mentioned in Section 37 and Section 38.
13	Section 47- Levy of late fees	Amendment is brought in Section 47 to include Section 52 in sub section (1) so that late fee shall be levied in case registered persons do not file GSTR-8 by the due date.	Before the Amendment- There were no late fees in case of late filing of GSTR-8. After the Amendment:- Late fees are proposed to be levied in case of late filing of both, GSTR-8 (TCS collected by E-commerce Operator) and GSTR-9B (Annual Return of E-Commerce Operator).
14	Section 29(2)- Cancellation of Registration	 (b) A person paying tax under section 10 has not furnished returns for three consecutive tax periods the return for a financial year beyond three months from the due date of furnishing the said return. (c) any registered person, other than a person specified in clause (b), has not furnished returns for a such continuous tax period of six months as may be prescribed 	Before the Amendment:- (b) Composition Dealers may have defaulted in filing of Annual Return in GSTR-4 for up to 3 Tax periods i.e 3 years without having their GSTIN cancelled. (c) Normal Dealers i.e. Monthly and QRMP filers may continue default in filing of GST Returns up to Six Months without having their GSTIN cancelled. After the Amendment:- (b) Composition Dealer shall have to file their GSTR-4 within 3 months

Head Office: 7/1C, Jatindra Mohan Avenue,1st Floor, Kolkata – 700006.Metiabruz Branch Office: V-90/E, 2nd Floor, S A Farooquie Road, Showman Market, Kolkata-700018. Bahrain Office: Unit 25, 2nd Floor, Harbour Gate, Bahrain Financial Harbour, King Faisal Highway, Manama, Kingdom of Bahrain. Oman Office: Suite 313, Maktabi Al Wattayah, Ar Rumaylah St, Muscat, Oman UK Office: 142 Cromwell Road, London SWF 4EF,United Kingdom

H +91 98305 03550









	1		
			from the due date, otherwise their
			GSTIN shall be cancelled
			(c) Return default period for Normal
			Dealers will be prescribed by the
			rules.
15	Section 34(2) -	Any registered person who issues a	Before the Amendment:-
	Credit and	credit note in relation to a supply	
	debit notes.	of goods or services or both shall	A Registered person who issues a
		declare the details of such credit	credit note can declare the details
		note in the return for the month	of such credit note in the return for
		during which such credit note has	the month during which such credit
		been issued but not later than	note has been issued but not later
		September thirtieth November	than the due date of GSTR-3B of the
		following the end of the financial	month of September. I.e. 20/22/24
		year in which such supply was	October.
		made, or the date of furnishing of	
		the relevant annual return,	After the Amendment:- Now the
		whichever is earlier, and the tax	registered person can declare the
		liability shall be adjusted in such	same credit note till 30th of
		manner as may be prescribed.	November following the end of the
		, , , , , , , , , , , , , , , , , , , ,	financial year in which such supply
			was made, or the date of furnishing
			of the relevant annual return,
			whichever is earlier, and the tax
			liability shall be adjusted in such
			manner as may be prescribed.
16	Section 52 (6)-	Provided that no such rectification	Before the Amendment:-
10	Collection of	of any omission or incorrect	before the Amendment.
	Tax at Source.	particulars shall be allowed after	E-Commerce operator Can rectify
	Tax at Source.	the due date for furnishing of	any omission or incorrect
		statement for the month of	particulars till the due date for
		September thirtieth day of	furnishing the statement for the
		November following the end of	month of September i.e. 10
		the financial year or the actual	October or the actual date of filing
		date of furnishing of the relevant	of Annual statement, whichever is
		_	earlier.
		annual statement, whichever is	earner.
		earlier	After the Amendment:-
			After the Amendment:-
			Now E Commorco Operator san
			Now E-Commerce Operator can
			rectify any omission or incorrect
			particulars till the 30th of
			November following the end of the

Head Office: 7/1C, Jatindra Mohan Avenue,1st Floor, Kolkata – 700006.Metiabruz Branch Office: V-90/E, 2nd Floor, S A Farooquie Road, Showman Market, Kolkata-700018. Bahrain Office: Unit 25, 2nd Floor, Harbour Gate, Bahrain Financial Harbour, King Faisal Highway, Manama, Kingdom of Bahrain. Oman Office: Suite 313, Maktabi Al Wattayah, Ar Rumaylah St, Muscat, Oman UK Office: 142 Cromwell Road, London SWF 4EF,United Kingdom









			financial year or actual date of filing of Annual statement, whichever is earlier.
17	Amendment in 49(4) & new subsection 49(12) has been Inserted-Payment of tax, interest, penalty and other amounts.	(4) The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and restrictions and within such time as may be prescribed. (12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, prescribe the maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, which may be discharged through the electronic credit ledger, by a registered person or a class of registered person.	1) Word "Restrictions" have been added in Section 49(4) to enable the restrictions for utilizing the existing balance of credit Ledger. Such restriction may be partial or full as may be prescribed. 2)Sub-Section (12)- A new Section 49(12) has been inserted to prescribe certain conditions and restrictions in using Input Credit ledger by restricting the maximum proportion of Output Tax liability which may be allowed to be set off against such Input Credit. This sub-section shall provide statutory power for swift implementation of Rule 86B. (i.e. 99% use of credit ledger)
18	Section 50(3)- Interest on delayed payment of tax.	(3) A taxable person who makes an undue or excess claim of input tax eredit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43 shall pay interest on such undue or excess claim or on such undue or excess reduction, as the ease may be, at such rate not exceeding twenty four per cent., as may be notified by the Government on the recommendations of the Council. Where the input tax credit has been wrongly availed and	Analysis of Amendment of Sec 50(3):- Following the rationale of amendment of First Proviso to Sec 50(1) of charging interest only on net cash liability of output tax, amended Sec 50(3) proposes for charging interest on ineligible ITC which is both, availed and utilized (on the basis of net cash liability). Before the Amendment:- Interest under section 50(3) at the rate of 24% will be levied in case of Section 42(10) and 43(10).









utilised, the registered person
shall pay interest on such input
tax credit wrongly availed and
utilised, at such rate not
exceeding twenty four
per cent., as may be notified by
the
Government, on the
recommendations of the Council

After the Amendment:-

Section 42 and 43 have been deleted. Now, Interest under section 50(3) shall be levied on ineligible Input Tax Credit, which have been both wrongly availed and utilised.

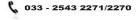
The Interest rate shall be notified by the government with a maximum rate of 24% Per Annum.

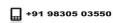




19	Section 54- Refund of tax	(1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date in such form and manner as may be prescribed: Provided that a registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in the return furnished under section 39 in such form and manner as may be prescribed.	Amendment in First Proviso to Sec 54(1): Before amendment: Even though the refund of balance in electronic cash ledger was made via RFD-01, still such a provision was not mentioned in law and was mentioned to be allowed through GSTR-3, which was eventually not implemented. After Amendment: Now, such refund of cash balance may be allowed through Form RFD-01.

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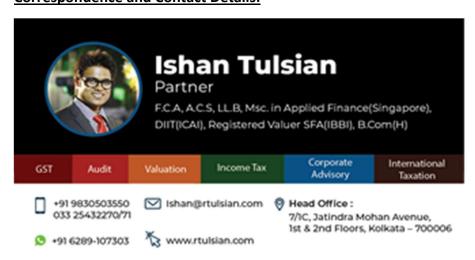
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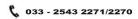
Ishan Tulsian is a qualified Chartered Accountant in Practice and is a Partner at R Tulsian and Co. LLP. He specializes in GST consultancy, litigations & compliances and heads the GST division of the firm's practice along with the Valuation division. He is also a Registered Valuer in the category of Securities of Financial Assets (SFA) under IBBI, holds a Masters of Science in Applied Finance from Singapore Management University, a qualified Company Secretary, and a Post-graduate in LL.B. from Vidyasagar University, holds Diploma in International Taxation from ICAI (DIIT) and is a graduate in B.Com (H) from St. Xaviers' College, Kolkata.

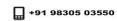
Brief of the Firm:

R. Tulsian Group is a 6 decade old, multinational and full-services Chartered Accountancy practice with its Indian headquarters in Kolkata and branch in Metiabruz, West Bengal and through its sister concern R. Tulsian Global Co. has its Middle East headquarters in Kingdom of Bahrain and has other overseas branches in Oman, Kingdom of Saudi Arabia and the United Kingdom.

Correspondence and Contact Details:













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