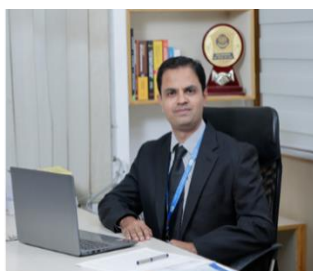


Key Amendments in Financial Year 2021-22 relevant for GST Audit - GST Audit Series (Part 3)



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Introduction:

As we mark end of the financial year 2021-22 with respect to GST laws as next month we all would filing GST Annual returns normally called GSTR 9 & GSTR 9C wherever applicable, before filing the annual return it is very important to consider the major amendments that have been brought in Financial year 2021-22. For easy understanding, we have put up the bifurcation for such changes in form of rate changes and non-rate changes. So first we will go through the non-rate changes which has been made effective in the current year and what is the impact of such notification in our books.

Non-Rate Changes which have come effect in FY 2021-22

Sr. No.	Notification No.	Section Reference	Impact of such notification
1	Notification No. 08/2021-Central Tax dated 01 st May,2021	Section 50 of the CGST Act, 2017	On account of Covid-19 outbreak, Interest rate for delayed payment of taxes for the month of March' 21 & April' 21 period was reduced as under: <ul style="list-style-type: none"> a. For turnover more than 5 crores – 9% for first 15 days, 18% thereafter b. For turnover less than 5 crores – Nil for first 15 days, 9% for next 15 days, 18% thereafter
2	Notification No. 13/2021- Central Tax, dated 1st May, 2021	Rule 36 & Rule 59 of the CGST Rules, 2017	<ul style="list-style-type: none"> a. Rule 36(4) has been amended to provide that the condition of availing 105% of eligible ITC (i.e., ITC reflecting in GSTR-2A) in GSTR-3B shall be applicable on cumulative basis for the period April 2021 and May 2021. b. Rule 59 has been amended to extend the time limit for furnishing the details of B2B invoices for the month

Sr. No.	Notification No.	Section Reference	Impact of such notification
			of April 2021 using IFF till 28th May 2021.
3	Notification No. 14/2021- Central Tax, dated 1st May, 2021	Section 168A of CGST Act, 2017	<p>On account of Covid-19 outbreak, timelines were extended for completion of various actions, by any authority or by any person, under the CGST Act, 2017 which falls during the period from 15th April, 2021 to 30th May, 2021, up to 31st May, 2021. Effective date of notification is 15th April 2021. Such extension not applicable for –</p> <ul style="list-style-type: none"> a. Chapter IV. b. sub-section (3) of section 10, sections 25, 27, 31, 37, 47, 50, 69, 90, 122, 129. c. Section 39, except sub-section (3), (4) and (5) d. Section 68, in so far as e-way bill is concerned; and e. Rules made under the provisions specified at (a) to (d) above.
4	Notification No. 15/2021- Central Tax, dated 18 th May, 2021	Various amendments in rules under CGST Rules, 2017	<p>A. Rule 23-Revocation of cancellation of registration – Time extension by AC or JC or Commissioner, as the case may be, in exercise of the powers provided under the proviso to sub-section (1) of section 30 of the CGST Act, 2017 beyond 30 days.</p> <p>B. Rule 90-Acknowledgement of refund application – Exclusion of time period between the date of filing of the refund claim in Form GST RFD-01 and the date of communication of the deficiencies in Form GST RFD-03, in case of fresh filing of refund applications.</p> <p>Withdrawal of refund application in Form GST RFD-01W at any time before issuance of provisional refund order or final refund order or payment order or refund withhold order or notice.</p>
5	Notification No. 16/2021- Central Tax, dated 1st June, 2021	Section 50 of the CGST Act, 2017	Section 112 of the Finance Act, 2021 had laid down the principle for interest to be charged on net tax dues where such tax dues are declared in the returns filed after the due date. Date of

Sr. No.	Notification No.	Section Reference	Impact of such notification
			<p>such amendment would be 01st June 2021.</p> <p>(Except where the returns are filed after the commencement of proceedings under sections 73 or 74)</p>
6	Notification No. 23/2021- Central Tax, dated 1st June, 2021	-	Exemption to Government department and local authority from the requirement of issuing e-invoice.
7	Notification No. 03/2021- Integrated Tax dated June 02, 2021	Section 13 of the IGST Act, 2017	Supply of maintenance, repair or overhaul service in respect of ships and other vessels, their engines and other components or other components or parts supplied to a person for use in the course or furtherance of business - Place of supply of services shall be the location of the recipient of service
8	Notification No. 29/2021 – Central Tax dated 30th July, 2021	Section 44 of CGST Act, 2017	<p>Section 110 & 111 of the Finance Act, 2021 has been notified and made effective from date – 01st August 2021.</p> <p>Section 35(5) of CGST Act, 2017 has been omitted, thereby doing away with the requirement of getting accounts audited by a CA or CMA.</p> <p>The taxpayers, other than an input service distributor, a person paying tax under section 51 or section 52, casual taxable person and non-resident taxable person can furnish an annual return which may include a self-certified reconciliation statement.</p>
9	Notification No. 31/2021 – Central Tax dated 30th July, 2021	Section 44 of CGST Act, 2017	Taxpayers having Annual Aggregate Turnover up to Rs. 2 crores exempt from the requirement of furnishing annual return for FY 2020-21
10	Notification No. 35/2021 – Central Tax dated 24th September, 2021	Various amendments in rules under CGST Rules, 2017	<p>A. Rule 45 - Conditions and restrictions in respect of inputs and capital goods sent to the job worker</p> <p>– Date of effect would be 01st October 2021. The periodicity of furnishing Form ITC-04 would be as under:</p> <ul style="list-style-type: none"> Principal, whose annual aggregate turnover in immediately preceding financial

Sr. No.	Notification No.	Section Reference	Impact of such notification
			<p>year exceeds Rs. 5 crores - Once in six months (commencing on 1st April and 1st October)</p> <ul style="list-style-type: none"> In any other case - Annually <p>B. Rule 59 - Form and manner of furnishing details of outward supplies - The registered person shall not be able to file Form GSTR-1 if he has not filed the Form GSTR-3B for the previous month. Date of effect would be 01st January 2022.</p> <p>C. Rule 89 - Application for refund of tax, interest, penalty, fees or any other amount - Sub-rule (1A) has been inserted in Rule 89 - Any tax paid by him, in respect of a transaction considered by him to be an intra-State supply, which is subsequently held to be an inter-State supply, may, before the expiry of a period of two years from the date of payment of the tax on the inter-State supply, file an application electronically in FORM GST RFD-01</p>
11	Notification No. 37/2021 - Central Tax dated 01 st December 2021	Rule 142 of the CGST Rules, 2017	<p>Following changes have been made in Form GST DRC-03:</p> <p>(i) The heading of the Form has been changed as under:</p> <p>“Intimation of payment made voluntarily or made against the SCN, or statement or intimation of tax ascertained through FORM GST DRC-01A”</p> <p>(ii) The drop-down list will provide “Audit, inspection or investigation, voluntary, SCN, annual return, reconciliation statement, scrutiny, intimation of tax ascertained through FORM GST DRC-01A, Mismatch (Form GSTR-1 and Form GSTR-3B), Mismatch (Form GSTR-2B and Form GSTR-3B), others (specify)”</p>

Sr. No.	Notification No.	Section Reference	Impact of such notification
			<p>(iii) Item no. 5 which require to provide the “details of SCN, if payment is made within 30 days of its issue” has been amended to further include “scrutiny, intimation of tax ascertained through Form GST DRC-01A, audit, inspection or investigation, others (specify)”.</p> <p>(iv) A separate column mentioning “Fee” has been inserted in the table of serial No. 7 which requires the details of payments made.</p>
12	Notification No. 39/2021 – Central Tax dated 21 st December 2021	Various Sections of the Finance Act, 2021 notified w.e.f. 01.01.2022	<p>A. Insertion of clause (aa) of sub-section (1) of Section 7 - Supply of activities or transactions inter se between a person and its members or constituents shall be deemed to take place from one such person to another and henceforth shall be treated as a supply.</p> <p>B. Insertion of clause (aa) of sub-section (2) of Section 16 - Input Tax Credit regarding invoices and debit notes shall be available only to the extent they are furnished in GSTR-1 by the vendors and thus appear in GSTR-2A / 2B of the recipient. Previously a margin of 5% was made available.</p> <p>C. Substitution in Explanation 1, clause (ii) of Section 74 - Closure of proceedings under Sec. 73 or Sec. 74 of the Act shall not result in the deemed closure of the proceedings initiated under Sec. 129 & Sec. 130 of the Act.</p> <p>D. Insertion of Explanation in sub-section (12) of Section 75 - Empowers to initiate recovery proceedings based on the supply shown in the GSTR 1 without issuing a show-cause notice, provided the</p>

Sr. No.	Notification No.	Section Reference	Impact of such notification
			<p>corresponding month's GSTR 3B is not appropriately filed.</p> <p>E. Substitution of sub-section (1) of Sec. 83 - Powers of provisional attachment have been extended to proceeding under Chapter XII, XIV) or XV for attachment of property including bank account belonging to the taxable person or person who has retained benefits of offences under Sec. 122(1A) of the Act.</p> <p>F. Insertion of proviso in sub-section (16) of Sec. 107 - Quantum of the pre-deposit in cases of e-way bill violations where penalty orders have been passed under section 129(3), pre deposit required would be 25% of the penalty ordered to be paid.</p> <p>G. Amendment to Sec. 129 - To seek release of the conveyance/goods that have been detained on account of e-way bill violations –</p> <ol style="list-style-type: none"> i. Where the owner comes forward & it is taxable goods – 200% of the tax payable ii. Where the owner comes forward & it is exempt goods – 2% of value of goods or INR 25,000 w.e.less iii. Where the owner does not come forward & it is taxable goods – 50% of value of goods or 200% of tax payable w.e.higher. iv. Where the owner does not come forward & it is exempt goods – 5% of the value of goods or INR 25,000 w.e.less <p>H. Substitution in Sec. 151 - Commissioner has the right to demand any person to furnish information relating to any matter dealt with in connection with this Act.</p> <p>I. Amendment in Sec. 152 – No</p>

Sr. No.	Notification No.	Section Reference	Impact of such notification
			information as gathered under section 150 or 151 shall be used without giving opportunity of being heard.
13	Notification No. 40/2021 – Central Tax dated 29 th December 2021	Various Rules under CGST Rules, 2017	<p>A. Rule 36(4) – W.e.f. 01.01.2022, a registered person shall be able to avail ITC only those invoices or debit notes which have been furnished in FORM GSTR-1 details of such invoices or debit notes have been communicated to him in FORM GSTR-2B.</p> <p>B. Rule 95 sub rule (3) inserted - Refund of tax in certain cases - Refund of tax paid by the applicant on such invoice shall be available only if the copy of the invoice, duly attested by the authorized representative of the applicant, is submitted along with the refund application in FORM GST RFD-10.</p> <p>C. Rule 142(3) - If the amount referred to in section 129(1) of the CGST Act, 2017 is paid within 7 days of the notice issued under sub-section (3) of section 129 but before the issuance of order under the said section</p> <p>D. New Rule 144A - Recovery of penalty by sale of goods or conveyance detained or seized in transit - Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty section 129(1) within fifteen days from the date of receipt of the copy of the order passed under section 129(3), the proper officer shall proceed for sale or disposal of the goods or conveyance so detained or seized</p> <p>E. Rule 154 - Disposal of proceeds of sale of goods or conveyance and movable or immovable property – Proceeds from such recovery shall now be appropriated against the amount to be recovered or to the payment of the penalty payable section 129(3), as the case may be, after being appropriated against administrative cost of the</p>

Sr. No.	Notification No.	Section Reference	Impact of such notification
			recovery process. F. Rule 159 - Provisional attachment of property - Commissioner shall send the order of attachment in Form GST DRC-22 and a copy of such order shall also be sent to the person whose property is being attached under section 83.
14	Notification No. 01/2022-CT dated 24 th February 2022	-	The threshold limit of aggregate turnover for the applicability of e-invoicing provisions has been reduced from INR 50 crore to INR 20 crore. The said amendment shall become effective from 1st April 2022.

Rate Changes (Goods) which have come effect in FY 2021-22

Sr. No.	Notification No.	Particulars of goods/ services	Old Rate	New Rate	Effective Date
1	Notification No. 08/2021-Central Tax dated 30 th September 2021	Waste, Parings and Scrap, of Plastics	5%	18%	01 st October 2021
		Following renewable energy devices and parts for them manufacture: - (a) Biogas plant. (b) Solar power-based devices. (c) Solar power generator. (d) Windmills, Wind Operated Electricity Generator (WOEG). (e) Waste to energy plants / devices. (f) Solar lantern / solar lamp. (g) Ocean waves/tidal waves energy devices/plants. (h) Photo voltaic cells, whether assembled in modules or made up into panels.	5%	12%	01 st October 2021
		Medicine Keytruda used for treatment of cancer	12%	5%	01 st October

Sr. No.	Notification No.	Particulars of goods/ services	Old Rate	New Rate	Effective Date
					2021
		Cartons, boxes, cases, bags, and other packing containers, of paper, paperboard, cellulose wadding, or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like.	12%	18%	01 st October 2021
		Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title.	12%	18%	01 st October 2021
		Ball point pens felt tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and	12%	18%	01 st October 2021
		Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice.	12%	28%	01 st October 2021
2	Notification No. 11/2021-Central Tax dated 30 th September 2021	Fortified Rice Kernel (Premix) supply for ICDS or similar scheme duly approved by the Central Government or any State Government	18%	5%	01 st October 2021

Rate Changes (Services) which have come effect in FY 2021-22 (CGST)

Sr. No.	Notification No.	Particulars of goods/ services	Old Rate	New Rate	Effective Date
1	Notification No. 02/2021-Central Tax dated 2 nd June	Maintenance, repair, or overhaul services in respect of ships and other vessels, their engines and other components	-	5%	02 nd June 2021

Sr. No.	Notification No.	Particulars of goods/ services	Old Rate	New Rate	Effective Date
	2021	or parts.			
2	Notification No. 06/2021-Central Tax dated 30 th September 2021	Composite supply of works contract supplied by way of construction, repair etc., of a building used for carrying out the activities in relation to mid-day meal scheme sponsored by the Central/State Government, Union territory or local authorities if such building is owned by an entity registered under section 12AA or 12AB of the Income Tax Act, 1961	-	12%	01 st October 2021
		Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of goods other than Information Technology software.	12%	18%	01 st October 2021
		Services by way of job work in relation to manufacture of alcoholic liquor for human consumption	-	18%	01 st October 2021
		Other manufacturing services; publishing, printing and reproduction services; material recovery services	-	18%	01 st October 2021
		Services by way of admission to. (a) theme parks, water parks and any other place having joy rides, merry- go rounds, go carting, or (b) ballet, - other than anyplace covered by below -	28%	18%	01 st October 2021
3	Notification No. 17/2021-Central Tax dated 18 th November 2021	Transportation of passengers in non-AC carriage, stage carriage, metered cabs/autos when supplied through e-commerce operator	-	5%	01 st January 2022
		Supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at premises providing hotel	-	-	01 st January 2022

Sr. No.	Notification No.	Particulars of goods/ services	Old Rate	New Rate	Effective Date
		accommodation service having declared tariff of any unit of accommodation above INR 7,500 per unit per day or equivalent by E-commerce operators			

Changes in Disclosures for Form GSTR 9 & GSTR 9C for FY 2021-22

It is very crucial to see the changes that have taken place for the reporting requirements for the annual returns in Form GSTR 9 & GSTR 9C which have been incorporated through Notification No. 14/2022 – Central Tax dated 05th July 2022. There are various disclosure requirements which have been relaxed and with respect to some other disclosure requirements have been made applicable. So before filing the annual return, it would be very important for us to be aware of the changes and which of those would be applicable to us. Below table summarises the changes that have been made effective with for the FY 2021-22 annual returns –

Form GSTR 9 – Changes for FY 2021-22			
Sr. No.	Table No	Description	Remarks
1	4I to 4L	Credit Notes, Debit Notes & Supplies disclosed through Amendments or reduced there of	Netting off – Not available. To be shown separately
2	5D to 5F	Exempted, Nil Rated and Non-GST Supplies (includes “no supply”)	Exempted and Nil Rated can be shown together but Non-GST Supplies to be shown separately
3	5F to 5K	Credit Notes, Debit Notes for transactions other than taxable supplies & Supplies disclosed through Amendments or reduced thereof.	Netting off - Available. Can be shown together.
4	6B	ITC with respect to inward supplies (other than imports & inward supplies liable to reverse charge but includes services received from SEZs)	Bifurcation for inputs & inputs services not mandatory, can be shown together under “Inputs”
5	6D	ITC with respect to inward supplies received from registered persons liable to reverse charge on which tax is paid and ITC availed	ITC from RCM services by both registered persons and unregistered persons can be entered here. No bifurcation required.

Form GSTR 9 – Changes for FY 2021-22			
Sr. No.	Table No	Description	Remarks
6	7H	Other ITC Reversals	All the ITC reversals can be clubbed together under this Table No. except the TRAN reversals
7	12 & 13	ITC Availed for the previous FY & Reversal of ITC availed in previous FY	Not mandatory to fill. Still optional
8	15 & 16	Particulars of Demand, Refunds, supplies from composition dealers, deemed supply and goods sent on approval basis	Still optional, not compulsory to fill
9	17	HSN wise summary of outward supplies	It shall be mandatory to report HSN code at six digits level for taxpayers having annual turnover in the preceding year above INR 5 Cr and at four digits level for all B2B supplies for taxpayers having annual turnover in the preceding year up to INR 5 Cr.
10	18	HSN wise summary of inward supplies	Option to not fill the same
Form GSTR 9C – Changes for FY 2021-22			
Sr. No.	Table No	Description	Remarks
1	50	All the adjustments pertaining to particulars in Table No. 5B to 5N in the turnover declared	Can be shown consolidated and no need for each bifurcation
2	12B & 12C	ITC booked in earlier FY & claimed in current FY + ITC booked in current FY & claimed in subsequent FY	It is optional. Not mandatory to fill.
3	14	Reconciliation of ITC declared in GSTR 9 with ITC availed on expenses as per audited financial statements or books of account	Not compulsory to enter. Optional to fill.

Conclusion:

Thus, it is important that while filing the annual returns and reconciliation statements for the financial year 2021-22, utmost care must be taken by the



taxpayers to give effect to the various amendments made under GST laws with respect to the tax rate changes including non-rate changes made in financial year 21-22.

Views expressed are strictly personal and cannot be considered as a legal opinion in case of any query. For feedback or queries email us at mahadev@hiregange.com ravikumar@hiregange.com or yash@hiregange.com.