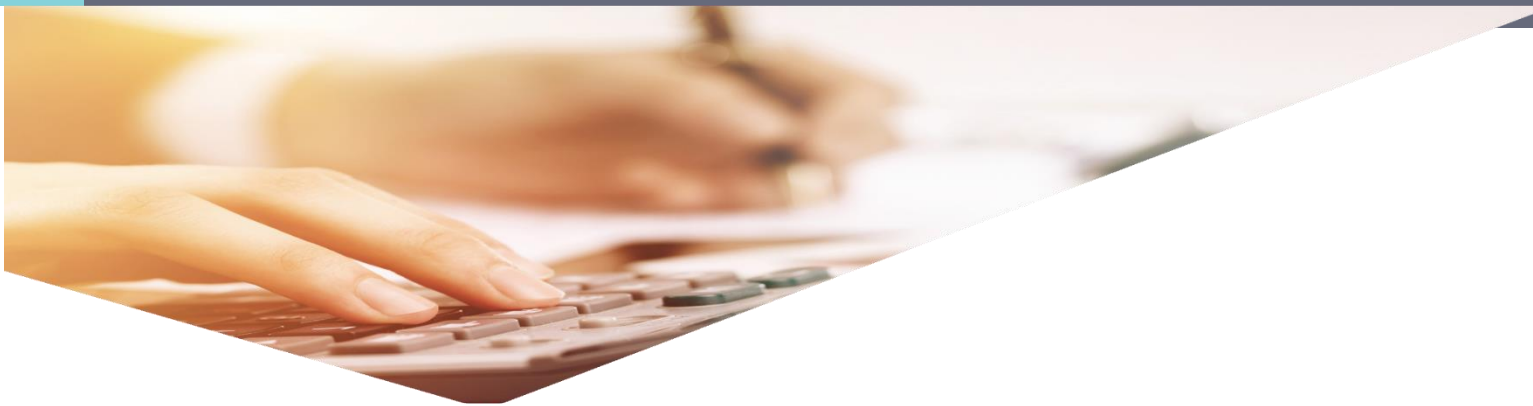

COVID-19 LEGISLATIVE CHANGES AND RELAXATIONS

June 29, 2020

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PREFACE

Dear Reader,

COVID-19 has changed the landscape of world economy. Evidently, the Government target has shifted from achieving \$5-trillion economy to surviving in current scenario.

While the Government announced Rs.20 Lakh crores package for the economy, there were no tangible benefits provided to business community at large. From Indirect Tax perspective, there were primarily extension of due dates.

In this booklet, we have covered all legislative changes and relaxations done by the Government due to COVID-19 relating to GST, Customs and Foreign Trade Policy.

We would be happy to have your thoughts / comments on the booklet at updates@nityatax.com

Regards,



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Celebrating 5 Years

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A. Goods and Services Tax (GST)

Extension in relevant due dates

1. **All actions due to be undertaken between March 20, 2020 to August 30, 2020**

- In terms of Section 168A of the Central Goods and Services Tax Act, 2017 ('CGST Act') read with **Notification No. 55/2020-Central Tax dated June 27, 2020** ('Extension Notification'), due date of following actions falling between **March 20, 2020** to **August 30, 2020** is extended till **August 31, 2020**:

- Any proceeding / issuance of any order, notice, intimation etc. by any Authority; and
- Any appeal, reply, application, report, document, return, statement etc. to be filed by taxpayer.

The above extension will not apply to time limit for taking registration i.e. taxpayer will continue to seek registration within 30 days from the date on which it becomes liable.

Implications of Extension Notification

The implications of Extension Notification are as under:

a) Export of goods by Merchant Exporter

Merchant Exporter needs to export goods within 90 days from date of invoice of supplier where supplier pays GST at concessional rate of 0.1 percent. Where such expiry of 90 days falls between **March 20, 2020** to **August 30, 2020**, exports can be undertaken till **August 31, 2020**.

b) Receipt of goods from job-worker

Section 143 of the CGST Act mandates principal to receive back goods from job-worker within 1 year (inputs) and 3 years (capital goods). Hence, if due date (expiry of 1 year and 3 year respectively) falls between **March 20, 2020** to **August 30, 2020**, the principal can receive back the goods till **August 31, 2020**.

c) Filing of Letter of Undertaking for Financial Year 2020-21

Letter of Undertaking ('LUT') for Financial Year ('FY') 2020-21 can be filed till **August 31, 2020** and till then, LUT for previous FY will continue.

d) Filing of refund applications

Refund applications whose last date falls between **March 20, 2020** to **August 30, 2020**, can be filed till **August 31, 2020**.

e) **No reversal of Input Tax Credit ('ITC') if payment not made within 180 days**

Section 16(2) of the CGST Act mandates payment of value of supply and tax to vendors within 180 days of issuance of invoice. In case of failure to make payment, ITC needs to be reversed along with interest. If due date (180th day) of making payment to vendor falls between **March 20, 2020** and **August 30, 2020**, the recipient can make payment till **August 31, 2020**.

f) **Reversal of ITC attributable to exempt supplies and non-business purposes**

Rule 42 and 43 of the Central Goods and Services Tax Rules, 2017 ('CGST Rules') mandates reversal of ITC on inputs, input services and capital goods attributable to exempt supplies and non-business purposes. This reversal needs to be made provisionally during the year and finalized till March 31 of a particular FY post which interest applies. Hence, date of finalization and reversal of ITC stands extended till **August 31, 2020**. Similarly, monthly reversal to be made between **March 20, 2020** to **August 30, 2020**, can be made till **August 31, 2020**.

2. Returns

- Form GSTR-3B and Form GSTR-1 for taxpayers having turnover exceeding Rs. 5 crores for the months February 2020 to May 2020, can be filed as under:

Month	Form GSTR-1		Form GSTR-3B	
	Due date without late fee (earlier)	Due date without late fee (now)	Due date without interest and late fee (no change)	Due date with interest of 9 percent [#] p.a. (no change)
February 2020	March 11, 2020	NA	April 4, 2020	June 24, 2020*
March 2020	June 30, 2020	July 10, 2020*	May 5, 2020	June 24, 2020*
April 2020	June 30, 2020	July 24, 2020*	June 4, 2020	June 24, 2020*
May 2020	June 30, 2020	July 28, 2020*	June 27, 2020	NA
June 2020	July 11, 2020	August 5, 2020*	July 20, 2020	NA

*No late fee payable if Form GSTR-1 or Form GSTR-3B is filed till this date. **Thereafter, late fee shall apply for full period.**

[#]In case Form GSTR-3B is filed post June 24, 2020, **interest of 18 percent p.a. shall apply for period thereafter.**

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- Other returns can be filed as under:

Return	Nature	Period	Date
Form GSTR-6	ISD	March 2020 to July 2020 (monthly returns)	August 31, 2020
Form GSTR-7	TDS		
Form GSTR-8	TCS		
Form ITC-04	Job-work	January to March 2020 April to June 2020	August 31, 2020

3. Validity of e-way bills

- E-way bills generated till **March 24, 2020** and expiring after **March 20, 2020** are valid till **June 30, 2020** (these were earlier valid till **May 31, 2020**).

4. ITC on documents not appearing in Form GSTR-2A

- Rule 36(4) of the CGST Rules restricts ITC on invoices and debit notes not uploaded by suppliers to 10 percent of ITC on invoices and debit notes uploaded by suppliers. A proviso has been inserted in Rule 36(4) of the CGST Rules to provide that this provision shall apply cumulatively for the months **February 2020 to August 2020**. The cumulative effect / adjustment for these months needs to be done in Form GSTR-3B of **September 2020**.

B. Customs and FTP

- Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 ('Ordinance') read with **Notification No. GSR 418 (E) dated June 27, 2020** has extended various time limits given under the Customs law falling between **March 20, 2020** to **September 29, 2020** till **September 30, 2020** for completion of following actions:
 - Any proceeding / issuance of any order, notice, intimation, sanction, approval etc. by any Authority, Commission or Tribunal; and
 - Any appeal, reply, application, report, document, return, statement etc. to be filed by taxpayer.

(The Ordinance also applies to Excise and Service Tax law)

- The validity of the Foreign Trade Policy, 2015-20 ('FTP') and Handbook of Procedures, 2015-20 ('HBP') is extended till **March 31, 2021**. Further, the following relaxations have been provided:

1. **MEIS**

- The claims for Shipping Bills with Let Export Order ('LEO') date falling between **February 2019** to **May 2019** can be filed within **15 months** from date of respective LEO.
- For claims due on **March 1, 2020** with late cut, period between **March 2020** to **June 2020**, shall not be counted for determining last date of their submission.
- Validity of scrips issued between **March 2018** and **June 2018** is extended till **September 30, 2020**.

2. **SEIS**

- **FY 2016-17**: Claim can be filed till **June 30, 2020** with late cut of 10 percent. Thereafter, benefit cannot be claimed.
- **FY 2017-18**: Claim can be filed till **March 31, 2021**. Till June 30, 2020 and July 1, 2020 onwards, late cut of 5 percent and 10 percent respectively would apply.
- **FY 2018-19**: Claim can be filed till **December 31, 2020** without late cut.
- Validity of scrips issued between **March 2018** and **June 2018** is extended till **September 30, 2020**.

3. **AA and EPCG Scheme**

- Where last date of undertaking following activities falls between February 2020 to July 2020, the same is extended by 6 months:
 - Authorization for import of goods and replenishment application under AA and EPCG;
 - Fulfillment of Export Obligation ('EO') (including block-wise EO) or last date of export under AA and EPCG; and
 - Submission of installation certificate under EPCG.

4. EOUs

- The following extensions have been granted:
 - Letter of Permission and Letter of Intent expiring post **March 1, 2020**, shall be valid till **December 31, 2020**;
 - Quarterly Performance Report for quarter ending **March 2020** and **June 2020** can be filed till **September 30, 2020**;
 - Annual Performance Report for FY 2019-20 can be filed till **September 30, 2020**; and
 - Central Sales Tax refund for quarter ending **September 2019** and **December 2019** can be filed till **September 30, 2020**.

5. Furnishing of Bond

- The specified category of importers and exporters can furnish specified undertaking instead of bond till **June 15, 2020** and need to furnish bond till **June 30, 2020**.

6. Furnishing of Certificate of Origin by Exporters and Importers

- The DGFT has permitted issuance of Digitally Signed Certificates for exports made under specified Free Trade Agreements (FTA's) / Preferential Trade Agreements (PTA's) for notified countries. For claiming benefits under FTA / PTA, exporters need to issue Certificate of Origin ('CoO') with digital signature to foreign buyer. These certificates can be verified online at <https://coo.dgft.gov.in>. The DGFT has further permitted retrospective issuance of CoO to exporters once normalcy resumes.
- Similarly, importers claiming benefit of FTA / PTA, can pay customs duty provisionally basis digitally signed / unsigned CoO. The customs authorities will undertake final assessment subsequently on submission of physical CoO.

7. Validity of Registration cum Membership Certificate

- Regional Authorities shall accept applications for any incentive / authorization even if Registration cum Membership Certificate ('RCMC') expired on or before **March 31, 2020**. Importer / Exporter can submit valid RCMC till **September 30, 2020**.

8. Validity of Status Certificates

- All Status Certificates (like Star Export House certificate) will be valid till **March 31, 2021**.

9. Validity of AEO Certificates

- AEO Certificates expiring between **March 2020** to **May 2020**, will be valid till **June 30, 2020**.

10. Time period for realization of export proceeds

- RBI has extended time period for realization of export proceeds for exports made till **July 31, 2020** from **9 months** to **15 months** from date of export.

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