

# GST Compendium

**A monthly guide**

November 2020



# Editor’s note

The recent GST collection numbers reflect an uptick in the economy. It is, however, yet to be seen whether this is purely due to pent up demand and festive season, or this trend will continue in the coming months. Nevertheless, the GST collection of INR 1.05 lakh crore in October is a positive sign, as for the first time in this financial year, the collections have crossed INR 1 lakh crore mark.

The government has further extended the timeline for submission of annual returns and GST audit report for FY 2018-19 until 31 December 2020. This provides additional time for businesses to meet their compliance requirements.

On the judicial front, the division bench of the Madras High Court has reversed its earlier judgment of single bench, thereby disallowing the transitional credit of cesses, such as Education Cess, Secondary and Higher Education Cess and Krishi Kalyan Cess, stating it to be a dead claim and not a vested right. This could have a major impact on the positions taken by businesses, therefore, the matter is likely to be litigated further.

In another ruling by the Karnataka Authority of Advance Ruling (AAR), it has been held that the services provided by liaison office in India to its foreign head office constitute ‘supply’ as both liaison office and head office are ‘distinct persons’ under the GST law. Interestingly, there are contrary rulings on this matter and clarity is required to avoid unnecessary disputes and litigation on this subject.

This edition also covers an interesting topic of cross-charges vs. input service distributor (ISD) under the GST regime, with a focus on the taxability of services provided by head office to branch office and also touches upon the valuation aspect along with the requirement of ISD registration.

We hope you will find this edition informative and interesting to read.

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# 01 Important amendments/updates



## 42nd GST council meeting: Key recommendations

The GST Council, in its 42nd meeting held virtually on 5 October 2020, provided various recommendations regarding trade facilitation, simplification of return filing process, reducing compliance burden, etc.<sup>1</sup>

### Key recommendations

- **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 to 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 the following roadmap for return filing:

- **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 taxpayers filing monthly returns. For taxpayers filing quarterly return, this facility shall be available from 1 April 2021.

- **Mandatory filing of return in Form GSTR-1 before Form GSTR-3B:** To ensure auto-population of ITC and auto-calculation of liability in GSTR-3B, it would be mandatory, from 1 April 2021, to file Form GSTR-1 before Form GSTR-3B.
- **Continuation of present return filing system:** The present return filing system in Form GSTR-1 and

Form GSTR-3B to be extended until 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.

- **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

- **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.

## CBIC notifies various recommendations of 42nd GST Council meeting

Pursuant to the decisions taken by the 42nd GST council meeting, the Central Board of Indirect Taxes and Customs (CBIC) has issued various notifications for implementation of these recommendations.

### Timeline for filing return in Form GSTR-1

Category of taxpayer	Period	Timeline
Person with aggregate turnover of up to INR 1.5 crore*	October to December 2020	13 January 2021
	January to March 2021	13 April 2021
Person with aggregate turnover of more than INR 1.5 crore*	October 2020 to March 2021	For each month, until the 11th day of the month succeeding such month

\* in the preceding financial year (FY) or the current FY

### Declaration of HSN code in invoices and Form GSTR-1

**Effective from 1 April 2021**, taxpayers shall be required to declare Harmonised System of Nomenclature (HSN) Code for goods in invoices and in Form GSTR-1 as under:

Aggregate turnover in preceding FY	Number of digits of HSN Code
Up to INR 5 crore	Four No requirement to mention HSN Code in tax invoice issued in respect of supplies to unregistered persons
More than INR 5 crore	Six

### Timeline for filing return in Form GSTR-3B for each of the months from October 2020 to March 2021

Category of taxpayer	New due dates
Aggregate turnover of up to INR 5 crore in previous financial year having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	22 <sup>nd</sup> of the next month
Aggregate turnover of up to INR 5 crore in previous FY having principal place of business in Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	24 <sup>th</sup> of the next month
Aggregate turnover of above INR 5 crore in previous FY	20 <sup>th</sup> of the next month



1. Various recommendations have already been notified and given effect by CBIC



Other key notifications

- **Option to file annual return for small taxpayers:** Annual return in Form GSTR-9 and reconciliation statement in Form 9C shall be optional for small taxpayers whose aggregate turnover is less than INR 2 crore and who have not filed the said return before the due date for FY 2017-18, 2018-19 and 2019-20.
- **Provision for furnishing nil return in Form CMP-08 through SMS:** In line with the facility to file nil return in Form GSTR-1 and GSTR-3B through SMS, a registered person who is required to furnish a nil statement in Form GST. CMP-08 for a tax period can also furnish the same through a SMS using the registered mobile number. The return as well as the details of outward supplies or statement shall be verified by a registered mobile number based one-time password (OTP) facility.



Due date for filing Form 9 and Form 9C for FY19 extended

Pursuant to the GST Council's recommendations, the CBIC had earlier extended the due date for electronically furnishing the annual return for the FY 2018-19 (FY19) to 31 October 2020.

The government has been receiving representations from the trade and industry to extend the due date for filing the annual return and reconciliation statement for FY19 beyond 31 October 2020 to enable businesses and auditors to comply. Accordingly, it has now decided to further extend the due date for filing the annual return (in Form 9) and reconciliation statement (in Form 9C) for FY19 until **31 December 2020**.

Ministry of Finance issues press release clarifying certain aspects of Annual Return for FY19

Various representations were received stating that the auto-populated Form GSTR-9 for FY 2018-19 also includes the data for FY 2017-18 (FY18). Further, there was no mechanism to split and disclose values of two years separately in Form GSTR-9 to be filed for FY19, as the information for FY18 has already been furnished in the annual return filed for FY18.



The Ministry of Finance has issued a press release clarifying the same:

- Values for only FY19 to be reported: The taxpayers are required to report only the values pertaining to FY19. Accordingly, values pertaining to FY18, which may have already been reported or adjusted are to be ignored.

- No adverse view in case of variations: In cases where there are variations in returns for taxpayers who have already filed their annual return

of FY19 by including the details of supplies and ITC pertaining to FY18, no adverse views would be taken.

CBIC issues clarification on cumulative ITC restriction applicable for February-August 2020

Considering the COVID-19 pandemic, the CBIC had clarified that restriction in availing ITC at the rate of 10% (in case of certain invoices) shall not apply to ITC availed in Form GSTR-3B for February-August 2020.

However, such restriction shall apply cumulatively for the said period. Further, in Form GSTR-3B for September 2020, cumulative adjustment of ITC for the said months shall be required to be made.

The CBIC has issued certain clarifications regarding cumulative ITC restriction applicable for February-August 2020 as under:



- **Applicability of earlier clarifications:** Clarifications issued earlier in respect of restriction on ITC shall remain applicable except for the cumulative application as prescribed for February-August 2020.
- **Reconciliation of ITC with details of invoices uploaded by suppliers:** Taxpayers should first ascertain the details of invoices uploaded by their suppliers for the periods of February, March, April, May, June, July and August 2020, until the due date of furnishing of the statement in Form GSTR-1 for September 2020 (as reflected in Form GSTR-2A). Thereafter, they are required to

reconcile the ITC availed in their Form GSTR-3B for the said period with the invoices uploaded by their suppliers of the said months. This reconciliation should be done till the due date of furnishing Form GSTR-1 for September 2020.

- **Cumulative ITC availed to not exceed 110% of cumulative eligible credit:** The cumulative amount of ITC availed for the said months in Form GSTR-3B should not exceed 110% of the cumulative value of the eligible credit available in respect of invoices or debit notes, the details of which have been uploaded by the suppliers till the due date of

furnishing of the statements in Form GSTR-1 for September 2020.

- **Reversal of excess ITC availed:** The excess ITC availed arising out of reconciliation during this period, if any, is required to be reversed in Table 4(B)(2) of Form GSTR-3B, for September 2020.
- **Failure to do reversals shall amount to availment of ineligible ITC:** It has been clarified that failure to reverse such excess availed ITC on account of cumulative application would be treated as availment of ineligible ITC during September 2020.

E-way bill generation blocked from 15 October 2020 for GSTR-3B defaulters

Recently, the GST law was amended to provide that taxpayers will not be able to generate e-way bill if they did not file their Form GSTR-3B for two successive months. In this regard, the GST Council recommended this provision be made applicable to taxpayers whose aggregate annual turnover (AATO) is more than INR 5 crore.

Pursuant to the GST Council's recommendation, the Goods and Services Tax Network (GSTN) has now notified that if the GST identification number (GSTIN) associated with the respective PAN having AATO of over INR 5 crore, has failed to file their return in Form GSTR-3B for two or more tax periods, up to August 2020, their e-way

bill generation facility will be blocked on the EWB Portal (whether as consignor or consignee or by transporter) after 15 October 2020.

COVID-19: Date of compliance and completion of action under specified indirect tax laws extended

To provide relief to businesses due to ongoing COVID-19 pandemic, the government had earlier provided extension of various statutory and regulatory compliance deadlines. The CBIC has further extended due dates of following actions under the Central Excise Act, 1944, Customs Act, 1962 and Service Tax Act, 1994:

- Completion of proceedings
- Issuance of any order, notice, intimation, notification or sanction or approval by any authority
- Filing of any appeal, reply or application
- Furnishing of any report, document, return or statement

The revised due dates are as under:

Current period covered	Current due dates	Revised period covered	Revised due date
20 March to 29 September 2020	30 September 2020 September 2020	20 March to 30 December 2020	31 December 2020

Accordingly, the due date for compliance and due date for completion of action, falling within 20 March 2020 to 30 December 2020, under specified indirect tax laws stands extended to **31 December 2020**.



Government issues clarification on Manufacturing and Other Operations in Warehouse Regulations, 2019

The customs law provides that the owner of any warehoused goods may carry on any manufacturing process or other operations, in relation to such goods, in the warehouse.

In this regard, the government had issued the **Manufacturing and Other Operations in Warehouse Regulations, 2019 (MOOWR)** prescribing the procedure, documentation and compliances to be followed by the owner of warehoused goods who carries on such process or operation in the warehouse.

The government has been receiving several representations and recommendations from the trade and industry with respect to certain practical challenges being faced due to the MOOWR. To address the challenges, the government has issued clarifications.

Goods sent on job work from customs bonded warehouse

It has been clarified that only ‘inputs’ are allowed to be sent out for job work. Capital goods can be sent on job work for repair, with the permission of the bond officer. Further, the job work shall

be subject to the following conditions:

- Imported goods should be first deposited and duly accounted for in the customs bonded warehouse before sending for job work. Further, the goods sent on job work should be identifiable/correlated after sending on job work.
- After completion of job work, the goods can be brought back to customs bonded warehouse or exported/cleared to Domestic Tariff Area (DTA) from the job worker’s premises. In case of clearance from job worker’s premises, the date of removal from job worker’s premise shall be deemed to be the date of removal from the warehouse.
- Scrap, waste or remnants generated during the job work shall be either returned to the customs bonded warehouse or cleared from job worker’s premises on payment of applicable duties.
- The procedure and timeline for return of goods sent on job work will be in line with the GST provisions.
- In such cases, bond executed by the customs bonded warehouse stays in

full force notwithstanding the removal of goods for job work.

- In case of violation of any provisions, the goods shall be deemed to be cleared for home consumption on the date of clearance of the goods for job work and the applicable duties, interest and penalties shall be computed accordingly.

The government has also decided to allow moulds, jigs, tools, fixtures, tackles, instruments, hangers, patterns and drawings to be sent to job worker’s premises for use in job work subject to due accounting of such goods by the customs bonded warehouse.

Job work done at the customs bonded warehouse unit

- It has been clarified that a customs bonded warehouse unit, being a GST registered unit, can perform job work operations and shall maintain due accounting of such job work as per the GST law.
- In case any imported warehoused goods are consumed during the job work process, duty shall be paid on such goods by filing ex-bond bill of

entry when such goods are returned to the principal/owner.

- In case the goods are exported after job work from the customs bonded warehouse, the import duty on the warehoused goods used for job work is not required to be paid.



Procurement of goods from Free Trade and Warehousing Zones (FTWZ)

It has been clarified that there are no restrictions on sourcing goods by a customs bonded warehouse unit. Accordingly, such units may source capital goods or inputs from a Special Economic Zone or a FTWZ following the applicable procedures.



Our comments

The introduction of the MOOWR has been a welcome and much-appreciated move by the government. It has helped in streamlining manufacturing and other operations within a customs bonded warehouse.

While the government has made honest efforts to address most issues, one challenge that still requires attention is allowing units to compute and pay duty on the depreciated value of capital goods (cleared from the warehouse), which were used in the manufacturing operations.

We hope the government will address this challenge to ensure seamless implementation of the scheme to achieve its full potential.

Government issues FAQs on MOOWR

In **MOOWR**, which prescribes the procedure, documentation and compliances to be followed, the government has issued frequently asked question (FAQs). Some of the key aspects covered by the FAQs are as under:

- **Eligible persons:** A person who has been granted a license for operating a warehouse in accordance with Private Warehouse Licensing Regulations, 2016 shall be eligible to apply for manufacturing and other operations in a bonded warehouse. Such person should be a citizen of India or have an entity incorporated or registered in India.
- **Eligibility of public bonded warehouse:** Currently, manufacturing, and other operations in a bonded warehouse are allowed only in a private bonded warehouse.

- **Physical control:** There is no physical control over a licensed unit on a day-to-day basis. Such units will however be subject to risk-based audits.
- **Validity of license:** The license and permission granted is valid unless it is cancelled or surrendered. Thus, no renewal of the license is required.
- **Import of goods without duty payment:** A licensed unit can import capital goods and warehouse them without payment of duty.
- **Duty deferment:** Manufacture and other operations in a bonded warehouse is a duty deferment scheme. Thus, both Basic Customs Duty (BCD) and Integrated Goods and Service Tax (IGST) on imports stand deferred as under:

- **Capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption or are exported.
- **Goods other than capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption, and no interest is payable on duty.
- **Finished goods:** In case finished goods are exported, the duty on the imported inputs stands remitted i.e. they will not be payable.



Government invites data from exporters for RoDTEP scheme

The Union Cabinet had approved a scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to boost exports and employment generation in various sectors in March 2020. It was announced that as and when the rates under the RoDTEP scheme were announced for a tariff line/item, the benefits under the Merchandise Export from India Scheme (MEIS) on such tariff line/item shall be discontinued.

The Government has now formed a RoDTEP Committee. The committee has been tasked to determine the rates of refund for items covered under the scheme.

In this regard, the government has requested members of trade, Export Promotion Councils (EPCs) and industry associations, which are involved in export of certain items to submit data for their respective export items. This will enable the RoDTEP Committee to work out suitable rates for these export items.

Data for export items falling under following chapters of the Customs Tariff Act, 1975 is required to be submitted:

Chapter 86	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds
Chapter 88	Aircraft, spacecraft and parts thereof
Chapter 89	Ships, boats and floating structures

The format has been hosted on the official website and can be accessed at [https://www.cbic.gov.in/htdocs-cbec/home\\_links/RoDTEP-Committee](https://www.cbic.gov.in/htdocs-cbec/home_links/RoDTEP-Committee). The filed form is required to be sent via email at [atreyee.devroy@gov.in](mailto:atreyee.devroy@gov.in) and [shakti.singh1981@gov.in](mailto:shakti.singh1981@gov.in).

It has been stated that in absence of such data, the rates for these items under the RoDTEP scheme may not be notified.

Extension of validity of Rebate of State and Central Taxes and Levies Scheme (RoSCTL)

The goods imported into India against a duty credit scrip issued under the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL scheme) have been granted exemption from Basic Customs Duty (BCD) and additional duty<sup>2</sup> leviable under the Customs Tariff Act, 1975 where the order permitting clearance and loading of goods for exportation<sup>3</sup> has been made until 31 March 2020.

In this regard, the CBIC has notified that such exemption shall be available until **31 March 2021 or until such date the RoSCTL scheme is merged with the Remission of Duties and Taxes on Exported Products Scheme (RoDTEP scheme), whichever is earlier.**



2. Sub-sections (1), (3) and (5) of Section 3 of Customs Tariff Act  
3. Section 51 of the Act

IEC registration on newly revamped DGFT platform

With an objective to provide paperless, digital, efficient and transparent services to the exporters and importers, and to further the overall goal of Trade facilitation and Digital India, various revamped Directorate General of Foreign Trade (DGFT) services are being planned to be introduced in to the new DGFT IT platform. The platform would be accessible through the existing website: <https://dgft.gov.in>.

The online processes relating to entire lifecycle of Advance Authorisation scheme, Export Promotion Capital Goods scheme (EPCG) and Duty-Free Import Authorisation scheme (DFIA) including their paperless Exports Obligation Discharge (EODC) to be rolled out soon. In addition to these processes, Norms Fixation, Free Sale & Commerce Certificate, Steel Import Monitoring System (SIMS), Import Licensing and some other processes have also been proposed to be rolled out soon.

Among other services, the new online system will have a two-way communication between the DGFT and the exporter/importer and would allow the applicant to apply, monitor the status of applications, reply to deficiencies, raise queries, etc.

In this regard, the DGFT has announced certain action points for the trade and industry as under:

- **User ID creation:** All Import Export Code (IEC) holders are required to create login IDs in advance through an online registration process using mobile number/email ids. The same will be authenticated by the process of OTP/email-based authentication process.
- **Linking of login IDs to IEC:** Users would be required to link their login IDs to their specific IEC. The process of linking would be available post login through an authentication process

using a digital signature certificate or Aadhaar based e-sign.

- **IEC auto validation process:** Post linking of the IEC, the IEC holders are requested to complete the IEC auto-validation process by using 'Modify IEC' process after logging in.
- **Profile updation:** IEC holders are further required to update the Profile details using the 'Manage Profile' option.
- **Help:** For further guidance, the IEC holders can refer to the Help Manuals & FAQs available under <https://dgft.gov.in> > Learn > Application Help & FAQs. For any further assistance they can raise a ticket for complaints, suggestions or feedback using the feature under <https://dgft.gov.in> > Services or call the toll-free Helpline number 1800-111-550 or email to [dgftedi@nic.in](mailto:dgftedi@nic.in).

Duty drawback or other benefits available for supplies from Domestic Tariff Area (DTA) to foreign suppliers in Free Trade and Warehousing Zone (FTWZ)

The CBIC recently amended the Special Economic Zones Rules, 2006 effective from 23 October 2020.

As per the amended rules in case of supplies from Domestic Tariff Area (DTA) to foreign suppliers in Free Trade and Warehousing Zone (FTWZ), the

drawback or any other similar benefit Scheme shall be available where the payments are made in foreign currency by the foreign supplier to DTA.

MP Amnesty Scheme: Settlement of arrears under indirect tax legislation

Government of Madhya Pradesh has promulgated an ordinance called the **Madhya Pradesh Karadhan Adhiniyamon Ki Puranee Bakaya Rashi ka Samadhan Adhyadesh, 2020** for settling outstanding tax dues pertaining to the period prior to the introduction of the GST. The scheme is intended to clear backlog of arrear demands. It came into force from 26 September 2020.

Key features  
Enactments covered

The scheme applies to orders passed under following acts:

The Madhya Pradesh General Sales Tax Act, 1958	The Madhya Pradesh Vanijiyik Kar Adhiniyam, 1994
The Madhya Pradesh Vat Act, 2002	The Central Sales Tax Act, 1956
The Madhya Pradesh Hotel Tatha Vas Me Vilas Vastuon Par Kar Adhiniyam, 1988	The Madhya Pradesh Vilasita Manoranjan, Amod Evam Vigyapan Kar Adhiniyam, 2011

Eligibility

Under the scheme, an application can be made:

- in respect of arrear tax, penalty, interest or fine in dispute, which has been determined as payable under any proceeding in respect of any statutory order for which settlement is desired;
- pertaining to any order of assessment or reassessment relating to any period ending on or before 31 March 2016; and
- which is due for payment as on the date of filling application.



Benefits

Arrears	Settlement of arrears	
Amount related to statutory certificates / declarations	Higher of: <ul style="list-style-type: none"><li>• 100% of balance arrears of tax after adjusting certificates/declarations in possession, or</li><li>• arrears already paid</li></ul>	10% of interest demanded to be paid
Undisputed amount	Balance amount reduced by amount already paid	<ul style="list-style-type: none"><li>• 10% to be paid - if payment made within 60 days*</li><li>• 20% to be paid - if payment made after 60 days but within 90 days*</li><li>• 30% to be paid - if payment made after 90 days but within 120 days*</li></ul>
Disputed amount	50% of tax demanded	<ul style="list-style-type: none"><li>• 5% to be paid - if payment made within 60 days*</li><li>• 10% to be paid - if payment made after 60 days*</li></ul>

\*of coming into force of this Ordinance i.e., 26 September 2020



Other key aspects

- The applicant desiring settlement of old arrears shall apply to the competent authority within 120 days from 26 September 2020, in the prescribed form along with proof of payment of requisite settlement amount.
- The applicant shall produce application regarding withdrawal of any pending relevant appeal, revision or any petition and shall produce appropriate evidence of doing so before the competent authority within seven days of receiving the settlement order.
- No amount shall be refunded from the amount deposited by the applicant as settlement amount or additional settlement amount.
- In case an application is rejected, the amount/additional amount of settlement deposited by the applicant shall be adjusted against the old arrears of the applicant and shall not be refunded.

Various timelines under the scheme

Milestone	Timeline
Incomplete or incorrect application	Notice shall be issued within 30 days of filing of the application to rectify the same. Rectification to be made within a period of seven days from the date of service of such notice
Settlement order	Order shall be passed within 75 days of filing the application
Application remanded for reconsideration	Order to be passed within 30 days of passing of order of appeal.
Appeal by applicant against settlement order	Within 30 days of date of service of order
Disposal of appeal	Within 60 days from date of filing appeal
Revocation of order**	Within five calendar years of passing of settlement order

**\*\* If the applicant has obtained the benefit of settlement, by suppressing any material information or particulars or by furnishing any incorrect or false information or, if any suppression of material facts, concealment of any particulars are found in any other proceedings under the relevant acts.**



Our comments

Introduction of amnesty schemes to fast-track clearance of pending litigations is a welcome move that benefits both, the taxpayers and the government. Accordingly, it is imperative for businesses to undertake due evaluation and

take maximum advantage of such one-time opportunity to settle their past disputes and reduce pending litigation.

Recently, Government of Bihar had also introduced an amnesty scheme in line with many other states.





## 2a Key judicial pronouncements



### Transition of Cesses into GST disallowed – Madras HC

#### Summary

The Madras High Court has held that the petitioner is not entitled to carry forward and set off the transitional credit of unutilised Education Cess (EC), Secondary and Higher Education Cess (SHE Cess) and Krishi Kalyan Cess (KKC) against the output liability under the GST law. The HC stated the object of GST law cannot be defeated or interjected by allowing such input credits in respect of cess, whether collected as tax or duty under the then existing laws and therefore, such set off cannot be allowed.

#### Facts of the case

- The respondent<sup>4</sup> is engaged in provision of technical and call centre services.
- The single judge bench of the Madras HC had earlier allowed the respondent to utilize and set off the accumulated unutilised amount of EC, SHEC and KKC, all jointly referred to as the cess against the output GST liability<sup>5</sup> by allowing the writ petition filed by the respondent.
- The revenue filed present appeal<sup>6</sup> against the said single judge bench decision.

#### Madras HC observations and ruling<sup>7</sup>

- **Cess is different from tax or duty:** Cess being specially collected or enforced imposition or impost is slightly different from tax or duty, even though it may be collected in the form of taxes or duty under the parent law.
- **Only specified duties are allowed to be carried forward:** Only the seven specified duties as eligible duties in respect of inputs held in stock and inputs contained in semifinished or finished goods held in stock on the appointed date, i.e. 1 July 2017

will be eligible to be carried forward and adjusted against GST output tax liability. Apparently, EC, SHEC and KKC are absent from the seven categories specified under the GST law.

- **Court cannot include cesses in eligible duties or taxes:** The court, by any intendment or implication, cannot include the aforesaid three types of cesses under eligible duties and taxes or eligible duties to be carried forward and transitioned.
- **Mere accounting does not confer right to claim credits:** The taking of the input credit in respect of such cesses in the electronic ledger after 2015, after the levy of cess itself ceased and stopped, does not even permit it to be called an input CENVAT Credit. Therefore, mere accounting entry will not give any vested right to

the petitioner to claim such transition and set off against such output GST liability.

- **Claim of unutilised cesses became dead claim:** The unutilised EC, SHEC and KKC in the hands of the petitioner had become dead CENVAT Credit claim in the year 2015 itself with these levies being dropped by the Finance Act 2015. Therefore, there is no question of it being claimed as a right to be carried forward and set off after 1 July 2017 against output GST liability.
- **Cesses were not subsumed under GST:** The three types of cesses were not subsumed in the new GST laws, either by the parliament or by the states. Therefore, the question of transitioning them into the GST Regime and giving them credit under GST cannot arise.



- **Revenue's appeal allowed:** The HC allowed revenues appeal and held that the petitioner was not entitled to carry forward and set off unutilised EC, SHEC and KKC against GST output liability.



#### Our comments

Availability of transitional credits in respect of unutilised cesses pertaining to the erstwhile indirect tax regime has been a matter of extensive litigation since beginning.

The single judge bench of the Madras HC had earlier allowed such transitional credits of cesses stating that CENVAT Credit/ITC is a “vested right” accruing to the taxpayers. However, the division bench has now reversed this view stating it to be a concession and not a vested right.

In the case of M/s Bharat Heavy Electricals Ltd, Delhi CESTAT had held that there is no provision in the GST law that such credits would lapse and therefore the assessee is eligible for the cash refund of the cesses lying as CENVAT credit balance.

4. M/s Sutherland Global Services Private Limited

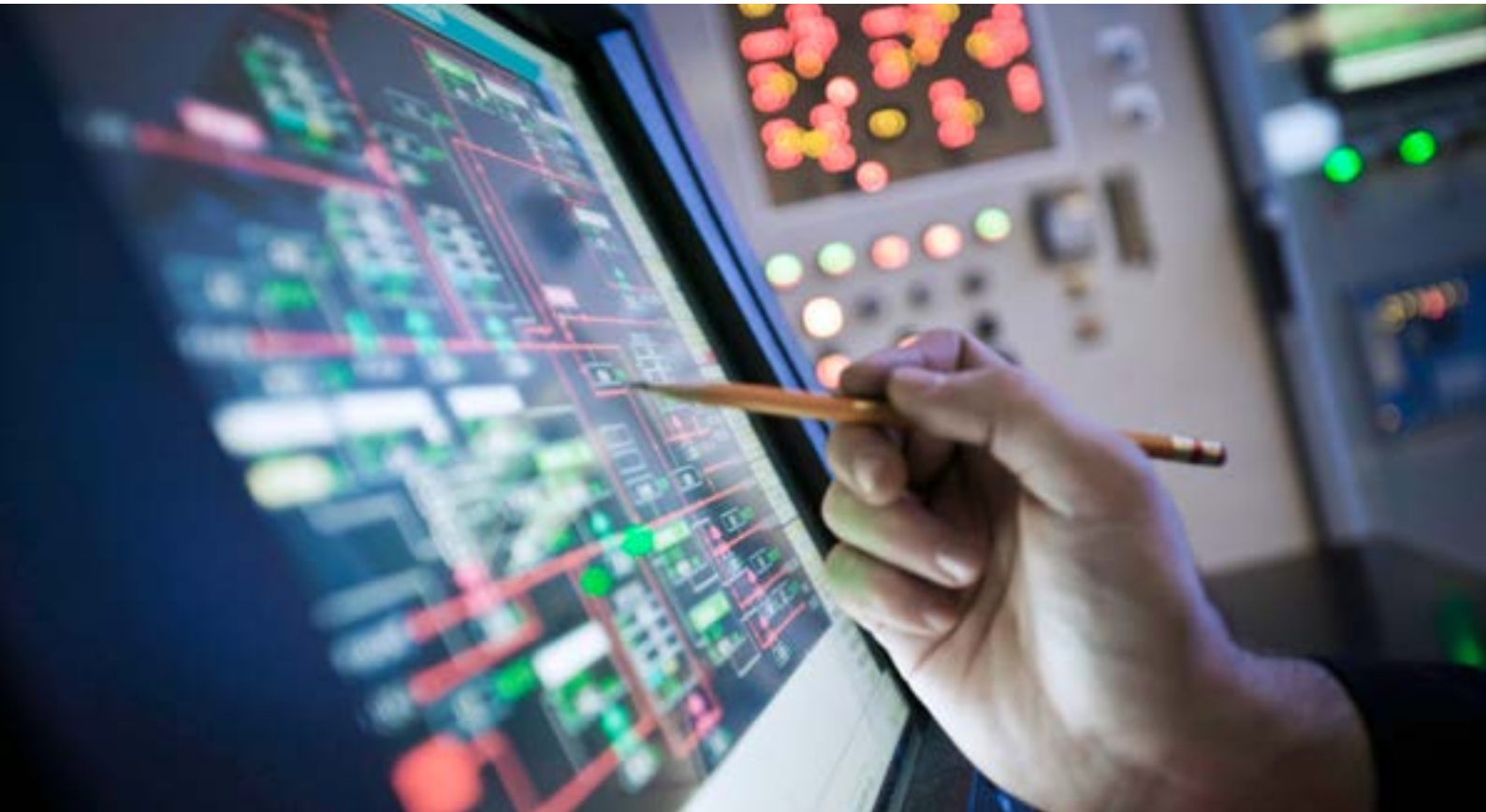
5. Section 140 of the CGST Act, 2017

6. Writ appeal no. 53 of 2020

7. Dated 16 October 2020



## 2b Decoding advance rulings



### Services provided by liaison office to its foreign head office constitutes supply – Karnataka AAR

#### Summary

The Karnataka Authority for Advance Ruling (AAR) has held that the activities carried out by a liaison office (LO) in India such as business and promotion of head office (HO) incorporated in Germany amounts to supply. The applicant and their HO are deemed to be related persons. Therefore, activities performed by the applicant falls under the scope of supply even in the absence of consideration, as it is in relation to furtherance of business. Further held that the applicant and HO shall be treated as establishments of distinct persons and the activities performed by them cannot be export of services.

#### Facts of the case

The applicant<sup>8</sup> situated in Karnataka is a LO of its Head Office (HO) incorporated in Germany engaged in promotion of applied research.

The applicant sought an advance ruling before the Karnataka AAR to understand whether the activities carried out by a LO for the foreign HO amounts to supply of services and whether such LO is required to obtain GST registration and is liable to pay GST.

#### Telangana AAR observations and ruling

- **Applicant covered under definition of person:** The RBI has recognized the applicant and conferred on them

certain duties along with placing certain restrictions. Therefore, the applicant falls under the definition of person<sup>9</sup>, which also covers every artificial juridical person.

- **Activities done by applicant covered under definition of business:** The AAR stated that the impugned liaison activity of the applicant falls under the definition of business as it is ancillary to the main business activity of the HO. Therefore, the applicant is involved in business<sup>10</sup>.
- **LO and HO are deemed to be related persons:** The applicant has admitted that they are involved in promoting the business of the HO in

India and they act on behalf of the HO for its customers in India. Thus, the applicant (LO) and their HO are deemed to be related persons<sup>11</sup>.

- **Activities performed by applicant constitute supply:** The activities performed by the applicant falls under the scope of supply<sup>12</sup> as it is in relation to furtherance of business even in absence of consideration. Such supply of services amounts to inter-state supply<sup>13</sup>. Therefore, the applicant shall be liable to obtain GST registration<sup>14</sup>.
- **Activity not an export of service:** The HO is outside India and hence the HO has an establishment in India. Thus, the applicant (LO) and their HO shall be treated as establishments

of distinct persons<sup>15</sup>. Therefore, the applicant (LO) and their HO are distinct persons and the activities performed by them cannot be called export of services<sup>16</sup>.

- **Applicant is an intermediary:** The applicant is facilitating supply between the HO and its customers in India. Further they have a mandate from the RBI for this purpose and are restricted to not make any supply on their own. Thus, the applicant is a distinct legal entity aptly covered under the definition of intermediary<sup>17</sup>.



#### Our comments

The Karnataka AAR has held that the activities carried by LO amounts to supply. Contrary to this the Tamil Nadu AAR<sup>18</sup> had earlier held that LO is nothing more than an extended arm of the HO and performs no separate functions other than those specified and approved by RBI. Similar ruling was pronounced by the Rajasthan AAR<sup>19</sup> and the Maharashtra AAR<sup>20</sup>.



11. Section 15 of the CGST Act, 2017  
12. Section 7 read with Schedule I of the CGST Act, 2017  
13. Section 7(5) of the CGST Act, 2017  
14. Section 24 of the CGST Act, 2017  
15. Section 2(6) of the IGST Act, 2017  
16. Section 2(13) of the IGST Act, 2017  
17. Takko Holding GmbH  
18. Habufo Meubelen B. V.  
19. Hitachi Power Europe GmbH

8. Fraunhofer-Gesellschaft Zur Forderung (Liaison Office in India)  
9. Section 2(84) of the CGST Act, 2017  
10. Section 2(17) of the CGST Act, 2017

## GST not payable under RCM on intermediary services being out of ambit of import – Uttarakhand AAR

### Summary

The Uttarakhand AAR has held that as a commission agent arranges or facilitates the supply of goods of the applicant to international market and in return he gets the commission on agreed terms, the overseas commission agent fall within the definition of 'intermediary'. Further the services received by the applicant is out of the ambit of import of services as place of supply of service of 'intermediary' is out of India. Thus, held that since the transaction is related to an intermediary service which is out of the ambit of import of services no GST is required to be paid under reverse charge.

### Facts of the case

- The applicant<sup>21</sup> is engaged in supply of seasoning, spices, premixes, and similar food products to its customers located within and outside India.
- The applicant has entered into an agreement with an agent in the UAE to supply said goods outside India. The agent shall solicit with customers who are located outside India, to arrange supply of applicant's goods outside India. For such facilitation, the applicant shall pay commission to such agent, ranging from 10-15% based on FOB value of the consignment exported outside India.
- The applicant sought an advance ruling before the Uttarakhand AAR in respect of following issues:

- Whether overseas commission agent is covered within the definition of the term 'intermediary'<sup>22</sup>
- Whether services of overseas commission agent fall within the term 'import of services'<sup>23</sup>.
- Whether the applicant is required to pay GST under reverse charge mechanism (RCM) on commission paid to the overseas commission agent<sup>24</sup>?

### Uttarakhand AAR observations and ruling<sup>25</sup>

**Whether overseas commission agent is covered within the definition of the term 'intermediary':**

- The AAR observed that as per the agreement the agent shall arrange or facilitate the supply of goods of the applicant to international market and in return he shall get the commission on agreed terms.
- Therefore, the agent falls within the definition of 'intermediary'.

**Whether services of overseas commission agent fall within the term 'import of services':**

The AAR observed that as per the agreement the supplier of services i.e. the agent is located outside India and the recipient, i.e. the applicant is in India. Accordingly, the first two conditions

prescribed under the GST law in respect of import of services are satisfied.

- However, as the agent falls within the definition of the term intermediary the place of supply in the present case shall be the location of the agent, i.e. outside India<sup>26</sup>. Thus, the third condition is not satisfied.
- Therefore, the AAR held that the services received by the applicant is out of the ambit of import of services.

**Whether the applicant is required to pay GST under RCM on commission paid to the overseas commission agent:**

Since the transaction is related to an intermediary service which is out of the ambit of 'import of services' the AAR stated that GST under RCM is not payable on commission paid to the agent.



### Our comments

Taxability of intermediary services has been a matter of extensive litigation under the GST regime. Divergent rulings have been pronounced by various advance rulings authorities.

In the present case, the agent is located outside India as well the as the facilitation of goods and or services is also happening outside India. Accordingly, the Uttarakhand AAR has rightly held that the intermediary service is out of the ambit of import and therefore, GST is not payable thereon under RCM. Thus, this is a welcome ruling and will provide the required clarity on this aspect.

Even though advance ruling is applicable only to the applicant, the same acts as a guiding tool for other taxpayers with similar issues.



21. M/s Midas Foods (P) Limited

22. Section 2(13) of the IGST Act, 2017

23. Section 2(11) of the IGST Act, 2017

24. U/s 5(3) of the IGST Act, 2017

25. Uttarakhand AAR No. 10/2020-21 dated 15 October 2020

26. Section 13(8)(b) of IGST Act, 2017

# 2c

## Key national anti-profiteering authority orders



## NAA upholds profiteering against the builder however drops penalty

### Summary

The National Anti-Profiteering Authority (NAA), in a recent case has, upheld profiteering against the respondent builder to the tune of INR 6.24 crore for not passing on additional ITC benefit to buyers by way of commensurate reduction in prices of flats. However, the NAA did not impose penalty as the relevant penalty provision came into force on 1 January 2020. Further, held that since the respondent was not eligible to claim CENVAT credit on the service tax and ITC on the VAT during the pre-GST era, entire amount of ITC

available to him during post-GST period amounts to additional benefit which he is liable to pass on to the buyers.

### Facts of the case

- An application against the Respondent<sup>27</sup> was received by the Directorate General of Anti-Profiteering (DGAP) alleging that it had not passed on the benefit of ITC to the applicant in respect of purchase of flats in respondent's project by way commensurate reduction in price. Thus, the applicant alleged that the respondent had indulged in profiteering.

- The DGAP stated that the ITC as a percentage of total turnover that was available to the respondent during the pre-GST period (April 2016 to July 2017) was nil and during the post GST period (July 2017 to December 2018) it was 10.25% - this clearly confirmed that post GST the respondent had benefitted from additional ITC to the tune of 10.25% of the taxable turnover.
- Therefore, the additional ITC of 10.25% of the turnover should have resulted in commensurate reduction in flat prices.
- Therefore, benefit of additional ITC accrued to the respondent was

27. M/s Alton Buildtech India Pvt. Ltd.



required to be passed on to the buyers. Accordingly, the DGAP confirmed profiteering to the extent of INR 6.25 crore.

#### NAA's observations and ruling<sup>27</sup>

- **Extra tax charged needs to be returned:** The NAA observed that the respondent had an option to return the extra tax amount charged to buyers due to non-reduction of prices by way of issuing credit notes and adjusting his tax liability for the subsequent period to that extent. Therefore, it was clear that the profited amount would also include the excess GST paid by the customers/recipients and hence the profiteering amount arrived by DGAP was correct.
- **Additional ITC accrued:** The NAA observed that the respondent has benefitted from additional ITC to tune of 10.25% of total turnover in respect of this project during July 2017 to December 2018.
- **DGAP's methodology is logical, reasonable, appropriate and in consonance with the GST law:** The NAA observed that no benefit was computed by the DGAP on the unsold area so that in case it remains unsold till the Commencement Certificate (CC)/Occupancy Certificate (OC) is received the ITC could be reversed on it. Therefore, the mathematical methodology employed by DGAP to compute the profiteering amount is logical, reasonable, appropriate and in consonance with the anti-profiteering provisions under the GST law.



- **Respondent required to pass on benefit even if eligible to avail it during post GST period:** The NAA stated that the respondent is required to pass on the benefit even if he has become eligible to avail it during the post GST period as it is a concession granted to him from the public exchequer. Payment of service tax alone during the pre-GST period cannot determine the benefit of ITC.
- **Profiteering upheld:** The NAA thus upheld profiteering against the respondent and ordered that the same shall be paid to buyers along with 18% interest from the date of amount collected from them till the date of making payment within a period of three months from the date of the order<sup>28</sup>. Further, ordered that the respondent shall reduce the prices to be realised from the buyers of the flats of the above projects commensurate with the benefit of ITC received by him<sup>29</sup>.



#### Our comments

The Anti-Profiteering provisions under the GST law provide that the benefit arising due to reduction in tax rate/additional ITC is to be passed on to the ultimate consumers. However, the law does not prescribe any mechanism / methodology to determine the quantum of benefits to be passed on to the consumers.

Due to absence of a prescribed methodology various taxpayers including real estate, pharma and FMCG companies have come under the scanner of NAA. Accordingly, it is imperative that the Government may consider prescribing a suitable mechanism to compute profiteering amount under the anti-profiteering provisions under the GST law. Further, the relevant penal provisions for imposing penalty in case of violation of the anti-profiteering provisions were inserted effective from 1 January 2020 under the GST law. Accordingly, the NAA has rightly dropped the penalty as such provisions were introduced after the review period.



28. U/s 171(1) of the CGST Act, 2017 read with Rule 133(3)(c) of the CGST Rules, 2017  
29. Rule 133(3)(a) of the CGST Rules, 2017

## 3

## Experts' column



### Cross charge vs. ISD

#### Manoj Mishra

Associate Partner

#### Dipti Nayak

Associate Director

#### Sonal Kawdia

Manager

Globalisation is often associated with worldwide economic integration and the emergence of a borderless global market. The consequence of such globalisation involves sweeping changes on the social, cultural and political terrains. It has boosted economic freedom and opportunities by disintegrating traditional beliefs of operating only from one office and emergence of multinational companies

generally with pan-India presence. The management, ownership and control are spread in more than one country and further states. It operates and does business from multiple countries/ states. Such companies produce and distributes goods and services from wherever they operate.

In common parlance, businesses with pan-India presence, typically functions under model of corporate office/HO and BO. HO has not been defined either under the GST law or the allied laws, however as per the Oxford Dictionary it means the principal office of a business organisation, constituting the centre for administration and policymaking. Thus, the decision-making and primary functions, such as accounting, human resource, information technology,

taxation and management services, are usually performed at HO for all its other location too. The strategy making, advertisement, communications and business goals are generally conducted at HO and then applied for its branch offices which functions across the states. Under the GST regime, each such respective office/branch of the same organisation is regarded as "distinct persons" and are required to obtain GST registration separately for each state and also to comply with procedural requirements for each respective state.

In the erstwhile service tax regime, entities operating from various states was required to operate centralised registration. However, due to the introduction of the concept of distinct person, the entity is required to obtain





multiple registration. Additionally, separate accounts and records are to be maintained and the GST audit is also required to be performed based on GST registration. Earlier during the centralised registration, the revenue was collected at the central level and there was no question of collection of taxes by the state. However, due to the play of distinct persons, if the place of supply falls in the same state as place of supplier, it would result in collection of taxes by the state government.

The key aspects in case of supply between “distinct persons” is provided below:

- **Functions performed by HO for its branch offices is supply under GST:**

The moot question is that whether services, such as accounting, management, HR and IT, rendered by HO to its branch offices/other units can be regarded as ‘supply’ under the GST.

The respective offices/branch of the same organization is regarded

as distinct persons for other GST registration.

To determine whether the activity performed by HO is supply, it needs to qualify as Supply under Section 7 of the CGST Act, 2017, which is an inclusive definition (including activities such as transfer and barter) for a consideration when made for furtherance of business. The definition of supply alludes to Schedule I of the CGST Act, 2017 wherein activities are to be treated as supply even if they are made without consideration. One of such activity is supply of goods or services or both between distinct persons even if made without consideration.

It is very clear that stock transfer of goods between distinct person is chargeable to tax. However, the issue lies is whether activities carried out by HO for other units would be construed as supply and leviable to GST or not.

The AAAR of Karnataka in case of **M/s Columbia Asia Hospitals Private Ltd** shed some light on similar issue

where the applicant sought advance ruling to understand whether the activities performed by the employees at the corporate office in the course of or in relation to employment such as accounting, other administrative and IT system maintenance for the units located in the other states as well shall be treated as supply or not.

The applicant claimed that the activities performed by HO for its branch office is in the course of or in relation to his employment. It was also stated that when an employee renders any services to other registered persons i.e. distinct persons of the same legal entity, the nature of activities still assumes the character of services by an employee to the employer in the course of or in relation to his employment as he is an employee for the legal entity as a whole and not for any one registered person. The applicant contended that the GST is not to be levied on such services on taking aid of Entry 1 of Schedule III, wherein services provided by an employee to the employer in the course of or in relation to his employment is not a supply of service.

However, the ruling was passed on the finding that employees employed at HO are providing services at HO. Thus, there is employer-employee relationship only at HO and not branch office. Based on Schedule I of the CGST Act 2017, it was determined that such transaction is chargeable to GST even if there is no consideration involved. While, the Karnataka High Court has granted a stay on the AAAR’s order and the decision is awaited, suitable clarity could beat the heat.

Recently, the Haryana Advance Ruling Authority also in case of **M/s Tupperware India Private Limited** (hereinafter referred as ‘applicant’) has dealt with similar issue in detail. In case of applicant, the HO provides various business support services to its other units like marketing support, administrative support, accounting, auditing, tax compliance and sales

training. The applicant sought ruling to understand the applicability of GST on such support services. The authorities passed adverse ruling and concluded that GST is chargeable on services supplied by HO to its other units/offices by way of performing activities as it benefits another distinct person. Accordingly, the AAR held that the HO would be required to cross charge the other units, the cost of rendering its services which benefit its other units, by raising a tax invoice and charging applicable GST. The ruling also clarified applicants query on availment of ITC and stated that the HO would be able to avail ITC of goods/services procured from such third-party vendors.

- **Valuation of supply of services**

The valuation of service has always been a matter of question as there cannot be one specific method for determining value of services as it would differ for different circumstances and different person. However, the value of supply of goods and services between distinct persons is obtained from Rule 28 of the CGST Rules, 2017 which provides for valuation method in following order:

- Open Market Value (OMV)
- Value of supply of goods or services of like kind and quality;
- Based on Rule 30 (110% cost of provision of services) and rule 31 (reasonable means consistent with the principles and the general provisions of Section 15) of the CGST Rules, 2017.

The determination of value of service based on open market value/like kind and quality could be difficult as it is non-tangible and value of service would differ based on person to person and nature of service provided. The various factors such as human attributes, reputation, brand value, skills, quality of service etc. amongst the person sets the selling price of service, which would differ and cannot be compared.

The cross-charge of expenses is based on the principle that if such like services were procured from the third- party

vendor or consultants, how the cost would have been determined. In the similar way, in order to render a service, the associated costs involved is to be kept in mind.

In case of M/s Tupperware India Private Limited, the applicant also sought clarification on valuation methodology to be adopted if it is established that such services provided are chargeable to GST. The authorities referred to proviso 2 of Rule 28 of the CGST Rules, 2017 held that where recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services. In case of the Applicant, since all the locations were effecting taxable supplies and eligible

respective invoice would be deemed to be the open market value in respect of each such invoice raised on the units.

Although, the ruling also provides the due clarity where the recipient is eligible for full ITC, the value declared in the invoice shall be deemed to be the open market value of the goods or services. However, the valuation mechanism in other cases where full ITC is not available still remains unanswered and is open to litigation. In case of cross-charge of expenses is undertaken between distinct entity, it would result in adding cost to the receiving entity to the extent of exempted turnover. The valuation methodology may differ in such cases and may have to be suitable worked upon to avoid litigation.



for full input tax credit, therefore the value declared by HO based on the reasonable basis determined by the company (e.g. sales turnover, number of employees etc.) was treated as deemed open market value. The value arrived at by the Applicant with respect to provision of such services by the HO on a reasonable basis and declared in the

- **Whether requirement of ISD registration is compulsory**

If the distinct person is cross charging the expenses, would ISD registration still be required? The Tupperware ruling also shed some light on the requirement of ISD registration being mandatory and not optional based



on reading of sub section (1) of Section 22 of the CGST Act, 2017 requiring compulsory registration.

Another important aspect emerging as per this ruling is that obtaining ISD registration in such scenario is mandatory/compulsory under the law for distributing common credits

received by the HO. In other words, this would mean that cross-charging by HO to branch office without following ISD mechanism may not be permissible.

Even though advance rulings are only applicable to the applicant and not to other taxpayers, it can very

well act as a guiding tool for others with similar facts/issues. At this juncture, it is advisable for businesses to undertake due analysis of their business models and also determine appropriate valuation methodology/ ISD registration requirements in such circumstances.



## 4

## Issues on your mind



### Whether filing of annual return in Form 9 / 9A and reconciliation statement in Form 9C is optional?

Filing of annual return (Form GSTR-9 / GSTR-9A) for FY2018-19 is optional for taxpayers who had aggregate turnover below INR 2 crores. Further, the filing of a reconciliation statement (in Form 9C) is also optional for the taxpayers having aggregate turnover up to INR 5 crores<sup>30</sup>.

### What are the recent changes announced in respect of the Rebate of State Levies Scheme (RoSL)?

Goods imported against duty credit scrips issued under the Rebate of State Levies (RoSL) Scheme on export of garments and made-ups have been granted exemption from Basic Customs Duty (BCD) and additional duty leviable under the Customs Tariff Act, 1975.

Such exemption shall be subject to certain conditions<sup>31</sup>. Key conditions are as under:

- **Scrip should be issued under the RoSL Scheme:** The duty credit in the said scrip is issued against exports of garments and made-ups (said goods) under the RoSL scheme where the order permitting clearance and loading of goods for exportation has been made on or after 20 October 2016 for garments, on or after 23 March 2017 for made-ups and till 6 March 2019 for the said goods.
- **Not claimed credit / rebate / refund / reimbursement:** The exporter has not claimed or shall not claim credit or rebate or refund or reimbursement of the State levies rebated under RoSL scheme under

any other mechanism.

- **Rebate not available for exports against Advance Authorisation Scheme:** The rebate under the RoSL scheme shall not be applicable for exports made against the Advance Authorisation Scheme under the Foreign Trade Policy 2015-20.
- **Drawback available:** The importer shall be entitled to avail of the drawback of the duty of customs and additional duty leviable against the amount debited in the said scrip.

### What is the procedure for filing nil return in Form GST CMP-08 by composition taxpayers?

A composition taxpayer may now file nil statement in Form GST CMP-08 for a quarter, through an SMS, apart from

30. Press Release dated 24 October 2020

31. Notification No. 38/2020-Customs dated 21 October 2020

filing it through online mode, on GST Portal. A composition taxpayer can file nil statement through SMS if there is no outward supplies, liability under reverse charge and other tax liability for the quarter for which the statement is being filed.

#### Steps to file nil Form GST CMP-08 through SMS are as below:

- Send SMS to 14409 to file Nil Form CMP-08 <NIL space Return Type space GSTIN space Return Period>
- Send SMS again on 14409 with Verification Code to confirm filing of Nil Form CMP-08 <CNF space Return

#### Type space Code>

- After successful validation of verification code, the GST Portal will send back ARN to same mobile number and on registered e-mail ID of the taxpayer to intimate successful Nil filing of Form GST CMP-08.



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