

GOODS & SERVICES TAX / IDT UPDATE – 102

Amendment in section 50 of the CGST Act, 2017 w.e.f. 01.09.2020

The Central Government vide [Notification No. 63/2020- Central Tax dated 25th August, 2020](#) has appointed the **1st day of September, 2020**, as the date on which the provisions of section 100 of the Finance (No. 2) Act, 2019 (23 of 2019), shall come into force, that is amendment in section 50 of the CGST Act, 2017 regarding **Levy of interest on Net Tax Liability** (i.e. interest on tax paid through Electronic Cash Ledger only) shall be **effective from 1st September,2020**.

[Section 100 of the Finance (No. 2) Act, 2019 (23 of 2019) has been reproduced as under: -

In section 50 of the Central Goods and Services Tax Act, in sub-section (1), the following proviso shall be inserted, namely: —

“Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.”]

Press Release: Interest on delayed payment of GST : CBIC

The Central Board of Indirect Taxes & Customs (CBIC) has clarified that the **Notification No. 63/2020-Central Tax dated 25th August 2020** relating to interest on delayed payment of GST **has been issued prospectively due to certain technical limitations**. However, it has assured that **no recoveries shall be made for the past period** as well by the Central and State tax administration **in accordance with the decision taken in the 39th Meeting of GST Council**. This will ensure full relief to the taxpayers as decided by the GST Council.

CBIC explanation came in response to an assortment of comments in the social media with respect to Notification dated 25th August 2020 regarding charging of interest on delayed payment of GST on net liability (the tax liability discharged in cash) w.e.f. 1st September 2020.

[Notification No. 63/2020- Central Tax dated 25th August, 2020]

[Release ID: 1648751 dated 26th August ,2020]

Amendments in Central Goods & Services Tax Rules,2017

The Central Government vide [Notification No. 62/2020- Central Tax dated 20th August 2020](#); has made the following amendments in the **Central Goods & Services Tax Rules, 2017** :-

<u>Rule</u>	<u>Amendments</u>
Rule 8: (Application for registration)	<p><u>Substitution of sub-rule (4A) wef 1st April,2020:-</u></p> <p>“(4A) Where an applicant, other than a person notified under sub-section (6D) of section 25, opts for authentication of Aadhaar number, he shall, while submitting the application under sub-rule (4), with effect from 21st August, 2020, undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or fifteen days from the submission of the application in Part B of FORM GST REG-01 under sub rule (4), whichever is earlier.”</p>
Rule 9: (Verification of the application and approval.)	<p><u>Amendments w.e.f 21st August,2020:-</u></p> <p><u>(i) Substitution of proviso in sub-rule (1):-</u></p> <p>in sub-rule (1), for the proviso, the following provisos shall be substituted, namely:-</p> <p>“Provided that where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the registration shall be granted only after physical verification of the place of business in the presence of the said person, in the manner provided under rule 25:</p> <p>Provided further that the proper officer may, for reasons to be recorded in writing and with the approval of an officer not below the rank of Joint Commissioner, in lieu of the physical verification of the place of business, carry out the verification of such documents as he may deem fit.”;</p> <p><u>(ii) Insertion of proviso in sub-rule (2):-</u></p> <p>in sub-rule (2), before the Explanation, the following proviso shall be inserted, namely: -</p> <p>“Provided that where a person, other than a person notified under</p>

	<p>sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the notice in FORM GST REG-03 may be issued not later than twenty one days from the date of submission of the application.”;</p> <p><u>(iii) in sub-rule (4), for the word, “shall”, the word “may” shall be substituted;</u></p> <p><u>(iv) Substitution of sub-rule (5):-</u></p> <p>for sub-rule (5), the following sub-rule shall be substituted, namely: - “(5) If the proper officer fails to take any action, -</p> <p>(a) within a period of three working days from the date of submission of the application in cases where a person successfully undergoes authentication of Aadhaar number or is notified under subsection (6D) of section 25; or</p> <p>(b) within the time period prescribed under the proviso to sub-rule (2), in cases where a person, other than a person notified under subsection (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8; or</p> <p>(c) within a period of twenty one days from the date of submission of the application in cases where a person does not opt for authentication of Aadhaar number; or</p> <p>(d) within a period of seven working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2),</p> <p>the application for grant of registration shall be deemed to have been approved.”.</p>
<p>Rule 25: (Physical verification of business premises in certain cases.)</p>	<p><u>Insertion in Rule 25:-</u></p> <p>with effect from 21st August, 2020, after the words “failure of Aadhaar authentication”, the words “or due to not opting for Aadhaar authentication” shall be inserted.</p>

[Notification No. 62/2020- Central Tax dated 20th August 2020]

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