



# SECTIONWISE ANALYSIS – GST AMENDMENTS (FINANCE BILL 2021)

S KHAITAN & ASSOCIATES

CA SHUBHAM KHAITAN

## **GST AMENDMENTS – HIGHLIGHTS AT A GLANCE**

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## 1. Transaction between a person (other than an individual) to its members for consideration to be treated as a supply

### Source

Clause 99 of the Finance Bill, 2021.

### Effective Date

With effect from the 1<sup>st</sup> day of July, 2017.

### New Provision

Section 7(1)(aa) of the CGST Act, 2017.

### Amendment

The provision marked in green has been newly inserted:

7(1)(aa) - the activities or transactions, by a person, other than an individual, to its members or constituents or *vice-versa*, for cash, deferred payment or other valuable consideration.

*Explanation.* - For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions *inter se* shall be deemed to take place from one such person to another;”.

### Effect of the Amendment

There had been an area of dispute regarding the taxability of transactions carried out between the members and the association of persons / partnership firms / joint ventures. This was particularly after the Hon'ble Supreme Court judgement in the case of Calcutta Club Ltd (Civil Appeal No. 4184 of 2009) recently. It was held that the club / association and its members are not distinct persons and that there would be no levability of service tax on any services provided by the club to its persons following the concept of mutuality.

This amendment aims to put a deeming fiction effective from 1st July 2017 within the law providing that the person (other than an individual) and its members should mandatorily be treated as two separate persons. Also, the activities or transactions carried out between such person and the members for consideration should mandatorily be treated as a supply leviable to tax under GST.

The above position of the law is overriding all the provisions of GST and any other law and even the judgements of any Court, Tribunal or any other authority. The validity of such amendment in the eyes of Courts may have to withstand the test of time.

## 2. Appearance of transaction in GSTR-2A/2B – a mandatory condition for availment of ITC

### Source

Clause 100 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### New Provision

Section 16(2)(aa) of the CGST Act, 2017.

### Amendment

The provision marked in green has been newly inserted:

16(2)(aa) - the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;”.

### Effect of the Amendment

Till now, the conditions for availment of input tax credit was only dependent on the supplier to the extent whether he has actually paid the taxes charged to the government. To a certain extent, this condition is not always possible to verify in the hands of the recipient particularly where the supplier has mis-declared or not declared the correct tax values in GSTR-3B.

On the other hand, there was no clause to deny input tax credit based on the matching of the details declared by the supplier in his GSTR-1 and actual input tax credit availed by the recipient. Thereby, the credit matching between GSTR-2A and 3B was not a pre-condition for availment of input tax credit under Section 16(2). In order to mandate availment of input tax credit based on GSTR-2A / 2B, the law now prescribes a pre-condition that input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in his GSTR-1 and it is communicated to the recipient in GSTR-2A / 2B.

From a prima facie understanding, it seems that the 100% matching of input tax credit for forward charge transactions may be introduced once this provision gets notified. However, the fate of this provision in consonance with Rule 36(4) may also be known once the provision and their respective rules are notified.

### 3. Annual accounts to be audited by Specified professionals.

#### Source

Clause 101 of the Finance Bill, 2021.

#### Effective Date

Date to be notified by the government.

#### Affected Provision

Section 35(5) of the CGST Act, 2017

#### Amendment

The provision marked in red has been omitted

~~35(5) - Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed:~~

~~[Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.]~~

### 4. Self certification of reconciliation statement by the registered person

#### Source

Clause 102 of the Finance Bill, 2021.

#### Effective Date

Date to be notified by the government.

#### Affected Provision

Section 44 of the CGST Act, 2017.

#### Provision before amendment

~~44(1) - Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty first day of December following the end of such financial year:~~

~~[Provided that the Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by notification, extend the time limit for~~

~~furnishing the annual return for such class of registered persons as may be specified therein:~~

~~Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.}~~

~~44(2) - Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.~~

~~[Explanation. For the purposes of this section, it is hereby declared that the annual return for the period from the 1st July, 2017 to the 31st March, 2018 shall be furnished on or before the [31st January, 2020]<sup>69</sup> and the annual return for the period from the 1st April, 2018 to the 31st March, 2019 shall be furnished on or before the 31st March, 2020~~

### Provision after Amendment

Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self - certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed:

Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section:

Provided further that nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor- General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.

#### Effect of the Amendment of Clauses 101 and 102

The mandatory requirement of getting the reconciliation in GSTR-9C certified by a Chartered Accountant/ Cost Accountant is proposed to be removed. Any registered person would be able to furnish the annual return along with a self-certified reconciliation statement reconciling the values between annual return and financial statements.

## 5. Interest on net tax liability to be retrospective

### Source

Clause 103 of the Finance Bill, 2021.

### Effective Date

With effect from the 1<sup>st</sup> day of July, 2017.

### Affected Provision

Proviso to Section 50(1).

### Provision before Amendment

50(1) - Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council:

~~[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.]~~

### Provision after amendment

50(1) - Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council:

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 payable on that portion of the tax which is paid by debiting the electronic cash ledger.

### Effect of the Amendment

Interest due to late furnishing of GSTR-3B was made applicable on the net tax liability i.e. on the amount paid from the electronic cash ledger only through the Finance Act 2020. However, this provision was given a prospective effect with effect from 1st September 2020. Now this relaxation has been given a retrospective effect from 1st July 2017 i.e. from the advent of GST.

## 6. Detention and Seizure to be separate from the Demand / Recovery provisions

### Source

Clause 104 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Explanation 1(ii) of Section 74 of the CGST Act, 2017

### Provision before Amendment

Explanation 1.—For the purposes of section 73 and this section,—

- (i) the expression all proceedings in respect of the said notice shall not include proceedings under section 132;
- (ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under ~~sections 122, 125, 129 and 130~~ are deemed to be concluded.

### Provision after Amendment

Explanation 1.—For the purposes of section 73 and this section,—

- (i) the expression all proceedings in respect of the said notice shall not include proceedings under section 132;
- (ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under sections 122 and 125 are deemed to be concluded.

### Effect of the Amendment

This amendment has been brought in to make the proceedings of the detention, seizure and confiscation of goods and conveyances in transit separate from the demand and recovery proceedings under Section 73 and 74 of the CGST Act 2017.



## 7. Direct recovery without SCN upon furnishing of details in GSTR-1 without tax payment in GSTR-3B

### Source

Clause 105 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 75(12) of the CGST Act, 2017.

### Amendment

The provision marked in green has been inserted

### Provision before Amendment

75(12) - Notwithstanding anything contained in section 73 or section 74, where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 79.

### Provision after Amendment

75(12) - Notwithstanding anything contained in section 73 or section 74, where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 79.

‘Explanation. — For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39.’

### Effect of the Amendment

Section 75(12) provides that where any self-assessed tax remains unpaid, the same can be directly recovered without any issuance of showcause notice. Self-assessment provides for taxes declared in GSTR-3B as per Section 39. Thereby, only taxes declared in GSTR-3B but remaining unpaid through it (practical impossibility) could form the scope of this section 75(12).

Now, it has been provided that if a supplier only provides outward supplies in GSTR-1 without including such supplies in GSTR-3B, then the government can directly opt for recovery of taxes under Section 79 without issuance of any showcause notice u/s 73 or 74.

## 8. Provisional Attachment upon initiation (and not pendency) of proceedings and increased coverage of beneficiaries or masterminds of fake invoicing

### Source

Clause 106 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 83(1) of the CGST ACT, 2017

### Provision before amendment

~~83(1) - Where during the pendency of any proceedings under section 62 or section 63 or section 64 or section 67 or section 73 or section 74, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue, it is necessary so to do, he may, by order in writing attach provisionally any property, including bank account, belonging to the taxable person in such manner as may be prescribed.~~

### Provision after amendment

83(1) - "Where, after the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed."

### Effect of the Amendment

Earlier only upon pendency of certain proceedings of assessment, inspection, search and seizure and demand / recovery, the power to exercise provisional attachment of property could be exercised.

Now, Section 83 has been modified to allow provisional attachment of property wherever any proceedings of assessment, inspection, search and seizure and demand / recovery have been initiated. Such provisional attachment will remain valid from such initiation of proceedings till the expiry of one year from the date of order.

Also, the provisions of provisional attachment of the property have been extended to include those persons who are the beneficiaries or at whose instance the fake invoicing transactions are carried out as provided under Section 122(1A) of the CGST Act 2017.

## 9. Filing of appeal against detention order upon payment of 25% penalty

### Source

Clause 107 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### New Provision

Proviso to Section 107(6) of the CGST Act, 2017

### Amendment

The proviso marked in green has been inserted

“Provided that no appeal shall be filed against an order under sub-section (3) of section 129, unless a sum equal to twenty-five per cent. of the penalty has been paid by the appellant.”

### Effect of the Amendment

Before this amendment, a person can file an appeal against a detention order passed u/s 129(3) of the CGST Act 2017 only upon payment of 10% of the tax in dispute. This was leading to mis-utilization of this provision by the tax payers.

After the proposed amendment, against the adjudication order for detention or seizure of goods or conveyance u/s 129(3) of the CGST Act 2017, an appeal can now be filed only upon payment of 25% of the levied penalty under Section 129.

## 10. Payment of only penalty for release of goods and Increased penalty amount for detention and seizure proceedings

### Source

Clause 108(i) & (iv) of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 129(1)(a) & (b) and 129(4) of the CGST Act, 2017.

### Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

**Provision before amendment**

~~129(1)(a) - on payment of the applicable tax and penalty equal to one hundred per cent of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty;~~

~~129(1)(b) - on payment of the applicable tax and penalty equal to the fifty per cent. of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such tax and penalty;~~

~~129(4) - No tax, interest or penalty shall be determined under sub-section (3) without giving the person concerned an opportunity of being heard.~~

**Provision after Amendment**

129(1)(a) - on payment of penalty equal to two hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;

129(1)(b) - on payment of penalty equal to fifty per cent. Of the value of the goods or two hundred per cent. of the tax payable on such goods, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty

129(4) - No penalty shall be determined under sub-section (3) without giving the person concerned an opportunity of being heard.

**Effect of the Amendment**

Upon detention and seizure of goods and conveyance u/s 129, one had to pay the tax along with the penalty in order to get the goods released. After this amendment, only the penalty amount needs to be paid in order to secure release of goods whereas the tax amount would continue to be paid through GSTR-3B of the relevant month. However, the penalty amount under this provision has been modified for non-exempted goods as follows:

Situation	Earlier Penalty	Amended penalty
Where owner comes forward for payment of penalty	100% of the tax payable	200% of the tax payable
Where owner does not come forward for penalty payment	50% of the value of goods less tax paid	Higher of: a) 50% of the value of goods b) 200% of the tax payable

## 11. Provisions of Section 67(6) no longer to apply for release of goods on security

### Source

Clause 108(ii) of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 129(2) of the CGST Act, 2017.

### Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

### Provision before amendment

~~129(2) - The provisions of sub-section (6) of section 67 shall, mutatis mutandis, apply for detention and seizure of goods and conveyances.~~

### Effect of the Amendment

The requirement of following the provisions of Section 67(6) for release of goods on provisional basis upon execution of bond and security as per the specified manner and quantum has been removed. However, the allowance of release of goods upon furnishing of security u/s 129(1)(c) still stands.

## 12. Time limit provided for issuance of notice and order u/s 129

### Source

Clause 108(iii) of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 129(3) of the CGST Act, 2017.

### Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

**Provision before amendment**

~~129(3) - The proper officer detaining or seizing goods or conveyances shall issue a notice specifying the tax and penalty payable and thereafter, pass an order for payment of tax and penalty under clause (a) or clause (b) or clause (c).~~

**Provision after amendment**

129(3) - The proper officer detaining or seizing goods or conveyance shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1).

**Effect of the Amendment**

The law now prescribes a time limit for issuance of notice and passing the order of detention or seizure. The time limit of issuance of notice has been provided as 7 days of such detention or seizure and that of order is 7 days from the date of such notice.

**13. Direct disposal of goods upon non-payment of penalty for detention****Source**

Clause 108(v) of the Finance Bill, 2021.

**Effective Date**

Date to be notified by the government.

**Affected Provision**

Section 129(6) of the CGST Act, 2017.

**Amendment**

The provision marked in red has been omitted and the provision marked in green has been inserted:

**Provision before amendment**

~~129(6) - Where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty as provided in sub-section (1) within [fourteen days] of such detention or seizure, further proceedings shall be initiated in accordance with the provisions of section 130:  
Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of [fourteen days] may be reduced by the proper officer.~~

**Provision after amendment**

129(6) - Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3):

Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less:

Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer.

**Effect of the Amendment**

The proceedings of confiscation of goods u/s 130 have been made independent of the proceedings of detention and seizure as per Section 129(3) of the CGST Act 2017.

Earlier non-payment of tax and penalty within 14 days of detention and seizure u/s 129 led to introduction of confiscation proceedings u/s 130.

Now, upon non-payment of penalty within 15 days (or less for perishable/hazardous goods) of receipt of order copy of detention, the detained goods or conveyance can directly sold or disposed of in the prescribed time and manner. Further, the transporter has been given an option to get his conveyance released upon payment of applicable penalty or Rs. 1 lakh whichever is less.

**14. Delinking of Detention and Confiscation proceedings****Source**

Clause 109 of the Finance Bill, 2021.

**Effective Date**

Date to be notified by the government.

**Affected Provision**

Section 130(1); 130(2) & 130(3) of the CGST Act, 2017.

**Provision before amendment**

130(1) - ~~Notwithstanding anything contained in this Act, if~~ any person—

(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) does not account for any goods on which he is liable to pay tax under this Act; or

(iii) supplies any goods liable to tax under this Act without having applied for registration; or

(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance,

then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.

Second proviso to Section 130(2) - Provided further that the aggregate of such fine and penalty leviable shall not be less than the ~~amount of penalty leviable under sub-section (1) of section 129:~~

~~130(3) - Where any fine in lieu of confiscation of goods or conveyance is imposed under sub-section (2), the owner of such goods or conveyance or the person referred to in sub-section (1), shall, in addition, be liable to any tax, penalty and charges payable in respect of such goods or conveyance.~~

#### **Provision after Amendment**

130(1) - Where any person—

(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) does not account for any goods on which he is liable to pay tax under this Act; or

(iii) supplies any goods liable to tax under this Act without having applied for registration; or

(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance,

then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.

Second proviso to Section 130(2) - Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to hundred per cent. of the tax payable on such goods.



#### **Effect of the Amendment**

The confiscation provision no longer overrides any other provision of the Act. The proceedings of confiscation stands delinked with the penalty proceedings due to detention of goods.

Also, the minimum aggregate fine and penalty for confiscation was provided to be the penalty for detention under Section 129. This has now been modified to provide the amount to be equivalent to 100% of the tax payable on such goods. Also, the requirement to pay fine in addition to the tax, penalty and charges payable in respect of the goods has been omitted.

### **15. Empowerment of Commissioner to call for information**

#### **Source**

Clause 110 of the Finance Bill, 2021.

#### **Effective Date**

Date to be notified by the government.

#### **Affected Provision**

Section 151 of the CGST Act, 2017

#### **Provision before amendment**

~~151(1) - The Commissioner may, if he considers that it is necessary so to do, by notification, direct that statistics may be collected relating to any matter dealt with by or in connection with this Act.~~

~~151(2) - Upon such notification being issued, the Commissioner, or any person authorised by him in this behalf, may call upon the concerned persons to furnish such information or returns, in such form and manner as may be prescribed, relating to any matter in respect of which statistics is to be collected.~~

#### **Provision after Amendment**

151 - The Commissioner or an officer authorised by him may, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act, within such time, in such form, and in such manner, as may be specified therein.

#### **Effect of the Amendment**

The amendment has been provided to empower the jurisdictional commissioner to call for information from any person relating to any matter dealt with in connection with the Act.

## 16. Opportunity of being heard before using the called for information in any proceedings

### Source

Clause 111 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 152(1) of the CGST Act, 2017

Section 152(2) of the CGST Act, 2017

### Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

### Provision before amendment

152(1) - No information ~~of any individual return or part thereof~~ with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act.

~~152(2) - Except for the purposes of prosecution under this Act or any other Act for the time being in force, no person who is not engaged in the collection of statistics under this Act or compilation or computerisation thereof for the purposes of this Act, shall be permitted to see or have access to any information or any individual return referred to in section 151.~~

### Provision after Amendment

152(1) - No information with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act without giving an opportunity of being heard to the person concerned.

### Effect of the Amendment

This amendment is to provide that no information obtained under sections 150 and 151 shall be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.

## 17. Power under Section 150 to call for information transferred from the Board to the Jurisdictional Commissioner

### Source

Clause 112 of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 168(2) of the CGST Act, 2017.

### Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

### Provision before amendment

168(2) - The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (2) of section 38, sub-section (6) of section 39, [~~sub-section (1) of~~ section 44, sub-sections (4) and (5) of section 52], [sub-section (1) of section 143, except the second proviso thereof], ~~sub-section (1) of section 151~~, clause (l) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.

### Provision after amendment

168(2) - The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (2) of section 38, sub-section (6) of section 39, [section 44, sub-sections (4) and (5) of section 52], [sub-section (1) of section 143, except the second proviso thereof], clause (l) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.

### Effect of the Amendment

Section 168(2) of the CGST Act 2017 provides for the powers which can only be exercised by the Commissioner or Joint Secretary posted in the Board. This has been amended to enable the jurisdictional Commissioner (and not the Board) to exercise powers under section 151 to call for information.

## 18. Rationalization of entry of supply of goods by unincorporated association in light of the new insertion in the definition of supply

### Source

Clause 113 of the Finance Bill, 2021.

### Effective Date

With effect from the 1<sup>st</sup> day of July, 2017.

### Affected Provision

Paragraph 7 of Schedule II of the CGST Act, 2017

### Amendment

The provision marked in red has been omitted

### Provision before Amendment

#### ~~7. Supply of Goods~~

~~The following shall be treated as supply of goods, namely:—~~

~~Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.~~

### Effect of the Amendment

Due to the retrospective insertion of Section 7(1)(aa) of the CGST Act 2017, the above entry providing for supply of goods only by any unincorporated association or body of persons loses its significance. This entry gets automatically covered within the main definition as per Section 7(1)(aa) of the CGST Act 2017. Thereby, this entry has been omitted from Schedule II of the CGST Act 2017.

## 19. Supply to SEZ for authorized operations only to be treated as a zero rated supply

### Source

Clause 114(a) of the Finance Bill, 2021.

### Effective Date

Date to be notified by the government.

### Affected Provision

Section 16(1)(b) & (3) of the IGST Act, 2017

### New Provision

Section 16(4) of the IGST Act, 2017

**Amendment**

The provision marked in red has been omitted and the provision marked in green has been inserted:

**Provision before amendment**

16(1)(b) - supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit

**Provision after amendment**

16(1)(b) - supply of goods or services or both for authorised operations to a Special Economic Zone developer or a Special Economic Zone unit

**Effect of the Amendment**

Earlier all supplies made to SEZ unit were covered under the definition of Zero Rated Supply. However, Rule 89(1) of the CGST Rules, 2017 provided that refund would be allowed to be claimed by a supplier only when such supplies have been admitted for authorized operations. The department in its circular use to take reference of this rule to conclude that a supply to SEZ would be zero rated only when it is admitted for authorized operations. This conclusion however did not have any statutory backing. Thus, the aforesaid amendment was carried out to include only supply on account of authorized operations as zero rated supplies.

**20. Export with payment of tax to be allowed to notified persons or notified goods /services only****Source**

Clause 114(b) of the Finance Bill, 2021.

**Effective Date**

Date to be notified by the government.

**Provision before amendment**

~~16(3) - A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—~~

~~(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or~~

~~(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.~~

**Provision after amendment**

16(3) - A registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed:

Provided that the registered person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable interest under section 50 of the Central Goods and Services Tax Act within thirty days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 for receipt of foreign exchange remittances, in such manner as may be prescribed.

**Effect of the Amendment**

Rule 96B provides for recovery of refund in case of non-realization of sale proceeds in case of export of goods. Till now, there was no empowering provision for this rule under the Act. Now, the Act itself provides that the registered person making zero rated supplies in case of non-realization of sale proceeds within the specified time is liable to deposit the refund received along with interest. The time limit provided is 30 days after the expiry of time limit prescribed under the FEMA Act 1999 for receipt of foreign exchange remittances.

**21. Export with payment of tax to be allowed to notified persons or notified goods /services only****Source**

Clause 114(b) of the Finance Bill, 2021.

**Effective Date**

Date to be notified by the government.

**New Provision**

Section 16(4) of the IGST Act, 2017

**Amendment**

16(4) - The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify—

- (i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;
- (ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.”.

**Effect of the Amendment**

It is proposed that the benefit of export with payment of tax would not be allowed in cases. The government has been empowered to notify class of persons or class of goods / services on which the benefit of claiming refund of export with payment of integrated tax will be allowed.

*This publication contains information for general guidance only. It is not intended to address the circumstances of any particular individual or entity. Although the best of endeavour has been made to provide the provisions in a simpler and accurate form, there is no substitute to detailed research with regard to the specific situation of a particular individual or entity. S. Khaitan & Associates or any of its officials do not accept any responsibility for loss incurred by any person for acting or refraining to act as a result of any matter in this publication*



OFFICE : MOOKERJEE HOUSE,  
17, BRABOURNE ROAD, 2<sup>ND</sup> FLOOR,  
KOLKATA - 700001

PHONE NO : 03340687062, +919831912725

EMAIL ID : [office@cakhaitan.com](mailto:office@cakhaitan.com)  
[shubham@cakhaitan.com](mailto:shubham@cakhaitan.com)

WEBSITE : [www.cakhaitan.com](http://www.cakhaitan.com)