



Rajput Jain & Associates

Chartered Accountants

An ISO 9001:2008 Certified Firm

Summary of Notifications/ Circulars issued under GST/Customs





About Us

Rajput Jain & Associates, Chartered Accountants, is one of the leading providers of financial and business advisory, internal audit, statutory audit, corporate governance, & international taxation and regulatory services. Having a global approach in service delivery, we are respondent to clients' complex business challenges along with a broad range of services across industry sectors and national boundaries. The Firm has been set up by a group of energetic, open minded, highly skilled and motivated professionals who have gained experience from top consulting companies and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Assurance, Risk, Taxation, & Business advisory services to various clients & their stake holders. We have been associated with various national & International recognized associations in the field of our profession; Association of International Tax Consultants (AITC) is one of them.

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GST Updates:

1. Exemption from Aadhar authentication to certain classes of persons.

(Notification No. 03/2021 – Central Tax dated 23rd February 2021)

Through Notification No. 17/2020 – Central tax dated 23rd March 2020 Department had notified the class of persons to whom Aadhar Authentication is applicable, namely -

- a. Individual
- b. Authorized signatory of all types
- c. Managing and Authorized partner and
- d. Karta and a Hindu undivided family.

The above Notification was effective from 01-04-2020

However, through the current Notification Department has notified class of persons to whom Aadhar Authentication is not applicable, namely -

- e. Not a citizen of India;
- f. A department or establishment of the Central Government or State Government;
- g. A Local Authority;
- h. A Statutory Body;
- i. A Public sector undertaking; or
- j. A Person applying for registration under the provisions of sub-section (9) of section 25 of the said Act;

RJA Comments - The above notification seems to be clarificatory providing the class of persons who would not be required obtain Aadhar authentication at the time of obtaining registration. Others anyway are required to do Aadhar authentication at the time of obtaining GST registration where the same has been notified in Notification No 17/2020 – Central tax dated 23rd March 2020.

2. Clarification issued on Dynamic Quick Reference (QR) Code on B2C Invoice.

(Circular No. 146/02/2021 – GST dated 23rd February 2021)

Notification 14/2020-CT as amended by 71/2020-CT required a registered person, whose aggregate turnover in any FY from 2017-18 exceeded Rs.500 Cr and a supplier of OIDAR services, to have a dynamic QR code on the tax invoice issued to unregistered person (B2C transaction) w.e.f. 01.12.2020. In case of non-compliance, penalty under section 125 of the CGST Act (general penalty of up to Rs.50,000) could be levied in the absence of any specific penalty under the law.

However, **Notification 89/2020-CT** waives the above penalty for non-compliance of QR-code provisions between 01.12.2020 to 31.03.2021, subject to the condition that such person complies with the provisions of the said notification from the 01.04.2021.

On receipt of various representation received from trade and industry seeking clarification on applicability of QR Code and in order to ensure uniformity in the implementation of the same, the department has issued clarification in this regard which is as follows:

S. No	Issues	Clarifications
1.	To which Invoices QR Code provisions would be applicable? Whether the same is applicable on export Invoice as well?	<p>Department has clarified that the above Notification would not be applicable to an invoice issued in the following cases:</p> <ul style="list-style-type: none">i. Where the supplier of taxable services is:<ul style="list-style-type: none">a. an insurer or a banking company or a financial institution, including a non-banking financial company;b. a GTA supplying services in relation to transportation of goods by road in a goods carriage;c. supplying passenger transportation service;d. supplying services by way of admission to exhibition of cinematograph in films in multiplex screens.ii. OIDAR supplies made by any registered person, who has obtained registration under section 14 of the IGST Act 2017, to an unregistered person. <p>For supplies made by registered persons to unregistered persons which are in the nature of exports, Since E-Invoice is made applicable to such transaction, provisions of QR code would not be applicable on the same.</p>

2.	What parameters/ details are required to be captured in the Quick Response (QR) Code?	<p>Dynamic QR code has to contain the following information:</p> <ol style="list-style-type: none"> i. Supplier GSTIN number ii. Supplier UPI ID iii. Payee's Bank A/C number and IFSC iv. Invoice number & invoice date, v. Total Invoice Value and vi. GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc. <p>Further, Dynamic QR Code should be such that it can be scanned to make a digital payment</p>
3.	In case, if the supplier opts to make payment without using Dynamic QR Code, then will the cross reference of such payment, made without use of Dynamic QR Code, on the invoice, be considered as compliance of Dynamic QR Code on the invoice?	<p>In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice –</p> <ol style="list-style-type: none"> i. Using any mode like UPI, credit/debit card or online banking or cash or combination of various modes of payment, with or without using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice or ii. In cash, without using Dynamic QR Code and the supplier provides a cross reference of the amount paid in cash, along with date of such payment on the invoice; <p>The said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.</p>

4.	If the supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent or similar other modes of payment, through mobile applications or computer-based applications, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise, how can the requirement of Dynamic QR Code as per this notification be complied with?	In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code. However, if payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.
5.	Is generation/ printing of Dynamic QR Code on B2C invoices mandatory for pre-paid invoices i.e., where payment has been made before issuance of the invoice?	If cross reference of the payment received either through electronic mode or through cash or combination thereof is made on the invoice, then the invoice would be deemed to have complied with the requirement of Dynamic QR Code. In cases other than pre-paid supply i.e., where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.
6.	Once the E-commerce operator (ECO) or the online application has complied with the Dynamic QR Code requirements, will the suppliers using such e-commerce portal or application for supplies still be required to comply with the requirement of Dynamic QR Code?	The provisions of the notification shall apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies as per the said notification. In case, the supplier is making supply through the Ecommerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code.

		In cases other than pre-paid supply i.e., where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.
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RJA Comments - This is a welcome clarification by the department considering the confusion surrounded over the above-mentioned issue. There were many clarifications on E-Invoicing by way of FAQ's, Manuals, however there was lack of clarity on Dynamic QR code which has been clarified now.

Custom Updates:

3. Clarification on IGST refund claims where the records have not been transmitted to ICEGATE due to GSTR-1 and GSTR- 3B mismatch error.

(Circular No. 04/2021 – Customs dated 16th February 2021)

Considering the fact that a substantial number of IGST refunds are stuck due to mis-match of data between GSTR-1 & GSTR-3B as functionality to amend GSTR-3B return was not available so far, there was a need to extend the facility as provided vide above Circular No. 12/2018-Cus dated 29.05.2018 and 25/2019-Cus dated 27.08.2019 in respect of the Shipping Bills filed after 31.03.2019 as well.

Therefore, in order to overcome the problems faced by the exporters, CBIC has decided that the solution provided in the Circular 12/2018-Customs read with Circular No. 25/2019-Customs would be applicable mutatis mutandis for the Shipping Bills filed during the financial year 2019-20 and 2020-21 (i.e., in respect of all Shipping Bills filed/ to be filed up to **31.03.2021**). Therefore, comparison between the cumulative IGST payments in GSTR-1 and GSTR 3B would now be for the period April 2019 to March 2021.

However, corresponding CA certificate as provided in Para 3A and 3B of the said Circular 12/2018-Customs, dated 29.05.2018 evidencing that there is no discrepancy between the IGST amount refunded on exports in terms of this Circular and the actual IGST amount paid on exports of goods for the period April 2019 to March 2020 and April. 2020 to March, 2021 has to be furnished by 31st March, 2021 and 30th October 2021, respectively.

RJA Comments - This is a welcome clarification by the department considering the non-functionality to amend GSTR-3B due to which refund could not be processed and were held up due to mismatch error between GSTR-1 as well as GSTR-3B.

4. IGST refunds on exports-extension in SB005 alternative Mechanism.

(Circular No. 05/2021 – Customs dated 17th February 2021)

In order to enable the facility for resolving invoice mis-match errors with officer interface as an alternative measure for claiming IGST refund, the department now as a measure of trade facilitation to keep the Officer Interface available on permanent basis to resolve such errors on payment of specified fee by the exporter. The exporter may avail the facility of correction of Invoice mis-match errors (error code SB-005) in respect of all past shipping bills, irrespective of its date of filing, by following the procedure as provided in Board's Circulars - 5/2018-Cus. dated 23.02.2018, Circular -08/2018 Cus. dt 23.03.2018, Circular - 15/2018 Cus. dt 06.06.2018, Circular - 22/2018 Cus dt 16.07.2018, Circular - 40/2018 Cus. dt 24.10.2018, Circular - 26/2019 Cus. dt 27.08.2019 and Circular - 22/2020-Cus. dated 21.04.2020, subject to payment of Rs. 1,000/- as fee towards such rendering of service by Customs Officers for correlation and verification of the claim.

RJA Comments - This is a welcome clarification given by the department making it permanent an alternative measure by way of officer interface for claiming IGST refund arising due to mismatch of GSTR-1 as well as GSTR-3B by way of paying INR 1,000 as fee towards such rendering of service by Customs Officers for correlation and verification of the claim.

5. Clarification regarding payment of Agriculture Infrastructure and Development Cess (AIDC) by EOU

(Circular No. 07/2021 – Customs dated 22nd February 2021)

A new levy, namely AIDC is introduced as duties of customs vide Section 115 (1) of the Finance Bill, 2021, for the purpose of financing agriculture infrastructure and other development expenditure.

The value for the purpose of AIDC shall be calculated in the same manner as is done for the purpose of BCD under Section 14 of the Customs Act i.e., the CIF value along with necessary inclusions under the Customs Valuation Rules.

By way of Notification No. 11/2021 – Customs dated 1st February, 2021 vide Sr. no. 19 read with serial no. 7 of the Annexure to the said notification has fully exempted goods imported by EOUs/EHTP units/STP units (collectively called EOUs) from the AIDC as the goods imported by these units enjoy benefit of exemption from basic customs duty under notification no. 52/2003-Cus dated 31.03.2003.

However, in case where EOU is engaged in selling finished goods in DTA, BCD exemption claimed on import of inputs used in such finished goods is to be paid vide Notification No. 59/2017-Customs dated 30.06.2017 [amending by Notification No. 52/2003-Customs

dated 31.03.2003]. On payment of such BCD by EOU at the time of clearance of finished goods it is treated as if no exemption of BCD was allowed to the EOU under Notification No. 52/2003-Customs dated 31.03.2003. Therefore, AIDC exemption under Notification no. 11/2021-Customs dated 01.2.2021 also gets denied on such inputs and same is also required to be paid by EOU.

In addition to clearance of goods in DTA there are many situations like clearance of inputs; capital goods; packing material suitable for repeated use such empty cones, bobbins, containers; left over textile fabric or textile material etc. or exit from EOU scheme. In such a case, the following needs to be followed as follows:

- a. Duty/taxes on which exemption was availed at the time of import is required to be paid at the time of clearance.
- b. In case of clearance of capital goods, applicable depreciation is allowed for denial of exemption.
- c. Unutilized left-over textile fabric or textile material is allowed to be cleared into DTA on payment of duty leviable at the time of import but for the exemption on transaction value as if the goods have been manufactured in that unit.
- d. Exemption of duty/tax on goods imported under Notification No. 52/2003-Customs dated 31.03.2003 is also denied on account of breach of various conditions of EOU scheme.

Therefore, Once EOU is required to pay back BCD for which exemption was claimed and allowed under Notification No. 52/2003-Customs dated 31.03.2003 at the time of import then exemption of AIDC, if availed, in all such situations shall also be denied and will have to be repaid back.

Compliance:

- a. EOU/STP/EHTP are required to maintain and also submit digital copy of Form – A to Circular no. 35/2016-Customs dated 29.07.2016, by 10th of month to proper officer, which captures the summary of receipt, removal, returns and balance of imported goods under Notification No. 52/2003-Customs dated 31.03.2003.
- b. Copy of Quarterly Performance Report and Annual Performance Reports [QPR/APR] are also required to be submitted to jurisdictional AC/DC of Customs as mandated by DGFT Public Notice no. 36/2015-2020 dated 04.09.218. These reports may be a monitoring tool for departmental officers with limitations

However, for effective and monthly monitoring of exemption of duty/taxes availed under Notification No. 52/2003-Customs dated 31.03.2003, the said Form ‘A’ is amended and revised Form ‘A’ has been given in the above stated circular.

RJA Comments - This circular is in line with the provisions applicable to an EOU which requires an EOU to forego the import benefits claimed when goods manufactured using such imported goods are supplied to a DTA unit. The circular is clarifying to avoid confusion, that the same provisions would apply to AIDC also.

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