

Agenda Note: Power to be exercised under Sections 37, 38 and 39 of the Central Goods and Services Tax Act, 2017

GST is to be rolled out from the appointed day i.e. 1st July, 2017. The architecture of GST is built upon the foundation of Information Technology, of which furnishing of electronic returns by the taxpayers is a key component. In the 15th Meeting, the Council was apprised by the GSTN that beta version of the GST system was launched and run for 15 days to provide an opportunity to taxpayers to get familiarized with GST applications, to receive feedback based on usability/issues faced, and to utilize the feedback to provide superior user experience in filing returns. It was further informed that the defects reported, while using the System, had either been resolved or were being resolved.

2. As the first round of beta testing of the GST system has been carried out by GSTN, the trade and industry are seeking that the system should be open for some time for them to try out and test it to get themselves familiarised and to get the assurance about its stability and robustness, a concern which had also been expressed by Members of the Council. So looking at the paucity of time, it appears that filing of the returns for a particular period from 1st July, 2017 may have to be extended so that the taxpayers get more time for getting familiarized with the system. It is to be noted that only the time period for filing of the return for a particular period beyond the due date for filing of return for the month of July, 2017 and August, 2017 may be extended and not the requirement for filing the return for that period.

3. The second proviso to sub-section (1) of Section 37 of the CGST Act, 2017, as recommended by the Council, dealing with furnishing the details of outward supplies (GSTR-1) empowers the Commissioner to issue a notification for extending the time limit for furnishing of details for such class of taxable persons as may be specified therein. Similar provisions are incorporated in the first proviso to sub-section (2) of Section 38 of the CGST Act, 2017 and sub-section (6) of Section 39 of the CGST Act, 2017 dealing with furnishing the details of inward supplies (GSTR-2) and furnishing the returns (GSTR-3) respectively. Similar provisions are contained in the respective SGST Act, 2017 also.

4. Further sub-rule (5) of Rule 3 of the Return Rules, as recommended by the Council, provides for filing of an alternative return in GSTR-3B which can be mandated to enable filing of return and payment of taxes in case the time limit for furnishing the details of outward supplies in GSTR-1 and details of inward supplies in GSTR-2 has been extended.

5. Moreover, the first proviso to Rule 10 of the Return Rules also provides that the date of matching would be extended in case last date for furnishing of GSTR-1 and GSTR-2 has been extended.

6. It is proposed that the Council may kindly be informed that, in view of exigencies stated above and to give comfort and confidence to the taxpayers, the last date of furnishing the details of outward supplies (GSTR-1) and inward supplies (GSTR-2) may be extended as per the proposal contained in para 7 below. It may be mentioned that GSTR-1 as well as GSTR-2 for July, 2017 and August, 2017 have to be furnished and what is being permitted is only some more time. The proposal also does not dispense with the requirement of matching either. The tax authorities would keep pursuing people to start filing their GSTR-1 from July, 2017 itself so that those who can, may do it early and not overload the system in October, 2017. We would take up a drive for encouraging people to furnish GSTR-1 and finalise GSTR-2 for July and August, 2017 well before the extended deadline.

7. The proposal for information of the Council is as follows: -

(i) The facility for furnishing of GSTR-1 for the outward supplies effected during the month of July, 2017 may be made available from 15th July, 2017. The last date for filing of GSTR-1 for the months of July, 2017 and August, 2017, as required in sub-section (1) of Section 37 of CGST Act, 2017 shall be 30th September, 2017, albeit without late fees and penalty. Further the proposed facility of extension of the time period for filing of GSTR-1 may not be made available for certain class of taxpayers, as notified by the Commissioner.

(ii) the last date for furnishing the details of inward supplies (GSTR-2), as required in sub-section (1) of Section 38 of the CGST Act, 2017, effected during the months of July, 2017 and August, 2017 shall be 15th October, 2017;

(iii) the taxpayer would furnish the return in GSTR-3B in lieu of GSTR-3 as provided in sub-rule (5) of rule 3 of the Return Rules for the months of July, 2017 and August, 2017 on or before the 20th August, 2017 and 20th September, 2017 respectively.

(iv) Similar extension may be permitted in terms of the respective SGST Acts also.

8. The proposal for approval of the Council is that GST Implementation Committee may take alternative decisions in respect of proposal mentioned in Para 7 (i) to (iv) above from time to time, as and when required, looking at the objective of smooth implementation of GST.