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Analysing developments impacting business

COVID-19 REGULATORY UPDATES: INDIRECT TAXES AND FOREIGN TRADE

7 May 2020

With a view to ensure that businesses are not saddled with indirect tax payments and related compliances and to maintain smooth functioning of business activity amidst the COVID-19 outbreak, the Ministry of Finance and Ministry of Commerce and Industry have announced a slew of relaxation measures. We have set out below a broad overview of the key updates in the area of indirect taxes and foreign trade:

Goods and Services Tax laws

1. **Interest and late fee waivers on delayed filing of returns (Form GSTR-3B and Form GSTR-1) and payment of Goods and Services Tax (GST) for the tax periods February 2020 to April 2020:**

- Complete waiver of interest and late fee for taxpayers having an aggregate turnover of up to INR 5 crore;
- For taxpayers having aggregate turnover of more than INR 5 crore, complete waiver of late fee has been granted. However, interest waiver has been granted in the following manner:

First 15 days: No interest

After 15 days, up to the below mentioned due dates: 9% p.a.

The above concessions are subject to the condition that the returns are filed between 24 June 2020 and 6 July 2020.

2. **Extension of due date for furnishing GST return (Form GSTR-3B) for the tax period of May 2020:**

Taxpayers having aggregate turnover of more than INR 5 crore: 27 June 2020

Taxpayers having aggregate turnover of up to INR 5 crore: 12 July 2020 or 14 July 2020[#]

([#] depending upon the State)

3. **Facility of verifying Form GSTR-3B through electronic verification code (EVC) / short messaging service (SMS):**

Taxpayers, who are registered under the provisions of Companies Act, 2013 have additionally been provided the facility of verifying and filing Form GSTR-3B between 21 April 2020 and 30 June 2020 through an EVC, along with the pre-existing facility of verifying and filing through digital signature certificate. Further, an amendment has been made in the Central Goods and Services Tax Rules, 2017 (CGST Rules) to enable taxpayers who are required to file a Nil return, to do so through SMS.

4. **Extension of due date for furnishing annual return for FY 2018-19:** The due date for furnishing annual return for FY 2018-19 has been extended till 30 September 2020.

5. **Extensions in timelines for composition taxable persons:**

Form	Description	Due date	New due date
GST CMP-02	Intimation to opt for composition levy (FY 2020-21)	31 March 2020	30 June 2020
GST ITC-03	Declaration at the time of opting for compositions levy	30 May 2020	31 July 2020
GST CMP-08	Statement of self-assessed tax (for quarter ended 31 March 2020)	18 April 2020	7 July 2020
GSTR-4	Return for FY 2019-20	30 April 2020	15 July 2020

6. **Availing unmatched Input Tax Credit (ITC):** The restriction on availing unmatched ITC (under Rule 36 of CGST Rules, 2017) would apply cumulatively for the tax periods from February 2020 to August 2020. Cumulative adjustment of such ITC to be made at the time of filing Form GSTR-3B for September 2020.

7. **Validity of E-Way Bills extended:** The validity of E-way Bills generated on or before 24 March 2020, expiring between 20 March 2020 and 15 April 2020 has been extended till 31 May 2020.

8. **Extension of timelines for other compliances:** Time limits for completion or compliance of various actions by revenue authorities/taxpayers such as filing of documents, replies, reports, statements, declarations, appeals, returns, etc. (subject to certain exceptions), falling between 20 March 2020 and 29 June 2020 have been extended up to 30 June 2020.

9. **Extension of timeline for furnishing Letter of Undertaking (LUT):** Time limit for furnishing LUT for FY 2020-21 for zero-rating exports and supplies to special economic zone units/developers has also been extended up to 30 June 2020. Taxpayers may continue to make supplies without payment of GST by quoting the LUT reference number allotted for FY 2019-20.

10. **Intra-head and inter-head transfer of cash balances:** With effect from 21 April 2020, intra-head (minor heads: tax, interest, penalty, fee, other amount) and inter-head (major heads: central tax, integrated tax, state tax or union territory tax or cess) transfer of balances available in electronic cash ledger has been permitted.

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

11. **Extension of timelines:** Time limits for furnishing various forms, statements and payment of dues under the aforesaid scheme have been extended in the following manner:

Form	Description	Original due date	New due date
SVLDRS-2	Estimate of the amount payable by the declarant	Thirty days from the date of receipt of declaration	1 May 2020
SVLDRS-3	Statement of the amount payable by the declarant	Sixty days from the date of receipt of declaration	31 May 2020
Payment of dues under the scheme	N. A.	Thirty days from the date of issue of Form SVLDRS-3	30 June 2020

Central Excise Act, 1944; Customs Act, 1962; Customs Tariff Act, 1975; and Chapter V of Finance Act, 1994

12. **Extension of timelines:** Time limits specified or prescribed under the aforesaid laws for completion or compliance of the following actions, falling between 20 March 2020 and 29 June 2020 have been extended up to 30 June 2020:
- Completion of any proceeding or issuance of any order, notice, intimation, notification or sanction or approval, by whatever name called, by any authority, commission, tribunal, by whatever name called; or
 - Filing of any appeal, reply or application or furnishing of any report, document, return or statement, by whatever name called.

Customs Act, 1962

13. **Relaxation from submission of bond for importer / exporter:** Condition of submitting bond required under the Customs Act, 1962 has been relaxed, subject to compliance of certain prescribed conditions. The importer / exporter may submit an undertaking in lieu of the bond. This relaxation would be available up to 15 May 2020. It is pertinent to note that the importer / exporter availing benefit of the above relaxation would be required to submit the proper bond by 30 May 2020.
14. **Relaxation from submission of Certificate of Origin:** Goods imported under free trade agreements have been permitted to be provisionally cleared without submission of physical certificate of origin. The importers can submit a digitally signed copy or unsigned copy of the certificate of origin for this purpose. The final assessment would be done subsequently on submission of the original certificate of origin by the importer.
15. **Paperless customs:** Several measures have been announced to facilitate & expedite customs clearance in a more automated and paperless manner. Some of the additional measures taken by customs in this direction are:
- Facility of electronically generating out-of-charge copy of bill of entry;
 - Facility of electronically generating Gate pass.
- These measures have been made effective from 15 April 2020.
16. **E-sealing of goods:** Implementation of e-sealing of goods for deposit in and removal of goods from customs bonded warehouses has now been deferred to 1 July 2020.
17. **Facilitation of refunds for export of goods:** Export refund process is fully automated. However, difficulties were faced by certain exporters in claiming refund due to mismatch of invoice number in the Shipping Bill and GST returns (SB005 error). This error was earlier permitted to be rectified through Customs Electronic Data Interchange (EDI) system for shipping bills. This facility has now been extended for shipping bills filed up to 31 December 2019.
18. **E-hearings:** Modalities for conducting personal hearings in virtual mode, in respect of various department-level proceedings under the Customs Act, 1962, Central Excise Act, 1944 and Chapter V of Finance Act, 1994 (Service Tax law) have been notified.

Foreign Trade Policy 2015-20

19. **Foreign Trade Policy 2015-20 extended to 31 March 2021 with the following modifications:**
- Eligible categories for Service Exports from India Scheme (SEIS) benefits for FY 2019-20 would be notified separately;
 - Decision on continuation of SEIS for services rendered during FY 2020-21 would be notified separately;
 - Exemption from Integrated Goods and Services Tax (IGST) and Compensation Cess on imports against Advance Authorizations / Export Promotion Capital Goods (EPCG) for physical exports has been extended up to 31 March 2021;
 - Validity of all Duty-Free Import Authorizations (DFIA) / Export Promotion Capital Goods (EPCG) licenses expiring between 1 February 2020 and 31 July 2020 has been extended by six months;

- Exemption from IGST and Compensation Cess on import or procurement from bonded warehouse or international exhibition (in India) available to Export Oriented units / Electronic Hardware Technology Park units / Software Technology Park units / Bio-Technology Park units has been extended up to 31 March 2021.

Corresponding notifications under the Customs Act, 1962 have also been issued in respect of the above.

20. One-time condonation in obtaining block-wise extension of export obligation under EPCG scheme has been granted.

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