

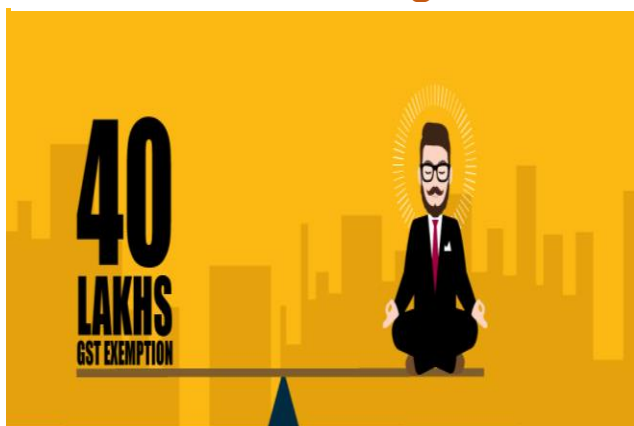
INDIRECT TAX : BUDGET 2019 PROPOSALS

Composition Scheme



- > For **computing** the **aggregate turnover** to **determine eligibility** for the **composition scheme**, **value of** interest earned on extending deposits, loans or advances shall not be taken into account
- > Normally, under Composition scheme tax is payable on total turnover without any exclusions or exemption, but it is now clarified that tax on interest earned on extending deposits, loans or advances shall not be paid.

Threshold limit: Registration



- > Basic Exemption Limit for supplier who is **engaged exclusively in the supply of goods** has been **increased from 20 Lacs to 40 Lacs**.
- > Above **limit is not applicable** if supplier is also engaged in **supply of services** other than interest earned on extending deposits, loans or advances.
- > **Meaning thereby, if a Supplier is engaged in supply of Goods only and has only interest Income earned on extending deposits, loans or advances as service income then he would be eligible to claim basic exemption limit of 40 Lacs.**

Registration : Aadhaar Mandatory



- > Every existing registered person as well as new applicants shall authenticate, or furnish proof of possession of Aadhaar number.
- > In case of failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid.
- > **Every Individual, Karta, Managing Director, Whole Time Director, Partners, Members of managing committee of Association, Board of Trustees, Authorised Representative or signatory would be required to authenticate their Aadhar with GSTN.**

Interest : On Gross or Net Liability?



- › A *Proviso* has been inserted to clarify that **interest for late payment of tax** shall be levied only on that portion of tax which has been paid by debiting the electronic cash ledger i.e. **only on net liability of tax**.
- › Earlier there was a confusion among taxpayers on this issue whether such interest would be charged on gross tax liability or only on net tax liability.
- › However, there is one exception to this rule wherein interest shall be levied on gross tax liability. Where returns are filed subsequent to initiation of any proceedings under GST Act, the interest shall be levied on the gross tax liability.

Reduction in Tax Rate



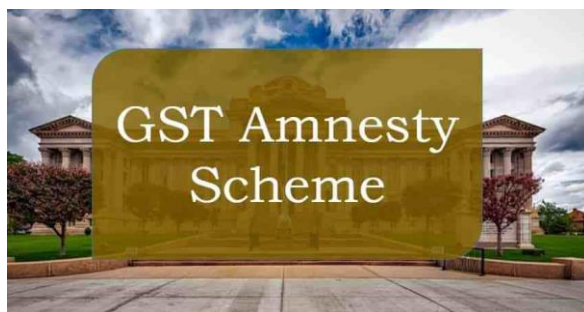
- › Government has proposed to reduce GST rate on electric vehicles from 12% to 5%

GST Returns : Simplified



- › Simplified returns to be implemented soon.
- › Section 39 of the CGST Act is being amended so as to allow the composition taxpayers to furnish annual return along with quarterly payment of taxes.
- › Other specified taxpayers may be given the option for quarterly or monthly furnishing of returns and payment of taxes under the proposed new return system.

Dispute Resolution Scheme, 2019



- › This Scheme is applicable to pre-GST cases of Service Tax, Central Excise and other Indirect cesses.
- › This scheme provides relief by waiver of tax liability (upto 70%), 100% Interest and all Penalties.
- › Detailed analysis of this scheme will be provided as a separate article shortly.

Notabene :

Above mentioned changes are only recommendations. Effective date of the same shall be notified via Notification / Circulars shortly. Till that time existing provisions will remain in operation.