



HIGHLIGHTS OF GST AMENDMENTS IN FINANCE BILL, 2022

Highlights of Amendments in GST proposed by Finance Bill, 2022

1. Clause 100 of Finance Bill, 2022 - Section 29(2): Cancellation or suspension of registration

Existing Provision	Proposed Amendment	Comments
<p>(2) The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where –</p> <p>(a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or</p> <p>(b) a person paying tax under section 10 has not furnished returns for three consecutive tax periods; or</p> <p>(c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or</p> <p>(d) any person who has taken voluntary registration under sub-</p>	<p>Substitution of words in clause (b) and (c): -</p> <p>(2) The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where –</p> <p>(b) a person paying tax under section 10 has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or</p> <p>(c) any registered person, other than a person specified in clause (b), has not furnished returns for such continuous tax period as may be prescribed; or</p>	<p>The proposed amendment in clause (b) provides that the registration of a person opting to pay tax under composition scheme may be liable for cancellation if he does not furnish return (Form GSTR-4) for a financial year beyond three months from the due date of furnishing the said return which is 30th April as of now.</p> <p>The amendment proposed in clause (c) provides that registration of a person other than the person opting to pay tax under composition scheme (e.g., Regular Taxpayers) may be liable for cancellation if he does not furnish returns for such continuous tax period as may be</p>

<p>section (3) of section 25 has not commenced business within six months from the date of registration; or (e) Registration has been obtained by means of fraud, wilful misstatement or suppression of facts.</p>		<p>prescribed. The amendment has given the power to the Government to prescribe the continuous tax period by way of Rules beyond which registration shall be liable for cancellation. The Government is now accordingly conferred the power to prescribe a shorter period than 6 months.</p>
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2. Clause 101 of the Finance Bill, 2022 - Section 34(2): Credit and debit notes

Existing Provision	Proposed Amendment	Comments
<p>(2) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed</p>	<p>Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than the Thirtieth Day of November following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed:</p>	<p>The amendment provides extended time limit for issuance of credit note in respect of any supply made in a financial year up to 30th November of the following financial year or the date of furnishing of the relevant annual return, whichever is earlier.</p>

Clause 109 of the Finance Bill, 2022 - Section 49: Payment of tax, interest, penalty and other amounts

Existing provision	Proposed amendment	Comments
<p>(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.</p>	<p><u>Substitution of Section 49(10)</u></p> <p>(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for, –</p> <p>(a) integrated tax, central tax, State tax, Union territory tax or cess; or</p> <p>(b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25,</p> <p>in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:</p> <p>Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.</p>	<p>The proposed amendment has given relief to the taxpayers by allowing transfer of the amount available in the electronic cash ledger of one GSTIN to electronic cash ledger of another GSTIN of the same PAN. However, such amount cannot be transferred if there is any unpaid liability in the electronic liability register of the transferor.</p>

3. Substitution of Section 50(3) with retrospective effect from 01.07.2017

Where the ITC has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly **availed and utilised**, at such rate not exceeding 18 per cent as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.

The proposed amendment seeks to implement the recommendation of the 45th GST council meeting dated 17.09.2021 to provide that interest shall be leviable only when the ITC has been wrongly availed and utilised by the registered person. Thus, no interest shall be leviable if ITC has been wrongly availed but not utilised.

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