

CBIC appoints January 1, 2021, as date on which various sections of Finance Act, 2020 shall come into force

The CBIC vide **Notification No. 92/2020- Central Tax dated December 22, 2020** appointed January 1, 2021, as date on which following sections of the Finance Act, 2020 shall come into force:

Section of the Finance Act, 2020	Amendment in Section of the CGST Act, 2017 ("CGST Act")	Particulars of amendment	Effect
Section 119	Section 10(2) (Composition levy)	<i>"In section 10 of the Central Goods and Services Tax Act, in sub-section (2), in clauses (b), (c) and (d), after the words "of goods", the words "or services" shall be inserted."</i>	Seeks to harmonise the conditions for eligibility for opting to pay tax under Composition Scheme as sub-section (1) and sub-section (2A) of Section 10 of the CGST Act.
Section 120	Section 16(4) (Eligibility and conditions for taking input tax credit.)	<i>"In section 16 of the Central Goods and Services Tax Act, in sub-section (4), the words "invoice relating to such" shall be omitted."</i>	Delinks availment of Input Tax Credit ("ITC") on debit notes with the date of issuance of the original invoice. Thus, ITC on debit notes issued after 6 months from the end of the financial year to which invoice pertains can be availed post amendment.
Section 121	Section 29(1)(c) (Cancellation or	Substituted Section 29(1)(c) of the CGST Act to <i>"(c) the taxable person is no longer</i>	Allows cancellation of voluntary registrations

	suspension of registration)	<i>liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25:"</i>	under Section 25(3) of the CGST Act.
Section 122	Proviso to Section 30(1) (Revocation of cancellation of registration)	Substituted proviso to Section 30(1) of the CGST Act to: <i>"Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended,-</i> <i>(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;</i> <i>(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a)"</i>	Empower to jurisdictional Assistant / Joint Commissioner and Commissioner to to extend the period provided to file an application for revocation of cancellation of registration.
Section 123	Proviso to Section 31(2) (Tax invoice)	Substituted proviso to Section 31(2) of the CGST Act to: <i>"Provided that the Government may, on the recommendations of the Council, by notification,-</i> <i>(a) specify the categories of services or supplies in</i>	Empower the Government to prescribe period and manner or exclusion from issuing tax invoice for specified categories of services or any document which may be deemed to be a tax invoice for such services.

		<p><i>respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;</i></p> <p><i>(b) subject to the condition mentioned therein, specify the categories of services in respect of which-</i></p> <p><i>(i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or</i></p> <p><i>(ii) tax invoice may not be issued."</i></p>	
Section 124	Section 51(3) (Tax deduction at source)	Substituted Section 51(3) of the CGST Act to " <i>(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed</i> " and omitted Section 51(4).	The requirement for the deductor to issue TDS certificate under Section 51 of the CGST Act has been removed with new rules to be prescribed for issuance of such certificates, and accordingly, the provision for fees (penalty) for the delay in issuance of such certificate has been omitted.
Section 126	Section 122 (1A) (Penalty for certain offences)	Inserted sub-section (1A) in Section 122 of the CGST Act: <i>"(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-</i>	Seeks to insert a new sub-section (1A) so as to make the beneficiary who retains benefit or at whose instance a supply has been made

		<i>section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.”</i>	without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed liable for penalty as that of actual supplier/recipient.
Section 127	Section 132 (Punishment for certain offences)	Amended Section 132 of the CGST Act as under: <i>“(i) for the words “Whoever commits any of the following offences”, the words “Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences” shall be substituted;</i> <i>(ii) for clause (c), the following clause shall be substituted, namely:-</i> <i>“(c) avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill;”;</i>	Seeks to amend Section 132 so as to make the offence of fraudulent availment of ITC without invoice or bill, <u>cognizable and non-bailable</u> under subsection (1) of Section 69 and to make any person who retains the benefit of certain transactions and at whose instance such transactions are conducted liable for punishment.

		<i>(iii) in clause (e), the words “, fraudulently avails input tax credit” shall be omitted.”</i>	
Section 131	Schedule II, Para 4 (Activities or transactions to be treated as supply of goods or supply of services)	In para 4 of the Schedule II to the CGST Act, omitted the words “ <i>whether or not for a consideration,</i> ” at both the places where they occur, with effect from July 1, 2017.	Retrospective amendment to omit the words “ <i>whether or not for consideration</i> ” so as to give clarity to the meaning of the entries (a) and (b) of said paragraph, while aligning the same with Section 7(1), (1A) and Schedule I (supply without consideration) of the CGST Act.

The Notification can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-94-central-tax-english-2020.pdf>

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