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# TSMT UPDATE

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| Goods & Services Tax | One Nation One Tax |

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Amidst the confusions surrounding the returns, due dates, the rate changes and other various aspects, the Government has been hard at work to make things simpler for every businessman in the country and help ease their compliance burden. Please find below a few changes made / clarifications issued over the past week to benefit businesses:

## 1. Changes in GSTN

Even since before the roll-out of GST, the Government has been very clear in it's agenda of making GST a technologically enabled tax system. The entire process of GST from the very first step of registration till cancellation of such registration has been moved online to minimize the additional compliance costs of businesses. In addition to the already existing functions on the GSTN, the following functions has been added / amended:

### a) Application of Letter of Undertaking (LUT) online

Business involved in making Zero-rated supplies i.e. export or supplies made to SEZ have been given two mechanisms under the GST Law. Either make the payment of taxes and avail refund of the same or clear the goods under Bond/LUT without payment of taxes and avail refund of the Input Tax Credit (ITC) availed. In the latter option, entities were required to file an application for obtaining the LUT with the jurisdictional officer and obtain the LUT manually. To further benefit exporters and suppliers to SEZ, this process has also been moved online. Businesses can now apply for an LUT on the GST Common Portal by furnishing the required details.

How: GSTN>User Services>Furnish Letter of Undertaking (LUT)

### b) Amendments in filing of GSTR 3B

In the absence of the complete framework of GST Filing, a new return (GSTR – 3B) was introduced to summarise the GST Transactions in the given period. However, taxpayers faced multiple issues with filing of the same, such as difficulty in ascertaining the tax payment to be made in cash, GST payment made under wrong heads, issues with offsetting ITC against payment etc. In order to resolve such issues, new features has been introduced on the GST Portal to facilitate ease of filing. Please find below the major changes effected:

- Requirement to submit the returns in order to ascertain the liability has now been removed. Changes can be made in any table of GSTR – 3B before payment of taxes
- Details of existing balances in cash and credit ledger can be seen before making the payment
- System automatically suggests for offsetting the liability based on balance available in Credit Ledgers and generates pre-filled challans for any shortfall in tax liability

## **2. Clarification on problems faced by exporters availing refund**

In order to address the various problems faced by Exporters while claiming refund, the Customs Department has issued circular highlighting key points that hinder the refund process and how to rectify the same. Please find below the summary of such circular:

- Exporters have to file the complete details of export in Form GSTR – 3B, GSTR – 1 or Table 6A including shipping bill number, date and port code. If there is any error in details filed for the prior period, the same can be amended through Table 9 of GSTR – 1 to be filed for subsequent periods.
- The aggregate IGST paid amount claimed in GSTR 1 or Table 6A should not be greater than the IGST paid amount indicated in GSTR 3B
- The circular highlights that the major variance being faced while processing refunds is the mismatch in invoice numbers This error is because of the fact that exporters are using two sets of invoices, one invoice for GST and another invoice for Customs. To benefit exporters, the circular proposes to introduce an alternate mechanism whereby the exporters are required to furnish a correlation between the GST Invoice and the Shipping Bill in the format prescribed to the designated officer of Customs. Upon verification of the same, the officer may sanction the refund

## **3. Non-transition of CENVAT Credit under dispute and Blocked Credit**

Amidst the hue and cry surrounding the provisions of carry forward of Input Tax Credit, the Government has issued a circular to clarify the transition of credit under dispute and availment of blocked credit. Please find below the summary of such circular:

- a) In case where Show Cause Notices were issued in relation to certain CENVAT Credit and where it was held that such credit is inadmissible. Such credit should not be utilised to discharge his tax liability until the time such order-in-original or last order-in-appeal is in existence and can be utilised only when favourable order has been received

b) CENVAT Credit which is not allowed as Input Tax Credit under the GST Law, should not be carried forward to the Electronic Credit Ledger

c) In case of deviations from points (a) and (b) the amount will be recovered from the tax payer along with applicable interest and penalty

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