

Tax Alert 17.

03rd June 2021

Amendment made pursuant to 43rd GST Council Meeting



PAKSH LEGAL
INNOVATE - DISCOVER - THRIVE



C-1/605, Milan Vihar, I.P.
Extension, Patparganj,
Delhi - 110092



kashish@pakshlegal.in
delhi@pakshlegal.in
pakshlegal.in



+91 8510806440

Update on Notification

The Central Government has issued various trade facilitative Notifications, on recommendation of GST Council in its 43rd meeting, ranging from 16/2021-CT to 27/2021-CT dated 01.06.2021 and 02/2021-IT to 03/2021-IT dated 02.06.2021 in order to provide relief to the industry from the hardships faced on account of epidemic caused by second wave of COVID-19. A comprehensive discussion on each amendment made by aforesaid notifications is done in this update for the sake of complete understanding and for understanding the impact thereof.

Rule 26. Methods of Authentication

[NN 27/2021- CT dated 01.06.2021]

Existing law

1. All submissions made on common portal are required to be submitted with digital signature certificate (DSC) or through e-signature as specified under provisions of Information Technology Act, 2000 or verified by any other mode of signature or verification as notified by Board in this behalf.
2. However, for the companies, submission through DSC is a mandatory requirement.
3. Vide NN 06/2017-CT dated 19.06.2017 as amended by NN 11/2017-CT dated 28.06.2017, Board notified following modes of verification:
 - a) Aadhar based Electronic Verification Code (EVC)
 - b) EVC generated through net banking login on common portal
 - c) EVC generated on the common portal
4. Due to outbreak of covid-19 in 2020, the submission of
 - a) return in Form GSTR-3B by Companies, during the period 21.04.2020 to 30.09.2020, was also permitted through EVC. [NN 38/2020-CT dated 05.05.2020 as amended by NN 48/2020-CT dated 19.06.2020 refers]
 - b) statement of outward supplies in Form GSTR-1 by Companies, during the period 27.05.2020 to 30.09.2020, was also permitted through EVC. [NN 48/2020-CT dated 19.06.2020 refers]
5. Similar facility was again extended to the companies on account of disruptions caused by outbreak of second wave of COVID-19 disease in filing Form GSTR-1 and GSTR-3B during the period 27.04.2021 to 31.05.2021. [NN 07/2021-CT dated 27.04.2020 refers]

Amendment

6. The facility to submit Form GSTR-1 and GSTR-3B by companies has now been extended to 31.08.2021.

Section 16. Eligibility and conditions for taking input tax credit

- **Relaxation in provisions of rule 36(4) for the tax period April 2021 to May 2021**

[NN 27/2021- CT dated 01.06.2021]

The government has relaxed the provisions of Rule 36(4) of the CGST Rules, 2017. Therefore, for the GST returns relating to tax period from April, 2021 to June, 2021 or QE June 2021, the ITC as per books can be claimed without considering the ITC as per GSTR-2A. However, the ITC claimed has to be matched in a consolidated manner with GSTR-2A in the return filed for the tax period June 2021 or QE June 2021.

Paksh Comments

If any reversal is required to be made on account of adjustments to be made in the tax period June 2021, interest shall not be paid.

Section 31. Tax invoice

- **Rule 48. Manner of issuing invoice**

[NN 23/2021- CT dated 01.06.2021]

Existing law

1. Sub-rule (4) of the Rule 48 of the CGST/ State GST Rules, 2017 inserted vide NN 68/2019 – CT dated 13.12.2019 reads as under-

“The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.”
2. Vide NN 13/2020-CT dated 21.03.2020, effective date of implementation of e-invoice was notified as 01.10.2020 and Government notified following categories of registered persons who are excluded from the purview of generating e-invoice by mentioning *“hereby notifies registered person, other than those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of the said rules,”*:
 - a) an insurer or a banking company or a financial institution, including a non-banking financial company;
 - b) goods transport agency;
 - c) passenger transportation service provider;
 - d) person providing services by way of admission to exhibition of cinematograph films in multiplex screens.
3. Vide NN 61/2020-CT dated 30th July 2020, SEZ units were also excluded from the requirement of issuing e-invoice.

Amendment

4. Now, Government department and a local authority are also excluded from the requirement to issue e-invoice.

Update on Notification

Section 37, 39, 47 & 50. Levy of late fee & Interest

[NN 17-18-19, 25, 27/2021- CT dated 01.06.2021]

[NN 02/2021-IT dated 01.06.2021]

Kindly refer **Table 1** annexed herewith.

Section 47. Levy of late fee – GSTR 1

[NN 20/2021- CT dated 01.06.2021]

Existing law

- Section 47 of CGST Act provides for payment of late fee of ₹200 per day (₹100 under CGST and SGST each) where a registered person fails to furnish return in Form GSTR-1 by the due date. Said late fee is subject to a maximum amount of ₹10,000/- (₹5,000 under CGST and SGST each).
- Vide NN 04/2018-CT dated 23.01.2018, Central Government (and also the State Government) reduced the said late fee to ₹50 per day (₹25 under CGST and SGST each) and in case where there are no outward supplies in a month or quarter, to ₹20 per day (₹10 under CGST and SGST each).
- At few instances, full or partial waiver was also granted by way of amnesty schemes. The details thereof are as under:

Tax Period	Filing period	Late fee	Notification Number
July 2017 to November 2019	19.12.2019 to 17.01.2020	Full waiver	74/2019-CT dated 26.12.2019
QE March 2020 QE June 2020 Or March 2020 – June 2020	(Refer Notification)	Full waiver	NN 33/2020 CT dated 03.04.2020 NN 53/2020 CT dated 24.06.2020

Amendment

- The reliefs in maximum amount has now been notified as under:

Tax Period	Late fee
June 2021 or QE June 2021 onwards	₹2,000/- per return (₹1,000 under CGST and SGST each) in case of registered person with aggregate turnover of 1.50 Cr in preceding FY ₹5,000/- per return (₹2,500 under CGST and SGST each) in case of registered person with aggregate turnover of more than ₹1.50 Cr to ₹5 Cr in preceding FY ₹500/- per return (₹250 under CGST and SGST each) in case of return with nil tax liability

Paksh Comments:

- No waiver in case of late filing of Form GSTR-1 by registered person having aggregate turnover of more than ₹5 Crores in preceding FY unless the tax payable in said return is nil.
- For these persons, the late fee is as ₹50/- per day subject to maximum slab of ₹10,000/- or ₹20/- per day subject to maximum slab of ₹ 500/-, as the case may be.
- If a registered person had annual turnover of less than 5 Cr in preceding FY but higher than ₹5 Cr in current FY, then the benefits of reduced amount of late fee are available.

Section 47. Levy of late fee – GSTR 3B

[NN 19/2021- CT dated 01.06.2021]

Existing law

- Section 47 of CGST Act provides for payment of late fee of ₹200 per day (₹100 under CGST and SGST each) where a registered person fails to furnish return in Form GSTR-3B by the due date. Said late fee is subject to a maximum amount of ₹10,000/- (₹5,000 under CGST and SGST each).

Update on Notification

- Vide NN 76/2018-CT dated 31.12.2018, Central Government (and also the State Government) reduced the said late fee to ₹50 per day (₹25 under CGST and SGST each) and in case where total amount of tax payable in said return is nil, to ₹20 per day (₹10 under CGST and SGST each).
- At few instances, full or partial waiver was also granted by way of amnesty schemes. The details thereof are as under:

Tax Period	Filing period	Late fee	Notification Number
July 2017 to September 2018	22.12.2018 to 31.03.2019	Full waiver	76/2018-CT dated 31.12.2018
July 2017 to January 2020	01.07.2020 to 30.09.2020	₹500/- per return (₹250 under CGST and SGST each) Full waiver in case of return with nil tax liability	NN 52/2020 CT dated 24.06.2020

June 2021 or QE June 2021 onwards	--	₹2,000/- per return (₹1,000 under CGST and SGST each) in case of registered person with aggregate turnover of 1.50 Cr in preceding FY ₹5,000/- per return (₹2,500 under CGST and SGST each) in case of registered person with aggregate turnover of more than ₹1.50 Cr to ₹5 Cr in preceding FY ₹500/- per return (₹250 under CGST and SGST each) in case of return with nil tax liability
-----------------------------------	----	--

Paksh Comments

- No waiver in case of late filing of return by registered person having aggregate turnover of more than ₹5 Crores in preceding FY unless the tax payable in said return is nil.
- For these persons, the late fee is as ₹50/- per day subject to maximum slab of ₹10,000/- or ₹20/- per day subject to maximum slab of ₹ 500/-, as the case may be.
- If a registered person had annual turnover of less than 5 Cr in preceding FY but higher than ₹5 Cr in current FY, then the benefits of reduced amount of late fee are available.

Section 47. Levy of late fee – GSTR 4

[NN 21/2021- CT dated 01.06.2021]

Amendment

- The amnesty scheme has now been notified wherein the relief from late fee is notified as under:

Tax Period	Filing period	Late fee
July 2017 to April 2021	01.06.2021 to 31.08.2021	₹1,000/- per return (₹500 under CGST and SGST each) ₹500/- per return (₹250 under CGST and SGST each) in case of return with nil tax liability

Existing law

- Section 47 of CGST Act provides for payment of late fee of ₹200 per day (₹100 under CGST and SGST each) where a registered person fails to furnish return in Form GSTR-3B by the due date. Said late fee is subject to a maximum amount of ₹10,000/- (₹5,000 under CGST and SGST each).
- Vide NN 73/2017-CT dated 29.12.2017, Central Government (and also the State Government) reduced the said late fee to ₹50 per day (₹25 under CGST and SGST each) and in case where total amount of tax payable in said return is nil, to ₹20 per day (₹10 under CGST and SGST each).

Update on Notification

3. At few instances, full or partial waiver was also granted by way of amnesty schemes. The details thereof are as under:

Tax Period	Filing period	Late fee	Notification Number
July 2017 to September 2018	22.12.2018 to 31.03.2019	Full waiver	77/2018-CT dated 31.12.2018
July 2017 to March 2020	22.09.2020 to 31.10.2020	₹500/- per return (₹250 under CGST and SGST each) Full waiver in case of return with nil tax liability	NN 67/2020 CT dated 21.09.2020

Amendment

4. The reliefs in maximum amount has now been notified as under:

Tax Period	Filing period	Late fee
FY 2021-22 onwards		₹2,000/- per return (₹1,000 under CGST and SGST each) ₹500/- per return (₹250 under CGST and SGST each) in case of return with nil tax liability

Paksh Comment

- No waiver in case of late filing of return for tax periods upto FY 2020-21.

Section 47. Levy of late fee – GSTR 4

[NN 22/2021- CT dated 01.06.2021]

Existing law

- Section 47 of CGST Act provides for payment of late fee of ₹200 per day (₹100 under CGST and SGST each) where a registered person fails to furnish return in Form GSTR-3B by the due date. Said late fee is subject to a maximum amount of ₹10,000/- (₹5,000 under CGST and SGST each).

Amendment

- The reliefs in maximum amount has now been notified as under:

Tax Period	Late fee
June 2021 onwards	₹50 per day (₹25 under CGST and SGST each) subject to maximum cap of ₹2,000/- per return (₹1,000 under CGST and SGST each)

Section 50. Interest on delayed payment of tax

[NN 16/2021- CT dated 01.06.2021]

- On 01st February 2021, retrospective amendment was proposed w.r.e.f. 01.07.2017 in clause 103 of Finance Bill, 2021 which was enacted in form of section 112 of Finance Act 2021 on 28th March 2021.
- In 43rd GST Council Meeting held on 28th May 2021, it was decided to notify the above amendment at the earliest.
- Accordingly, vide NN 16/2021 CT dated 01.06.2021, aforesaid retrospective amendment has been notified.

Paksh Comments:

- Now, the SCNs issued asking to recover interest on gross tax liability would be quashed by the jurisdictional authorities and litigation on this matter would come to an end.
- It is notable that the benefit on interest on net tax liability is available only if the disclosures are made the return filed for same tax period. In case the disclosure is made in the return filed for subsequent tax period, then the proviso is not applicable.

Note: The above views are without prejudice to the views being taken by second school of law which says interest is always applicable on net tax liability as the word "tax" is mentioned in section 50(1) instead of "output tax".

Update on Notification

Section 168A. Power of Government to extend time limit in special circumstances

[NN 14/2020CT dated 01.05.2021 as amended by NN 24/2021-CT dated 01.06.2021]

- **Section 25. Procedure for grant of Registration**
 - **Verification of the application and Approval**
Time limit of, -
 - i) 7 working days to grant the registration from the date of receipt of application; or 30 days, where person fails to undergo Aadhar Authentication or where proper person considers to have physical verification;
 - ii) Issue of deficiency memo within 7 working days of submission of application; or 30 days, where person fails to undergo Aadhar Authentication or where proper person considers to have physical verification;
 - iii) Reply to deficiency memo within 7 working days of receipt thereof;
 - iv) 7 working days to grant the registration from the date of receipt of reply

Which falls due during the period from 01.05.2021 to 30.06.2021 is extended till 15.07.2021.

- **Section 54. Refund of Tax**

Existing Law

- Proper officer is required to issue order within 60 days from the date of receipt of application complete in all respects.
- In case he consider that the whole or any part of the amount claimed as refund is not payable to the applicant, a show cause notice in Form GST RFD-08 is issued. The applicant is required to reply to show cause notice within 15 days in Form GST RFD-09.

Relaxation

- Where the time limit to issue refund order i.e. 60th day from the date of receipt of complete application, falls during the period 15.04.2021 to 29.06.2021, and
- Notice for rejection of refund in Form GST RFD-08 is also issued,
- In such cases, the time limit of issue of refund order shall be as under:
 - 15 days from the date of receipt of reply in Form GST RFD-09, or
 - 30th June 2021

Whichever is later.

Paksh Comments:

- If notice for rejection of refund in Form GST RFD-08 is not issued, the benefit of extension in time is not available.
- If the notice is issued, the applicant can reply by 30th June 2021.
- If the reply is submitted on 30th June 2021, the due date to issue refund order would be 15th July 2021.

Note: Corresponding amendment should also have been made in section 56 to save the liability of department to pay interest. This is because of the reason that section 56 separately and independently uses the expression "sixty days from the date of application".

- **General Extension in timelines falling due from 15.04.2021 to 30.05.2021 due to COVID-19 till 31.05.2021**

CBIC has extended the due date of compliances till 30th June 2021 due to the outspread of COVID-19 such that:

- Where, any time limit for completion or compliance of any action, by any authority or by any person, has been specified in, or prescribed or notified under the said Act, which falls during the period from the **15th day of April, 2021 to the 29th day of June, 2021**, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended upto the **30th day of June, 2021**, including for the purposes of—
 - a) completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other action, by whatever name called, by any authority, commission or tribunal, by whatever name called, under the provisions of the Acts stated above; or
 - b) filing of any appeal, reply or application or furnishing of any report, document, return, statement or such other record, by whatever name called, under the provisions of the Acts stated above.

Section 13. Place of Supply of Services where location of supplier or location of recipient is outside India

[NN 03/2021- IT dated 01.06.2021]

Amendment

1. Place of Supply of B2B supply of maintenance, repair or overhaul (MRO) service in respect of ships and other vessels, their engines and other component parts would now be location of recipient of service.



Update on Notification

Table 1: Reliefs in filing returns, statements under GST Act

Return	Aggregate Turnover	Month / Quarter	Due Date	After Relief – Due Date	Interest			Late Fee
(1)	(2)	(3)	(4)	(5)	(6)			(7)
GSTR -1	More than ₹ 5 Crore in preceding FY & Upto ₹ 5 Crore in preceding FY (Not opted for quarterly option)	April 2021	11.05.2021	26.05.2021	N.A.			Applicable after 26 th /28 th May/June, 2021.
		May 2021	11.06.2021	26.06.2021				
	IFF Facility Upto ₹ 5 Crore in preceding FY (Opted for quarterly option)	April 2021	13.05.2021	28.05.2021				
		May 2021	13.06.2021	28.06.2021				
GSTR-3B	More than ₹ 5 Crore in preceding FY	March 2021	20.04.2021	05.05.2021	9% for the first 15 days from the due date and 18% thereafter			No late fee till due date calculated after relief
		April 2021	20.05.2021	04.06.2021				
		May 2021	20.06.2021	05.07.2021				
	Upto ₹ 5 Crore in preceding FY (Not opted for quarterly option)	March 2021	20.04.2021	19.06.2021	0%	9%	18%	
		April 2021	20.05.2021	04.07.2021	First 15 days	Next 45 days	There after	
		May 2021	20.06.2021	20.07.2021	First 15 days	Next 30 days	There after	
	Upto ₹ 5 Crore in preceding FY (Opted for quarterly option)	March 2021	22.04.2021 Or 24.04.2021	21.06.2021 Or 23.06.2021	First 15 days	Next 45 days	There after	
		April 2021	25.05.2021	09.07.2021	First 15 days	Next 15 days	There after	
		May 2021	25.06.2021	25.07.2021	First 15 days	Next 30 days	There after	
		QE March 2021	22.04.2021 Or 24.04.2021	21.06.2021 Or 23.06.2021	(Refer above)			
								N.A.
								No late fee till due date calculated after relief



Update on Notification

Return	Aggregate Turnover	Month / Quarter	Due Date	After Relief – Due Date	Interest	Late Fee
(1)	(2)	(3)	(4)	(5)	(6)	(7)
CMP-08	Composition Dealer	QE March 2021	18.04.2021	17.06.2021	Nil interest for the first 15 days from the due date 9% for the next 45 days, and 18% thereafter	N.A.
GSTR-4		FY 20-21	30.04.2021	31.07.2021	N.A.	Applicable after extended due date
ITC-04	Input and Capital goods sent to a job worker	QE March 2021	24.04.2021	30.06.2021	N.A.	

Notes:

- Since the benefit of reduced rate of interest is extended in cases other than Form GSTR-3B, the expression "required to furnish the returns in FORM GSTR-3B, but fail to furnish the said return along with payment of tax" appearing in first proviso of NN 13/2017-CT dated 28.06.2017 has been substituted with expression "liable to pay tax but fail to do so".
- Similarly, the expression "tax period" appearing in Column 4 of the table has been substituted with expression "month/quarter".

Paksh Comments

- The above reliefs are not conditional.
- If the payment is made late, the interest and late fee shall be applicable at the rates mentioned above during the periods specified.
- In our opinion, the date for filing Form GSTR-4 should have been extended by Commissioner by way of issuing notification under section 39(6) as section 39(2) stood amended vide Finance Act, 2019 and notified vide NN 81/2020 CT dated 10.11.2020 w.e.f. 10.11.2020.



Article

Existing law

1. Section 50 of CGST Act provides for payment of interest on delayed payment of tax. It was observed that department is proceeding against the taxpayers to collect interest on gross amount of tax i.e. without allowing any deduction towards input tax credit utilised for the payment of such tax.

Representation made in 31st GST Council Meeting to levy interest on net tax liability

2. This matter was put up as agenda item number 7(xx) in 31st GST Council Meeting held on 22nd December 2018 wherein the representation was made to levy interest only on net tax liability i.e. the liability paid from the balance lying in electronic cash ledger. The issues highlighted / grounds for making such representation are as under:

- a) the issue related to increase in interest liability due to hiccups in the return filing functionality was impressed in following words, -

"3. although the law permits part payment of tax but no such facility has been yet made available on the common portal. This being the case, a registered person cannot even avail his eligible ITC as he cannot furnish his return unless he is in a position to deposit his entire tax liability as self-assessed by him. This inflexibility of the system increases the interest burden."

- b) On the basis of object of the Act, the interest shall be applicable on tax liability paid from balance lying in electronic cash ledger. The relevant portion of representation reads as under, -

"4. the registered person effectively pays tax only on the value addition made by him. If this concept is applied for interest payable, then, it appears that the interest should also be charged on the tax payable on the value addition only, i.e. the amount of tax which is required to be paid through electronic cash ledger."

3. On the basis of representation, the law Committee gave consent to the proposal wherein the representation itself was made with a caveat that if invoices/debit notes are furnished in the return for a tax period subsequent to a tax period in which these should have been, then the benefit of reduced tax liability shall not be available. The relevant para reads as under, -

"6. However, where invoices/debit notes have been uploaded in statements pertaining to the period subsequent to the period in which they should have been uploaded, the interest shall be calculated on the amount of tax calculated on the taxable value from the date on which the tax on such invoices was due. This would require amendment to the Law."

4. This representation was approved by the GST Council in its 31st meeting.

Further decisions/approvals in 35th GST Council Meeting

5. In 35th GST Council Meeting held on 21st June 2019, the amendment was further approved without any modification and it was recommended to amend section 50(1) and incorporate a proviso thereto.

Amendment made vide Finance Act, 2019

6. On 05th July 2019, above-mentioned amendment was proposed in clause 99 of Finance Bill, 2019 which was enacted in form of section 100 of Finance Act 2019 on 01st August 2019. Central Government amended section 50 of the CGST Act to insert a proviso allowing payment of interest on liability paid in cash. Said proviso read as under:

*"Provided that the interest on tax payable in respect of **supplies made during a tax period and declared in the return** for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger."*

An issue of Retrospective operation

7. On 06th January 2020, Hon'ble Madras High Court in the case of **M/s Refex Industries Limited and M/s Sherisha Technologies Private Limited Versus Assistant Commissioner of CGST & C.Ex. and Others** [W.P. Nos. 23360 and 23361 of 2019] held that above proviso shall have retrospective effect w.e.f. 01.07.2017. The relevant para reads as under:

"15. The above proviso, as per which interest shall be levied only on that part of the tax which is paid in cash, has been inserted with effect from 01.08.2019, but clearly seeks to correct an anomaly in the provision as it existed prior to such insertion. It should thus, in my view, be read as clarificatory and operative retrospectively."



Article

8. In the 39th GST Council Meeting dated 14th March 2020, the issue of retrospective or prospective application of the proviso was deliberated wherein GST Council recommended to give retrospective effect to this provision. The relevant portion read as under, -

"13.3 He requested all the States that the respective State laws should be amended to charge interest on net basis with retrospective effect and till then the recovery shall also be on net basis. The Council recommended that interest should be calculated on net basis and the amendment should be done retrospectively."

9. One important point notable from above minutes is that Government has been directed to issue notices for recovery on interest only on net tax liability w.e.f. 14th March 2020.

Notifying effective date of amendment made vide Finance Act, 2019

10. Vide NN 63/2020-CT dated 25th August, 2020, effective date of above amendment was notified as 01st September 2020. Accordingly, a press release dated 26th August 2020 was also issued to clarify the position.

Doubts over Show Cause Notices already issued asking for recovery of interest on Gross Tax Liability

11. On 18th September 2020, administrative instructions were issued by the Government of India, Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs (GST policy) wherein it was directed to recover interest only on the net tax liability and to keep the already issued show cause notices in call book till retrospective amendment in section 50 of CGST Act is carried out.

12. On 08th October 2020, taking a note of the above administrative instructions, a writ petition was disposed of by Hon'ble Bombay High Court in the matter of **Royal Chains Private Limited Versus Union of India and others** reported as 2020 (10) TMI 467.

13. Therefore, a need to give statutory effect to the retrospective operation of proviso to section 50 of CGST Act had arisen.

Amendment

14. On 01st February 2021, retrospective amendment was proposed w.r.e.f. 01.07.2017 in clause 103 of Finance Bill, 2021 which was enacted in form of section 112 of Finance Act 2021 on 28th March 2021. Central Government amended section 50 of the CGST Act to insert a proviso allowing payment of interest on liability paid in cash. Said proviso read as under:

*"Provided that the interest on tax payable in respect of **supplies made during a tax period and declared in the return** for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger."*

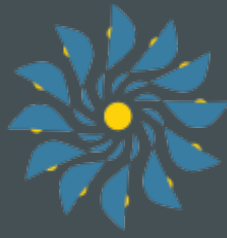
15. In 43rd GST Council Meeting held on 28th May 2021, it was decided to notify the above amendment at the earliest.

16. Accordingly, vide NN 16/2021 CT dated 01.06.2021, aforesaid retrospective amendment has been notified.

Paksh Comments

- Now, the SCNs issued asking to recover interest on gross tax liability would be quashed by the jurisdictional authorities and litigation on this matter would come to an end.
- It is notable that the benefit on interest on net tax liability is available only if the disclosures are made the return filed for same tax period. In case the disclosure is made in the return filed for subsequent tax period, then the proviso is not applicable.

Note: The above views are without prejudice to the views being taken by second school of law which says interest is always applicable on net tax liability as the word "tax" is mentioned in section 50(1) instead of "output tax".



PAKSH LEGAL

INNOVATE - DISCOVER - THRIVE



C-1/605, Milan Vihar, I.P. Extension,
Patparganj, Delhi - 110092



Chamber Number
209 & 333, District & Session Court,
Sector 43,
Chandigarh - 160043



kashish@pakshlegal.in
delhi@pakshlegal.in
pakshlegal.in



+91 8510806440



[https://www.linkedin.com/
company/paksh-legal/about/](https://www.linkedin.com/company/paksh-legal/about/)



[https://youtube.com/channel/
UCH7NVyZIKO-YAg4LnmE_20A](https://youtube.com/channel/UCH7NVyZIKO-YAg4LnmE_20A)