



THE INSTITUTE OF Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

ICSI: PFP:2020

May 18, 2020

Ms. Nirmala Sitharaman
The Chairperson
Goods & Services Tax Council
5th Floor, Tower II, Jeevan Bharti Building
Janpath Road, Connaught Place
New Delhi-110 001

Sub.: Request for amendment in GST law due to COVID 19

Hon'ble Madam,

Your goodself may kindly be aware that the Institute of Company Secretaries of India (ICSI) is a premier professional body established under an Act of Parliament, namely, the Company Secretaries Act, 1980. The ICSI has nationwide presence with its headquarters at New Delhi, four Regional Offices at New Delhi, Chennai, Kolkata and Mumbai, a Centre for Corporate Governance, Research and Training at Navi Mumbai, a Centre of Excellence for Research and Training at Hyderabad and 72 Chapters spread all over India. The ICSI has on its register over 60,000 members and around 3,00,000 students.

We wish to submit that COVID-19 has brought unprecedented economic crisis before the business entities of India including the professionals like Company Secretaries. The coming months may witness huge liquidity problems in the market. There will be a situation that customers/clients will ask for more credit period as a condition of sales. Thus, business will experience shortage of money for fulfilling its monthly obligation and outflows.

We wish to further submit that as per the present provisions under the GST Law, the payment of GST is required to be made on accrual basis whether the supplier of goods or services realises the amount of supply of goods or services is immaterial. Even if no amount towards supply of goods or services for a particular month is realised, there remains the liability to pay GST on 20th of the next month. In the event of non-compliance or delay in payment of GST by the due date, the supplier is liable for payment of interest @18% p.a. along with attraction of other penal provisions stated therein the law.

We wish to mention here that when the service tax was first introduced in 1994, the liability to pay service tax (point of supply of service) was on receipt basis, in as much as liability to pay service tax was attracting only on receipt of value of taxable service. This provision in the statute book was in existence for more than a decade and it worked very well in administration of tax law.

The present developments arising due to the spread of the COVID-19 virus has warranted the need for temporary relaxation in compliance requirements under various laws. It is humbly requested that this method (receipt basis) of determining time of supply be introduced for limited period till the industry and business does not come out of crisis arising out of COVID-19.

It is further requested that time of supply of goods or services or both be defined as receipt of money or money equivalent towards supply of goods or services or both and the supplier discharges tax liability on receipt basis proportionate to amount received, inclusive tax. Similarly, a supplier shall avail Input Tax Credit (ITC) proportionate to the payments made within the period of time specified of and reverse credit on non payment of supplies received. This interim measure will not only ensure tax compliance from supplier side, but put a simultaneous check on availment of ITC on payment basis and maintain smooth cash flow of taxes to the exchequer.

We hope that these amendments will help the trade, industry and professionals to great extent and will also help them on focusing on nation building post COVID-19.

We shall be pleased to provide any further information in this regard on hearing from your goodself.

Thanking you

Yours faithfully



CS Ashish Garg
President

CC to:

Dr. Ajay Bhushan Pandey
The Revenue Secretary,
Ministry of Finance, Government of India
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