

GST REVENUE COLLECTION FOR OCTOBER, 2021

GST collection for October 2021 registered the second highest since implementation of GST

₹ 1,30,127 crores gross GST revenue collected in October

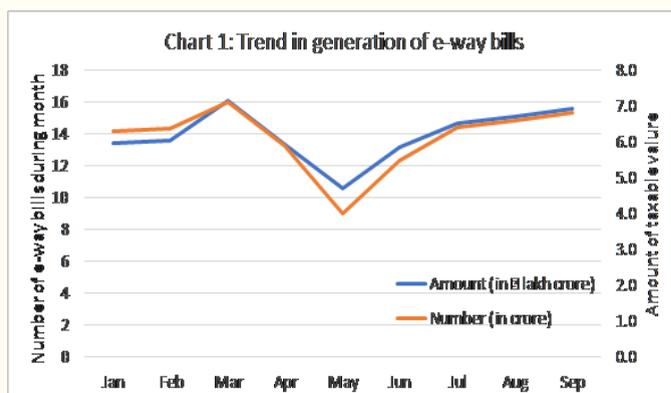
Revenues for the month of October 2021 are 24% higher than the GST revenues in the same month last year and 36% over 2019-20

The gross GST revenue collected in the month of October 2021 is ₹ 1,30,127 crores of which CGST is ₹ 23,861 crores, SGST is ₹ 30,421 crores, IGST is ₹ 67,361 crores (including ₹ 32,998 crores collected on import of goods) and Cess is ₹ 8,484 crores (including ₹ 699 crores collected on import of goods).

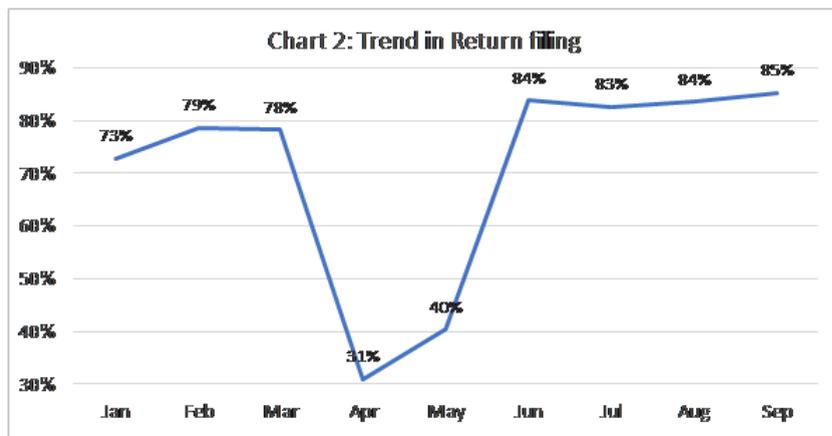
The government has settled ₹ 27,310 crores to CGST and ₹ 22,394 crores to SGST from IGST as regular settlement. The total revenue of Centre and the States after regular settlements in the month of October 2021 is ₹ 51171 crores for CGST and ₹ 52,815 crores for the SGST.

The revenues for the month of **October 2021 are 24% higher** than the GST revenues in the same month last year and 36% over 2019-20. During the month, revenues from import of goods was 39% higher and the revenues from domestic transaction (including import of services) are 19% higher than the revenues from these sources during the same month last year.

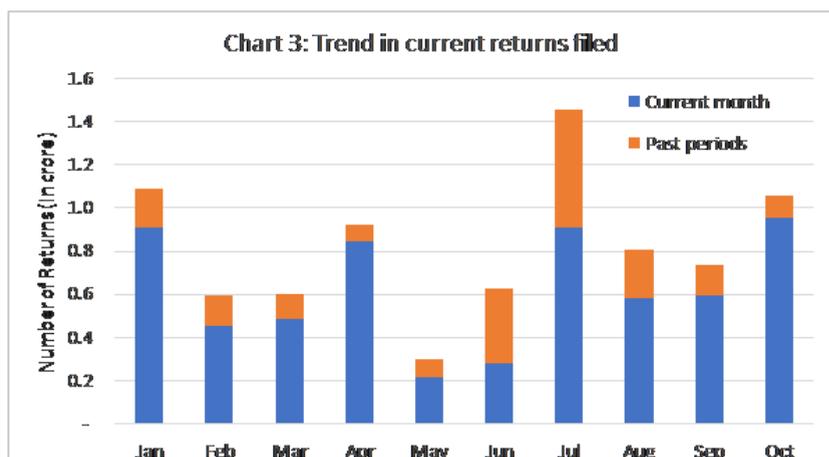
The GST revenues for October have been the second highest ever since introduction of GST, second only to that in April 2021, which related to year-end revenues. This is very much in line with the trend in economic recovery. This is also evident from the trend in the e-way bills generated every month since the second wave. The revenues would have still been higher if the sales of cars and other products had not been affected on account of disruption in supply of semi-conductors. Chart 1 shows the upward trend in number of e-way bills generated during the month and the amount of taxable value clearly indicating the recovery in economic activity.



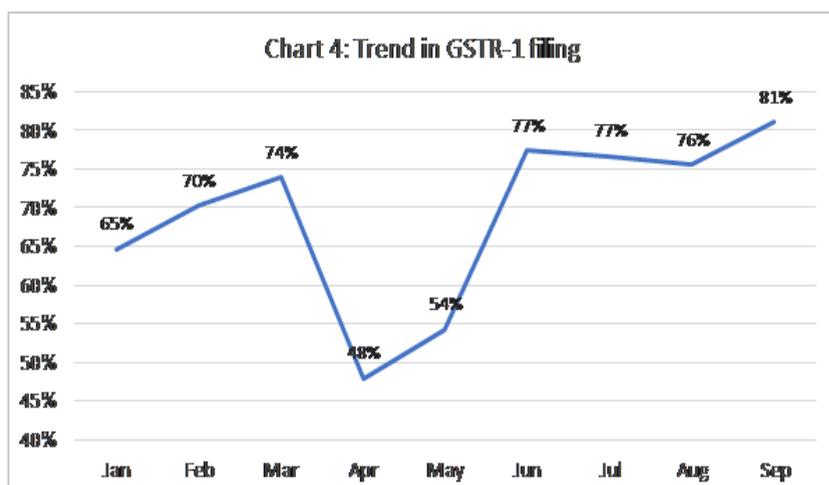
The revenues have also been aided due to the efforts of the State and Central tax administration resulting in increased compliance over previous months. In addition to action against individual tax evaders, this has been a result of the multipronged approach followed by the GST Council. On one hand, various measures have been taken to ease compliance like nil filing through SMS, enabling Quarterly Return Monthly Payment (QRMP) system and auto-population of return. During past one year, GSTN has augmented the system capacity considerably to improve user experience. On the other hand, the Council has also taken various steps to discourage non-compliant behavior, like blocking of e-way bills for non-filing of returns, system-based suspension of registration of taxpayers who have failed to file six returns in a row and blocking of credit for return defaulters. Number of returns (GSTR-3B) of every month/quarter by the end of next month is a good parameter indicating timely payment of returns and filing of returns. After last date of filing of returns, special efforts are undertaken to ensure compliance by the end of the month in form of messaging by GSTN and close follow up by the Centre and State tax administration. Chart 2 showing the upward trend in percentage of returns filed till the end of next month clearly indicates that timely payment of taxes has been increasing over a period of time due to policy measures and administrative efforts.



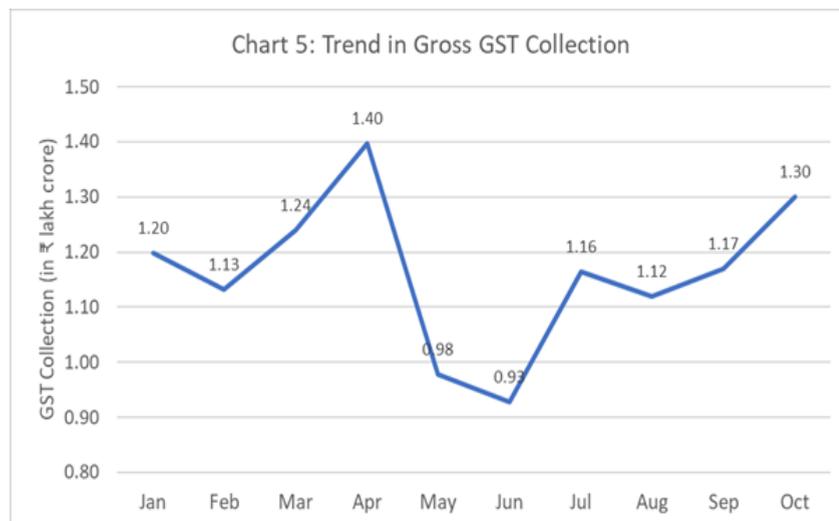
This has also been aided by the fact that on various occasions, Council decided to waive late fee allowing people to file old returns and come up-to-date in filing of returns. With more and more taxpayers filing the returns every month, the percentage of returns of old period filed in any month has been increasing continuously. **Chart 3 shows the share of returns of the current period filed in every month out of the total returns filed, clearly indicating that the number of returns of the current month has increased considerably.** 1.5 crores returns were filed in the month of July 2021 as taxpayers filed returns of past months taking benefit of the relaxation given due to Covid.



With improvement of return filing, the focus of GST Council has been on timely filing of GSTR-1, the statement containing details of invoices. This statement is critical to ensure discipline in taking input tax credit. Various steps have been taken to ensure timely filing of GSTR-1. **Chart 4 displaying GSTR-1 filing by the end of the month shows that these steps have brought in the desired result as the percentage of GSTR-1 filed by the end of the month is clearly showing an upward trend.**



Overall, the impact of these efforts has ensured increased compliance and higher revenues. As a part of overall efforts to plug evasion, more steps to restrict fake ITC are under consideration of the GST Council. **Chart 5 below shows the trend in monthly GST revenues during the year and the table shows the state-wise breakup of GST revenues (excluding GST on import of goods).** There is a small difference between the monthly figures shown in the chart below for the months of May and Jun and those included in the respective press notes as the figures published then were till 5th of the next month as the taxpayers were given relief in filing of returns till 5th of the next month due to the pandemic.



Source: PIB Press Release dated 01.11.21

GST COMPENSATION SHORTFALL

Government of India releases 40,000 crores to States/ UTs with Legislature in-lieu of GST compensation shortfall on 07.10.21

Total amount of ₹ 1,15,000 crores released in current year to meet GST compensation shortfall

The Ministry of Finance on 07.10.21 released an amount of ₹ 40,000 crores to the States and UTs with Legislature under the back-to-back loan facility to meet the shortfall in GST Compensation. Earlier on 15th July 2021 an amount of ₹ 75,000 crores was released to the States & UTs with legislature. With the current release, the total amount released in the current financial year as back-to-back loan in-lieu of GST compensation has reached to ₹ 1,15,000 crores. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection. Subsequent to the 43rd GST Council Meeting held on 28.05.2021, it has been decided by the Central Government that it would borrow ₹ 1.59 lakh crores in 2021-22 and release it to States and UTs with Legislature on a back-to-back basis to meet the resource gap due to the short release of Compensation on account of inadequate amount collected in the Compensation Fund. This amount is as per the principles adopted for a similar facility in FY 2020-21, where an amount of ₹ 1.10 lakh crores was released to States under a similar arrangement.

This amount of ₹ 1.59 lakh crores to be provided to States as back-to-back loan would be over and above the compensation in excess of ₹ 1 lakh crores (based on cess collection) that is estimated to be released to States/UTs with Legislature during the current financial year. The sum total of ₹ 2.59 lakh crores is expected to exceed the amount of GST compensation accruing in FY 2021-22. All eligible States and UTs (with Legislature) have agreed to the arrangements of funding of the compensation shortfall under the back-to-back loan facility. For effective response and management of COVID-19 pandemic and a step-up in capital expenditure all States and UTs have a very important role to play. For assisting the States/UTs in their endeavor, Ministry of Finance has frontloaded the release of assistance under the back-to-back loan facility during FY 2021-22 of ₹ 1,15,000 crores (more than 72 percent of the total estimated shortfall for the entire year). The balance amount will be released in due course.

The release of ₹ 40,000 crores is funded from borrowings of GoI in 5-year securities, totaling ₹ 23,500 crores and 2-year securities for ₹ 16,500 crores issued in the current financial year, at a Weighted Average Yield of 5.69 and 4.16 percent per annum respectively. No additional market borrowing by the Central Government is envisaged on account of this release. It is expected that this release will help the States/UTs in planning their public expenditure among other things, for improving, health infrastructure and taking up infrastructure projects.

17.	Rajasthan	1,074.23	754.25	1,828.48
18.	Tamil Nadu	1,196.46	840.07	2,036.53
19.	Telangana	675.31	474.15	1149.46
20.	Tripura	59.27	41.61	100.88
21.	Uttar Pradesh	1,203.11	844.74	2,047.85
22.	Uttarakhand	492.63	345.89	838.52
23.	West Bengal	949.63	666.76	1616.39
24.	UT of Delhi	915.34	642.69	1558.03
25.	UT of Jammu & Kashmir	568.30	399.02	967.32
26.	UT of Puducherry	161.99	113.74	275.73
	Total:	23,500.00	16,500.00	40,000.00

Source: PIB Press Release dated 07.10.21

STATE/ UTS WISE AMOUNT RELEASED AS “BACK TO BACK LOAN IN LIEU OF GST COMPENSATION SHORTFALL” ON 07.10.2021

(Rs. in Crores)

Sl. No.	Name of the State/ UTs	GST Compensation shortfall released		
		5 year tenor	2 year tenor	Total
1.	Andhra Pradesh	483.61	339.56	823.17
2.	Assam	262.20	184.10	446.30
3.	Bihar	1,007.42	707.34	1,714.76
4.	Chhattisgarh	733.84	515.25	1249.09
5.	Goa	125.19	87.90	213.09
6.	Gujarat	1,927.34	1,353.24	3,280.58
7.	Haryana	1,092.85	767.32	1,860.17
8.	Himachal Pradesh	398.33	279.68	678.01
9.	Jharkhand	367.14	257.78	624.92
10.	Karnataka	2,676.56	1,879.28	4,555.84
11.	Kerala	1,291.65	906.90	2,198.55
12.	Madhya Pradesh	1,036.24	727.57	1,763.81
13.	Maharashtra	2,037.01	1,430.24	3,467.25
14.	Meghalaya	20.84	14.63	35.47
15.	Odisha	950.37	667.28	1617.65
16.	Punjab	1,793.14	1,259.01	3,052.15

• Government of India releases balance amount of ₹ 44,000 crores to States and UTs (with Legislature) under the back-to-back loan facility in-lieu of GST compensation on 28.10.21

The Ministry of Finance has released ₹ 44,000 crores on 28.10.21 to the States and UTs with Legislature under the back - to - back loan facility in lieu of GST Compensation.

After taking into account earlier release of ₹ 1,15,000 crores (₹ 75,000 crores released on 15th July, 2021 and ₹ 40,000 crores released on 07th October, 2021), total amount released in the current financial year as back-to-back loan in-lieu of GST compensation is ₹ 1,59,000 crores. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection.

The release of ₹ 44,000 crores being made now is funded from borrowings of GoI in 5-year securities issued in the current financial year, at a Weighted Average Yield of 5.69%. No additional market borrowing by Central Government is envisaged on account of this release.

State/ UTs wise amount released as “Back to Back Loan in lieu of GST Compensation Shortfall” on 28.10.2021

(Rs. in Crores)

Sl. No.	Name of the State/ UTs	Amount
1.	Andhra Pradesh	905.59
2.	Assam	490.76
3.	Bihar	1885.69
4.	Chhattisgarh	1374.02
5.	Goa	234.28
6.	Gujarat	3608.53

7.	Haryana	2045.79
8.	Himachal Pradesh	745.95
9.	Jharkhand	687.76
10.	Karnataka	5010.90
11.	Kerala	2418.49
12.	Madhya Pradesh	1940.20
13.	Maharashtra	3814.00
14.	Meghalaya	39.18
15.	Odisha	1779.45
16.	Punjab	3357.48
17.	Rajasthan	2011.42
18.	Tamil Nadu	2240.22
19.	Telangana	1264.78
20.	Tripura	111.34
21.	Uttar Pradesh	2252.37
22.	Uttarakhand	922.30
23.	West Bengal	1778.16
24.	UT of Delhi	1713.34
25.	UT of J&K	1064.44
26.	UT of Puducherry	303.56
	Total	44,000.00

Source: PIB Press Release dated 28.10.21

NOTIFICATIONS

• **Notification No. 13/2021-Central Tax (Rate) dated 27-10-2021 seeks to amend Notification No 1/2017- Central Tax (Rate) dated 28.06.2017.**

The Government vide above mentioned notification has further amended Notification No. 01/2017- Central Tax (Rate) dated June 28.06.2017 wherein, in order to conciliate GST rate on Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property Right (“IPR”), the GST rate has been rationalised from 12% to 18%.

CIRCULARS

• **Clarifications regarding applicable GST rates & exemptions on certain services vide circular no. 164/2020/2021-GST dated 06.10.2021.**

The Government has issued clarification in respect of applicable GST rates on the following activities:

1. Services by cloud kitchens/central kitchens,
2. Supply of ice cream by ice cream parlors,
3. Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of „Scholarships for students with Disabilities”,
4. Satellite launch services provided by NSIL.
5. Overloading charges at toll plaza,
6. Renting of vehicles by State Transport Undertakings and Local Authorities,
7. Services by way of grant of mineral exploration and mining rights attracted GST,
8. Admission to amusement parks having rides etc.,
9. Services supplied by contract manufacture to brand owners or others for manufacture of alcoholic liquor for human consumption.

• **Clarification regarding GST rates & classification (goods) based on the recommendations of the GST Council in its 45th meeting held on 17th September 2021 at Lucknow—reg vide circular no. 163/19/2021-GST dated 06.10.2021.**

The Government has issued clarifications based on the recommendations of the GST Council in its 45th meeting held on 17th September, 2021, at Lucknow, with reference to GST levy, related to the following:

1. Fresh vs dried fruits and nuts;
2. Classification and applicable GST rates on Tamarind seeds;
3. Coconut vs Copra;
4. Classification and applicable GST rate on Pure henna powder and leaves, having no additives;
5. Scented sweet supari and flavored and coated illaichi;
6. Classification of Brewers' Spent Grain (BSG), Dried Distillers' Grains with Soluble [DDGS] and other such residues and applicable GST rate;
7. GST rates on goods [miscellaneous pharmaceutical products] falling under heading 3006;
8. Applicability of GST rate of 12% on all laboratory reagents & other goods falling under heading 3822;
9. Requirement of Original/ import Essentiality certificate, issued by the Directorate General of Hydrocarbons (DGH) on each inter-State stock transfer of goods imported at concessional GST rate for petroleum operations;
10. External batteries sold along with UPS Systems/ Inverter;
11. Specified Renewable Energy Projects;
12. Fiber Drums, whether corrugated or non-corrugated.

• **Resumption of Blocking of E-Way Bill (EWB) generation facility.**

1. The blocking of E waybill generation facility had been temporarily suspended by Government on account of Covid pandemic. In terms of Rule 138 E (a) and (b) of the CGST Rules, 2017, the E Waybill generation facility of a person is liable to be restricted in case the person fails to file their return in Form GSTR-3B / statement in CMP-08, for consecutive two tax periods or more, whether Monthly or Quarterly.
2. The blocking of EWB generation facility has now resumed on the EWB portal for all the taxpayers. Going forward, from the tax period August 2021 onwards, the System will periodically check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08 as per the regular procedure followed before pandemic and block the generation of EWBs as per rule.
3. To avail EWB generation facility on EWB Portal on continuous basis, you are, therefore, advised to file your pending GSTR 3B returns/ CMP-08 Statement on regular basis.
4. For details of blocking and unblocking EWB, click on below link:

https://tutorial.gst.gov.in/userguide/returns/index.htm#t=FAQs_unblockingewaybill.htm

Portal updated on 04.10.2021

• **Availability of Input Tax Credit (ITC) for FY 2020-21**

1. As per Section 16(4) of CGST Act, 2017, no taxpayer shall take input tax credit in respect records (invoices and debit notes) for supply of goods or services (or both) for Financial Year 2020-21 after the due date of furnishing the return for the month of September 2021. The due date for the GSTR-3B for September 2021 is either 20th October 2021 for monthly filers and 22nd or 24th October 2021 depending on the State/UT of registration of the taxpayer. In view of the same, the following may kindly be noted:
 - (I.) Records (invoice or debit notes) pertaining to Financial Year 2020-21 reported in GSTR-1 after due date of GSTR-3B of September 2021 will not reflect as “ITC Available” in GSTR-2B of the recipients. Such records will reflect in “ITC Not Available” section of GSTR-2B, and such ITC shall in turn not be auto-populated in GSTR-3B.
 - (ii.) Records (invoice or debit notes) pertaining to Financial Year 2020-21 reported in GSTR-1 after due date of GSTR-3B of September 2021 will also not reflect as “ITC as per GSTR-2A” in Table-8A of GSTR-9 of the recipients.

2. It is requested that the taxpayers may take note of the above and ensure that their records pertaining to Financial Year 2020-21 are reported on or before the due date of their GSTR-3B for the month September 2021, or for the quarter of July to September 2021 in case of quarterly GSTR-3B filers. Availment of ITC by the recipient's contrary to the legal provisions in GST may entail action by the tax administrations in accordance with law.

Portal updated on 17.10.2021

• **Advisory for taxpayers on Form GSTR-2B**

1. Form GSTR-2B is an auto-drafted ITC statement which is generated for every normal taxpayer on the basis of the information furnished by their suppliers in their respective GSTR-1/IFF, GSTR-5 (non-resident taxable person) and GSTR-6 (input service distributor). This statement indicates availability and non-availability of input tax credit to the taxpayer against each document filed by their suppliers and is made available to the taxpayers in the afternoon of 14th of every month.
2. Please click on below links to access additional content related to Form GSTR-2B:

https://tutorial.gst.gov.in/downloads/news/updated_advisory_gstr_2b_12_10_2021.pdf – for detailed advisory

https://tutorial.gst.gov.in/userguide/returns/index.htm#t=Manual_gstr_2b.htm –for User Manual

https://tutorial.gst.gov.in/userguide/returns/index.htm#t=FAQ_gstr2b.htm – for FAQs

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