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## Newsflash: Major Amendments in GST Rules

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### Major Amendments in GST Rules

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- 1.0** The Government has amended Rule 36(4) of Central GST Rules, 2017 wherein now a taxpayer is allowed to claim the un-matched input tax credit (ITC), up to maximum 5% of matched ITC (with GSTR-2A). The said amendment will be effective from 1 January 2021.
- 2.0** The taxpayers will not be allowed to furnish GSTR-1 if they fail to furnish their GSTR-3B for preceding two tax periods.
- 3.0** A new Rule 86B has been inserted wherein taxpayer can discharge their output tax liability, using electronic credit balance, only up to 99% and rest 1% has to be discharged in cash. However, some of the taxpayers are relaxed from this rule such as-
- (a) Taxpayers having output tax liability up to 50 lakhs,
  - (b) Taxpayers who have received the refund of unutilised input tax credit more than 1 lakhs in the preceding financial year.
  - (c) Taxpayers who have discharged his liability through electronic cash ledger for an amount exceeding 1% of total output tax liability, applied cumulatively, up to a said month in the financial year.
  - (d) Government department, public sector undertaking, local authority or statutory body.
- Taxpayers will not be allowed to furnish their GSTR-1 if they contravene the rule 86B, stated above.
- 4.0** Rule 21, dealing with circumstances where GST registration may be cancelled, has been amended to incorporate below additional circumstances wherein registration may be cancelled-
- (a) Taxpayer avails ITC in violation of provisions of section 16 of Central GST Act, 2017
  - (b) Where outward supplier reported in GSTR-1 is higher than outward supplies reported in GSTR-3B for the particular month.
  - (c) Where taxpayer violates newly inserted rule 86B (as stated in above para)

- 5.0 Rule 21A has been amended to enable the GST officer to suspend the GST registration, with immediate effect without giving an opportunity of being heard in advance.
  
- 6.0 Where GST registration has been suspended, the taxpayers will not be able to generate E-way bill and will also not be granted any refund during the period of suspension.

***[Source: Notification No.94/2020- Central tax dated 22 December 2020]***

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