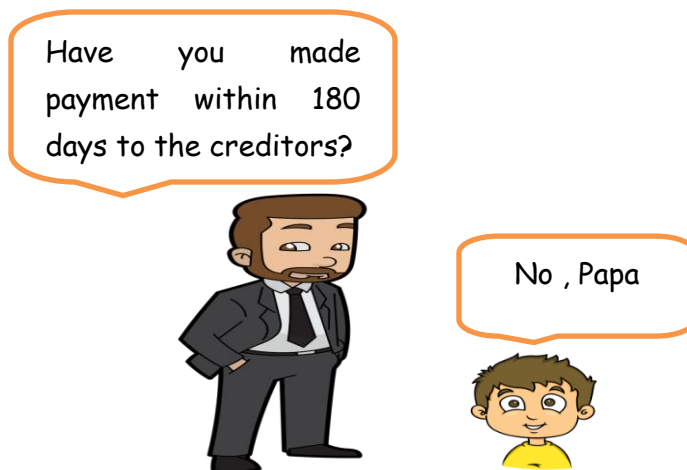
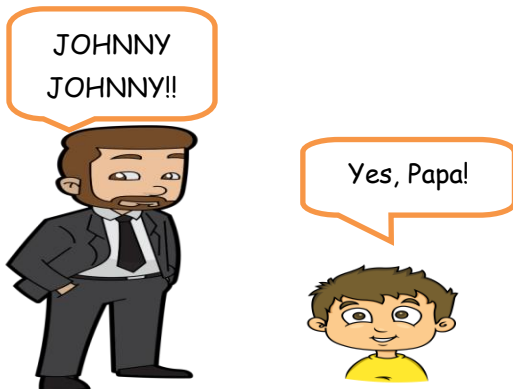


GST and JOHNNY- UPDATE No.58



This papa:-

Global spread of corona virus has dried up liquidity of the business houses. Organizations are struggling in the area of cash and liquidity management.

One of the pillars of the GST regime is free flow of input tax credits in order to remove cascading of taxes. However the provisions of GST law in some instances goes against this basic spirit of the GST law.

One such condition under the GST Act for the Taxpayers is to make payment to their suppliers within a period of 180 days from the date of invoice as prescribed under proviso to section 16(2). Non-compliance to the condition will lead to the organizations to reverse the Input tax credit rightly earned by them on the proper invoice along with payment of interest.

It is very difficult to comply with such provision as the business has to maintain the creditors aging and basis on that they have to reverse the Input Tax Credit. In big organizations, it is very challenging as they have lots of transactions and maintained from various locations.

Due to financial crisis, the assessee are starving to survive along with the business. Imposing such a harsh provision is not at all possible in such crucial times.

In this scenario government must relax the provisions to either increase the time lag from 180 days to 360 days or just keep the provisions on hold till the current situation is settled and the organizations are back on track with the passage of time so as to give them a boost and maintain the liquidity.