

GST Council's Recommendations for Simplifying the Compliance and Easing the Burdens of Business: A Great Relief to the Taxpayers

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The GST Council inter alia made the following recommendations relating to changes in GST tax rates, measures for facilitation of trade and measures for streamlining compliances in GST in different sectors.

I. Recommendations of the 53rd GST Council

A. Changes in GST Tax Rates:

I. Recommendations relating to GST rates on Goods

A. Changes in GST rates of goods

- 1) A uniform rate of 5% IGST will apply to imports of 'Parts, components, testing equipment, tools and tool-kits of aircrafts , irrespective of their HS classification to provide a fillip to MRO activities subject to specified conditions.
- 2) All milk cans (of steel, iron and aluminium) irrespective of their use will attract 12% GST.
- 3) GST rate on 'carton, boxes and cases of both corrugated and non-corrugated paper or paper-board' (HS 4819 10; 4819 20) to be reduced from 18% to 12%.
- 4) All solar cookers whether single or dual energy source, will attract 12% GST.
- 5) To amend existing entry covering Poultry keeping Machinery attracting 12% GST to specifically incorporate "parts of Poultry keeping Machinery" and to regularise past practice on 'as is where is' basis in view of genuine interpretational issues.

- 6) To clarify that all types of sprinklers including fire water sprinklers will attract 12% GST and to regularize the past practice on 'as is where is' basis in view of genuine interpretational issues.
- 7) To extend IGST exemption on imports of specified items for defence forces for a further period of five years till 30th June, 2029.
- 8) To extend IGST exemption on imports of research equipment/buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) programme subject to specified conditions.
- 9) To exempt Compensation Cess on the imports in SEZ by SEZ Unit/developers for authorized operations w.e.f 01.07.2017.

Other Miscellaneous Changes

- 10) To exempt Compensation cess on supply of aerated beverages and energy drinks to authorized customers by Unit Run Canteens under Ministry of Defence.
- 11) To provide Adhoc IGST exemption on imports of technical documentation for AK-203 rifle kits imported for Indian Defence forces.

II. Recommendations relating to GST rates on services

- 1) To exempt the services provided by Indian Railways to general public, namely, sale of platform tickets, facility of retiring rooms/waiting rooms, cloak room services and battery-operated car services and to also exempt the Intra-Railway transactions. The issue for the past period will be regularized from 20.10.2023 to the date of issue of exemption notification in this regard.
- 2) To exempt GST on the services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV. The issue for the past will be regularized on 'as is where is' basis for the period from 01.07.2017 till the date of issue of exemption notification in this regard.
- 3) To create a separate entry in notification No. 12/2017- CTR 28.06.2017 under heading 9963 to exempt accommodation services having value of supply of accommodation up to Rs. 20,000/- per month per person subject to the condition that the accommodation

service is supplied for a minimum continuous period of 90 days. To extend similar benefit for past cases.

Other changes relating to Services

- 4) Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service by lead and co-insurer to the insured in coinsurance agreements, may be declared as no supply under Schedule III of the CGST Act, 2017 and past cases may be regularized on 'as is where is' basis.
- 5) Transaction of ceding commission/re-insurance commission between insurer and re-insurer may be declared as no supply under Schedule III of CGST Act, 2017 and past cases may be regularized on 'as is where is' basis.
- 6) GST liability on reinsurance services of specified insurance schemes covered by Sr. Nos. 35 & 36 of notification No. 12/2017-CT (Rate) dated 28.06.2017 may be regularized on 'as is where is' basis for the period from 01.07.2017 to 24.01.2018.
- 7) GST liability on reinsurance services of the insurance schemes for which total premium is paid by the Government that are covered under Sr. No. 40 of notification No. 12/2017-CTR dated 28.06.2017 may be regularized on 'as is where is' basis for the period from 01.07.2017 to 26.07.2018.
- 8) To issue clarification that retrocession is 're-insurance of re-insurance' and therefore, eligible for the exemption under Sl. No. 36A of the notification No. 12/2017-CTR dated 28.06.2017.
- 9) To issue clarification that statutory collections made by Real Estate Regulatory Authority (RERA) are exempt from GST as they fall within the scope of entry 4 of No.12/2017-CTR dated 28.06.2017.
- 10) To issue clarification that further sharing of the incentive by acquiring bank with other stakeholders, where the sharing of such incentive is clearly defined under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions and is decided in the proportion and manner by NPCI in consultation with the participating banks is not taxable.

B. Measures for facilitation of trade:

1. Insertion of Section 128A in CGST Act, to provide for conditional waiver of interest or penalty or both, relating to demands raised under Section 73, for FY 2017-18 to FY 2019-20 : Considering the difficulties faced by the taxpayers, during the initial years of implementation of GST, the GST Council recommended, waiving interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto **31.03.2025**. The waiver does not cover demand of erroneous refunds. To implement this, the GST Council has recommended insertion of Section 128A in CGST Act, 2017.

2. Reduction of Government Litigation by Fixing monetary limits for filing appeals under GST: The Council recommended to prescribe monetary limits, subject to certain exclusions, for filing of appeals in GST by the department before GST Appellate Tribunal, High Court, and Supreme Court, to reduce government litigation. The following monetary limits have been recommended by the Council:

GSTAT: Rs. 20 lakhs

High Court: Rs. 1 crore

Supreme Court: Rs. 2 crores

3. Amendment in Section 107 and Section 112 of CGST Act for reducing the amount of pre-deposit required to be paid for filing of appeals under GST: The GST Council recommended reducing the amount of pre-deposit for filing of appeals under GST to ease cash flow and working capital blockage for the taxpayers. The maximum amount for filing appeal with the appellate authority has been reduced from Rs. 25 crores CGST and Rs. 25 crores SGST to Rs. 20 crores CGST and Rs. 20 crores SGST. Further, the amount of pre-deposit for filing appeal with the Appellate Tribunal has been reduced from 20% with a maximum amount of Rs. 50 crores CGST and Rs. 50 crores SGST to 10 % with a maximum of Rs. 20 crores CGST and Rs. 20 crores SGST.

4. Applicability of Goods and Services Tax on Extra Neutral Alcohol (ENA) Taxation of ENA under GST: The GST Council, in its 52nd meeting, had recommended to amend GST Law to explicitly exclude rectified spirit/Extra Neutral Alcohol (ENA) from the scope of

GST when supplied for manufacturing alcoholic liquors for human consumption. The GST Council now recommended amendment in sub-section (1) of Section 9 of the CGST Act, 2017 for not levying GST on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.

5. Reduction in rate of TCS to be collected by the ECOs for supplies being made through them: Electronic Commerce Operators (ECOs) are required to collect Tax Collected at Source (TCS) on net taxable supplies under Section 52(1) of the CGST Act. The GST Council has recommended to reduce the TCS rate from present 1% (0.5% CGST + 0.5% SGST/ UTGST, or 1% IGST) to 0.5 % (0.25% CGST + 0.25% SGST/UTGST, or 0.5% IGST), to ease the financial burden on the suppliers making supplies through such ECOs.

6. Time for filing appeals in GST Appellate Tribunal: The GST Council recommended amending Section 112 of the CGST Act, 2017 to allow the three-month period for filing appeals before the Appellate Tribunal to start from a date to be notified by the Government in respect of appeal/ revision orders passed before the date of said notification. This will give sufficient time to the taxpayers to file appeal before the Appellate Tribunal in the pending cases.

7. Relaxation in condition of section 16(4) of the CGST Act:

a) In respect of initial years of implementation of GST, i.e., financial years 2017- 18, 2018-19, 2019-20 and 2020-21:

The GST Council recommended that the time limit to avail input tax credit in respect of any invoice or debit note under Section 16(4) of CGST Act, through any return in FORM GSTR 3B filed upto 30.11.2021 for the financial years 2017-18, 2018-19, 2019-20 and 2020-21, may be deemed to be 30.11.2021. For the same, requisite amendment in section 16(4) of CGST Act, retrospectively, w.e.f. 01.07.2017, has been recommended by the Council.

b) with respect to cases where returns have been filed after revocation:

The GST Council recommended retrospective amendment in Section 16(4) of CGST Act, to be made effective from July 1st, 2017, to conditionally relax the provisions of section 16(4) of CGST Act in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of

cancellation of the registration, are filed by the registered person within thirty days of the order of revocation.

8. Change in due date for filing of return in FORM GSTR-4 for composition taxpayers from 30th April to 30th June: The GST Council recommended an amendment in clause (ii) of sub-rule (1) of Rule 62 of CGST Rules, 2017 and FORM GSTR-4 to extend the due date for filing of return in FORM GSTR-4 for composition taxpayers from 30th April to 30th June following the end of the financial year. This will apply for returns for the financial year 2024-25 onwards. The same would give more time to the taxpayers who opt to pay tax under composition levy to furnish the said return.

9. Amendment of Rule 88B of CGST Rules, 2017 in respect of interest under Section 50 of CGST Act on delayed filing of returns, in cases where the credit is available in Electronic Cash Ledger (ECL) on the due date of filing the said return: The GST Council recommended amendment in rule 88B of CGST Rules to provide that an amount, which is available in the Electronic Cash Ledger on the due date of filing of return in FORM GSTR-3B, and is debited while filing the said return, shall not be included while calculating interest under section 50 of the CGST Act in respect of delayed filing of the said return.

10. Insertion of Section 11A in CGST Act for granting power not to recover duties not levied or short-levied as a result of general practice under GST Acts: The GST Council recommended inserting a new Section 11A in CGST Act to give powers to the Government, on the recommendations of the Council, to allow regularization of non-levy or short levy of GST, where tax was being short paid or not paid due to common trade practices.

11. Refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to export: The GST Council recommended to prescribe a mechanism for claiming refund of additional IGST paid on account of upward revision in price of the goods subsequent to their export. This will facilitate a large number of taxpayers, who are required to pay additional IGST on account of upward revision in price of the goods subsequent to export, in claiming refund of such additional IGST.

12. Clarification regarding valuation of supply of import of services by a related person where recipient is eligible to full input tax credit: The Council recommended to clarify that in cases where the foreign affiliate is providing certain services to the related domestic entity, for which full input tax credit is available to the said related domestic entity, the value of such

supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil, and may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules.

13. Clarification regarding availability of Input Tax Credit (ITC) on ducts and manholes used in the network of Optical Fiber Cables (OFCs): The Council recommended to clarify that input tax credit is not restricted in respect of ducts and manhole used in network of optical fiber cables (OFCs), under clause (c) or under clause (d) of sub-section (5) of section 17 of CGST Act.

14. Clarification on the place of supply applicable for custodial services provided by banks: The Council recommended to clarify that place of supply of Custodial services supplied by Indian Banks to Foreign Portfolio Investors is determinable as per Section 13(2) of the IGST Act, 2017.

15. Clarification on valuation of corporate guarantee provided between related persons after insertion of Rule 28(2) of CGST Rules, 2017: GST Council recommended amendment of rule 28(2) of CGST Rules retrospectively with effect from 26.10.2023 and issuance of a circular to clarify various issues regarding valuation of services of providing corporate guarantees between related parties. It is inter alia being clarified that valuation under rule 28(2) of CGST Rules would not be applicable in case of export of such services and also where the recipient is eligible for full input tax credit.

16. Clarification regarding applicability of provisions of Section 16 (4) of CGST Act, 2017, in respect of invoices issued by the recipient under Reverse Charge Mechanism (RCM): The Council recommended to clarify that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and invoice is to be issued by the recipient only, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act is the financial year in which the invoice has been issued by the recipient.

17. Clarification on following issues to provide clarity to trade and tax officers and to reduce litigation:

- i. Clarification on taxability of re-imburement of securities/shares as ESOP/ESPP/RSU provided by a company to its employees
- ii. Clarification on requirement of reversal of input tax credit in respect of amount of premium in Life Insurance services, which is not included in the taxable value as per Rule 32(4) of CGST Rules.
- iii. Clarification on taxability of wreck and salvage values in motor insurance claims
- iv. Clarification in respect of Warranty/ Extended Warranty provided by Manufacturers to the end customers
- v. Clarification regarding availability of input tax credit on repair expenses incurred by the insurance companies in case of reimbursement mode of settlement of motor vehicle insurance claims.
- vi. Clarification on taxability of loans granted between related person or between group companies.
- vii. Clarification on time of supply on Annuity Payments under HAM Projects.
- viii. Clarification regarding time of supply in respect of allotment of Spectrum to Telecom companies in cases where payment of licence fee and Spectrum usage charges is to be made in instalments.
- ix. Clarification relating to place of supply of goods supplied to unregistered persons, where delivery address is different from the billing address
- x. Clarification on mechanism for providing evidence by the suppliers for compliance of the conditions of Section 15(3)(b)(ii) of CGST Act, 2017 in respect of post-sale discounts, to the effect that input tax credit has been reversed by the recipient on the said amount.
- xi. Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities, like pan masala, tobacco etc.

18. The Council recommended amendment in section 140(7) of CGST Act retrospectively w.e.f. 01.07.2017 to provide for transitional credit in respect of invoices pertaining to services provided before appointed date, and where invoices were received by Input Service Distributor (ISD) before the appointed date.

19. The Council recommended providing a new optional facility by way of **FORM GSTR-1A** to facilitate the taxpayers to amend the details in **FORM GSTR-1** for a tax period and/ or to declare additional details, if any, before filing of return in **FORM GSTR-3B** for the said tax period. This will facilitate taxpayer to add any particulars of supply of the current tax period missed out in reporting in **FORM GSTR-1** of the said tax period or to amend any particulars already declared in **FORM GSTR-1** of the current tax period (including those declared in IFF, for the first and second months of a quarter, if any, for quarterly taxpayers), to ensure that correct liability is auto-populated in **FORM GSTR-3B**.

20. The Council recommended that filing of annual return in **FORM GSTR-9/9A** for the FY 2023-24 may be exempted for taxpayers having aggregate annual turnover upto two crore rupees.

21. Amendment was recommended to be made in section 122(1B) of CGST Act retrospectively w.e.f. 01.10.2023, so as to clarify that the said penal provision is applicable only for those e-commerce operators, who are required to collect tax under section 52 of CGST Act, and not for other e-commerce operators.

22. The Council recommended amendment in rule 142 of CGST Rules and issuance of a circular to prescribe a mechanism for adjustment of an amount paid in respect of a demand through FORM GST DRC-03 against the amount to be paid as pre-deposit for filing appeal.

Other measures pertaining to Law and Procedures

23. Rolling out of bio-metric based Aadhaar authentication on All-India basis: The GST Council recommended to roll-out the biometric-based Aadhaar authentication of registration applicants on pan-India basis in a phased manner. This will strengthen the registration process in GST and will help in combating fraudulent input tax credit (ITC) claims made through fake invoices.

24. Amendments in Section 73 and Section 74 of CGST Act, 2017 and insertion of a new Section 74A in CGST Act, to provide for common time limit for issuance of demand

notices and orders irrespective of whether case involves fraud, suppression, willful misstatement etc., or not: Presently, there is a different time limit for issuing demand notices and demand orders, in cases where charges of fraud, suppression, willful misstatement etc., are not involved, and in cases where those charges are involved. In order to simplify the implementation of those provisions, the GST Council recommended to provide for a common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, in cases involving charges of fraud or willful misstatement and not involving the charges of fraud or willful misstatement etc. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, has been recommended to be increased from 30 days to 60 days.

25. The Council recommended amendment in section 171 and section 109 of CGST Act, 2017 to provide a sunset clause for anti-profiteering under GST and to provide for handling of anti-profiteering cases by Principal bench of GST Appellate Tribunal (GSTAT). Council has also recommended the sun-set date of **01.04.2025** for receipt of any new application regarding anti-profiteering.

26. Amendment in Section 16 of IGST Act and section 54 of CGST Act to curtail refund of IGST in cases where export duty is payable: The Council recommended amendments in section 16 of IGST Act and section 54 of CGST Act to provide that the refund in respect of goods, which are subjected to export duty, is restricted, irrespective of whether the said goods are exported without payment of taxes or with payment of taxes, and such restrictions should also be applicable, if such goods are supplied to a SEZ developer or a SEZ unit for authorized operations.

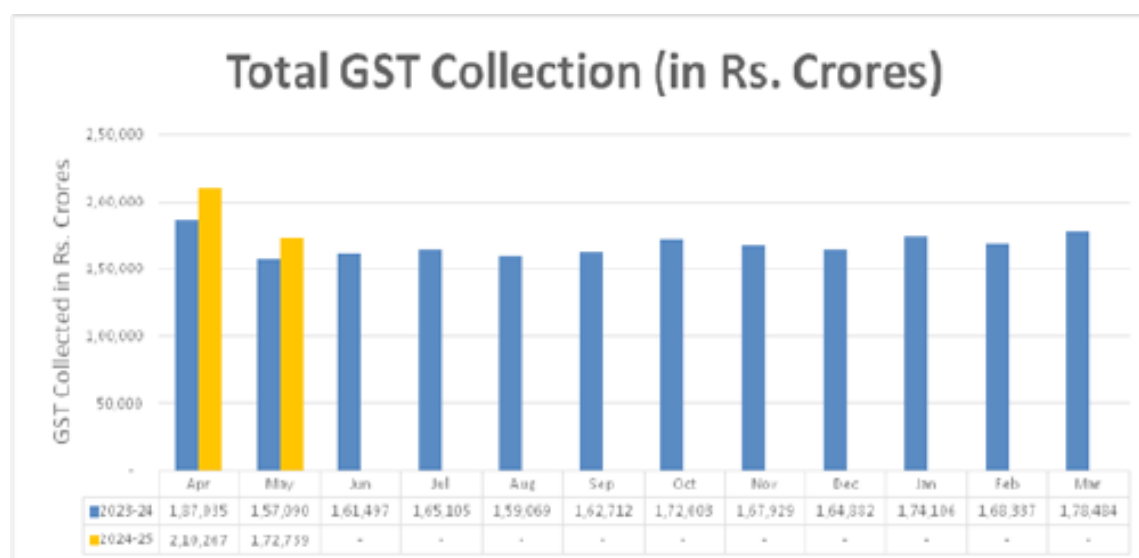
27. The threshold for reporting of B2C inter-State supplies invoice-wise in Table 5 of **FORM GSTR-1** was recommended to be reduced from Rs 2.5 Lakh to Rs 1 Lakh.

28. The Council recommended that return in **FORM GSTR-7**, to be filed by the registered persons who are required to deduct tax at source under section 51 of CGST Act, is to be filed every month irrespective of whether any tax has been deducted during the said month or not. It has also been recommended that no late fee may be payable for delayed filing of Nil **FORM GSTR-7** return. Further, it has been recommended that invoice-wise details may be required to be furnished in the said **FORM GSTR-7** return.

II. GST Revenue Collection from April to June 2024

April 2024 showed the highest-ever GST revenue of Rs 2.1 lakh crore, an increase of 12.4% year-on-year growth. This records an all-time high revenue collection which breaks all the previous GST revenue collection records. As per the statement of the Finance Minister, this achievement is due to a strong increase in domestic transactions (up 13.4 percent) and imports (up 8.3 percent). However, the gross GST revenue in May fell down to Rs. 1,72,739 crore which indicates a 10% year to year growth compared to the last year. Since the Central Government has stopped the monthly official release of the GST revenue collection, there is only the rates disclosed by the officials regarding the GST revenue collection in the month of June 2024 available . Trends in GST Collection till the month of May 2024 is available in Chart -1.

Chart 1: Trends in GST Collection



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2022459>

Reaching Rs.1.92 lakh crore in GST revenues for the month of April, it was 15.5% more than collected in April 2023. After accounting for refunds, the net GST revenue for April 2024 stands at Rs.1.92 lakh crore, reflecting an impressive 15.5% growth compared to the same period last year. Reported Rs.43,846 crore was the gross GST income collected in April 2024. Further Rs.53,538 crore, Rs. 99,623 crores, including Rs. 37,826 crores collected on imported goods & Rs.13,260 crore, including Rs.1,008 crore collected on imported goods which are collected as CGST, SGST, IGST and Cess revenue collected respectively.

Mizoram stands as the high growth rated state at 52% and the second position was taken by Assam showing 25% growth rate followed by Delhi, Bihar & Goa at 23% growth rate in the revenue collection. Similarly, the GST compensation cess also hit the highest collection rate.

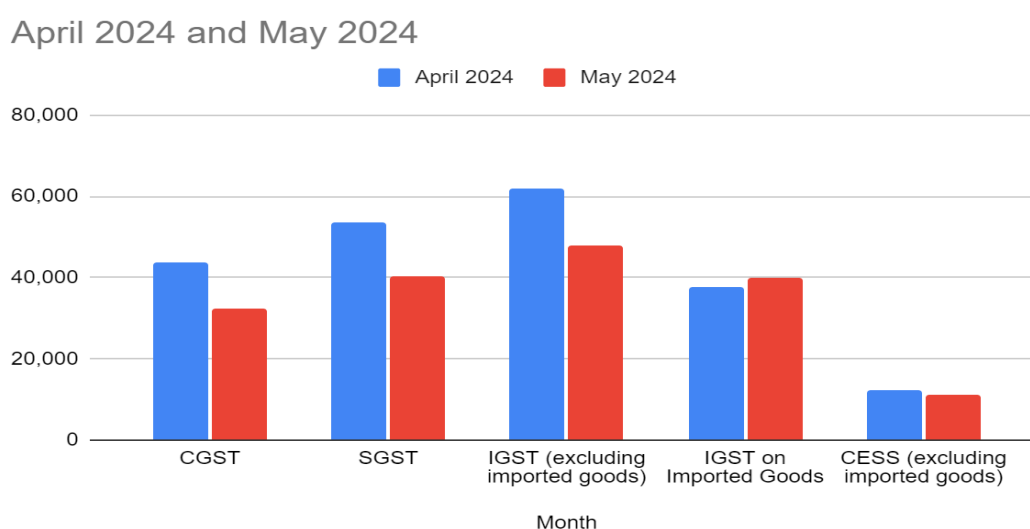
The GST revenue for May was Rs. 1.73 lakh crore, a 10% increase from the previous year. Compared to April 2024, the revenue collection in May was low mostly due to 15.3% increase in domestic transactions and a decline of 4.3% in imports. However, compared to May 2023 which stood at Rs.1,57,090 crore, the gross GST collection of May 2024 is higher. The net GST revenue for the FY 2024-25 up to May 2024, after taking into account GST refunds, is Rs. 3.36 lakh crore, an increase of 11.6% over the same month the previous year. Rs.3.83 lakh crore collected as gross GST collection in the finance year 2024-25 till May.

Table 1: GST Collection in April- May 2024 (Rs. In crore).

Month	CGST	SGST	IGST (excluding imported goods)	IGST on Imported Goods	CESS (excluding imported goods)
April 24	43,846	53,538	61,797	37,826	12,252
May 24	32,409	40,265	47,902	39,879	11,208

Source: PIB Press Release

Chart 2: Comparison of GST Revenue in April & May 2024



The GST Collection in June 2024 touched 1.7 lakh crores which shows an 8% year-to-year growth. The latest numbers show that Rs.5.57 lakh crore was collected in the first three months. Better consumption and compliance, according to sources, have enhanced collecting.

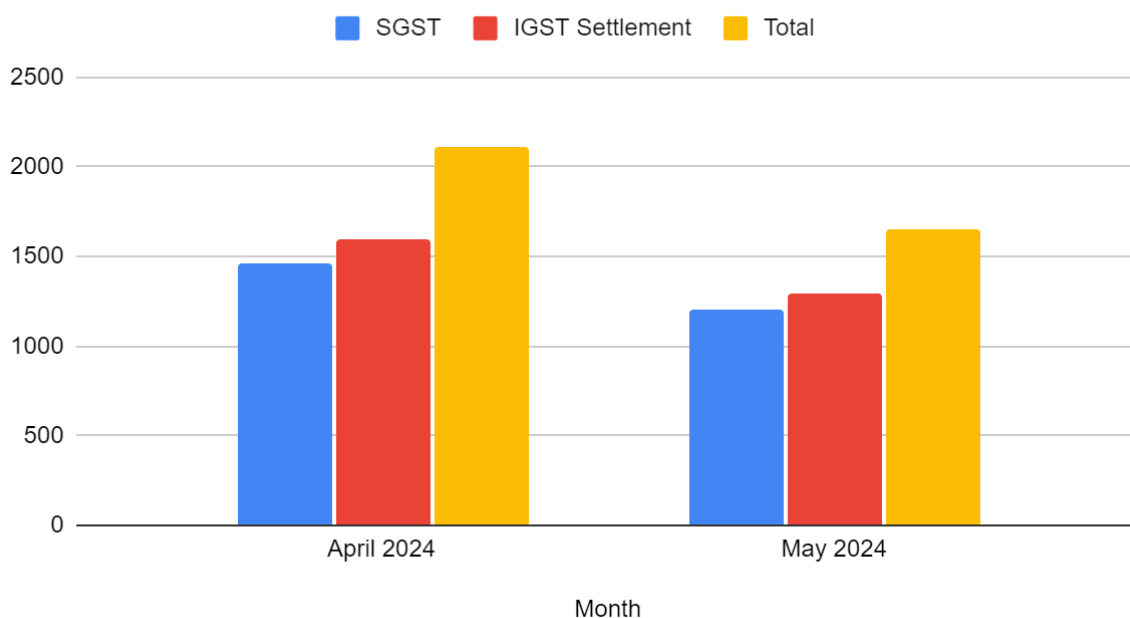
Table - 2 GST collection and IGST Settlement of Kerala during April and May 2024 (Rs. In crore).

Month	SGST	IGST Settlement	Total
April 2024	1,456	1594	2,108
May 2024	1,209	1288	1,652

Source: Compiled from GSTN Portal

Chart 3: GST Revenue of Kerala During April & May 2024

SGST, IGST Settlement and Total



III. Other Important Updates

- Justice (Retd.) Sanjaya Kumar Mishra, the Former Judge High Court of Jharkhand was appointed as the President of GST Appellate Tribunal in May 2024 and took the oath from Union Minister for Finance and Corporate Affairs, Nirmala Sitharaman. The National Bench of the Appellate Tribunal shall be situated at New Delhi and shall be presided over by its President and shall consist of one Technical Member (Centre) and one Technical Member (State). Further the Government has also designated 31 State Benches in various locations nationwide.

- An enhanced version of the GST portal was launched on 3rd May 2024. Key highlights of the enhanced portal include the News and Updates Section, User Interface Improvements and Updated Website Policy.
- Taxpayers whose turnover exceeds Rs. 5 crores in the financial year 2023-2024 are now requested to start e-Invoicing from the next financial year (2024-25). Self-enabling facility for e-Invoicing is now available in the GSTN portal.
- A request for amending the penalty provisions under section 73(9) of the CGST Act, 2017 was presented before the Union Finance Minister by All Gujarat Federation of Tax Consultants (AGFTC) and the Income Tax Bar Association (ITBA). As per their concern, in the current GST system, it imposes a penalty of ten percent of the tax amount or ten thousand rupees, whichever is higher, for genuine mistakes which would amount excessively harsh.
- Taxpayers dealing in the manufacture of Pan Masala and Tobacco products can now report the details of inputs and outputs procured and consumed for the relevant month. GSTN is now providing Form GST SRM - I & GST SRM-II in their portal. The former pertains to the registration and disposal of machines while the latter asks for information on inputs and outputs during a month. Form GST SRM-I meant for registration of machines has already been made available on the portal w.e.f. 15-05-2024.

IV. Notifications and Circulars in the month of April -June 2024

Waiver of interest for specified registered persons for specified tax periods

In exercise of the powers conferred by sub-section (1) of section 50 read with section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the Act), the Government, on the recommendations of the Council, hereby notifies the rate of interest per annum to be 'Nil', for the class of registered persons have the Goods and Services Tax Identification Numbers which is mentioned in the notification. Those who are liable to furnish the return as specified under sub-section (1) of section 39 of the Act but could not file the return for the month as mentioned in the corresponding column (2), by the due date, because of technical glitch on the portal but had sufficient balance in their electronic cash ledger or electronic credit ledger, or had deposited the required amount through challan, the interest is to be Nil from the due date of filing return in Form GSTR 3B to the actual date of furnishing such return.

Source: Notification No 07/2024- Central Tax dated 08-04- 2024.

Extend the timeline for implementation of Notification No. 04/2024-CT dated 05.01.2024 from 1st April, 2024 to 15th May, 2024

The Central Government, on the recommendations of the Council, makes the amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 04/2024-Central Tax, dated the 5th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), vide number S.O. 85(E), dated the 5th January, 2024 in which the timeline for implementing the notification from 1st day of April, 2024 15th May, 2024

Source: Notification No. 08/2024- Central Tax dated 10-04-2024

Extend the due date for filing of FORM GSTR-1, for the month of March 2024

The Commissioner, on the recommendations of the Council, extend the time limit for furnishing the details of outward supplies in FORM GSTR-1 for the registered persons required to furnish return under sub-section (1) of section 39 of the Central Goods and Services Tax Act, 2017 for the tax period March, 2024 to 12-04- 2024. This extension is applicable for the registered persons who are required to furnish return under the proviso of the said Sub-section.

Source: Notification No. 09/2024- Central Tax dated 12-04- 2024.

Amendment to the Notification no. 02/2017-CT dated 19.06.2017

In exercise of the powers conferred under section 3 read with section 5 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and section 3 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government amend the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 02/2017-Central Tax, dated the 19th June, 2017 with effect from 5th August 2023 in which it substituted 3 entries in Table two with another words.

Source: Notification No. 10/2024- Central Tax dated 29-05-2024

Seeks to Amend the Notification for assigning district of Kotputli-Behror to CGST Alwar Commissionerate

In exercise of the powers conferred under section 3 read with section 5 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and section 3 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government amend the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 02/2017-Central Tax, dated the 19th June, 2017 with effect from 5th August 2023. Notification no. 02/2017-CT dated 19.06.2017 notified the jurisdiction of central Tax officers. By the new notification 10/2024, some more areas are included in the jurisdiction of Alwar, Jaipur, Jodhpur, and Udaipur.

Source: Notification No. 10/2024- Central Tax dated 29-05-2024

Reduction of Government Litigation - fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court

In exercise of the powers conferred by Section 120 of the CGST Act read with section 168 of the CGST Act, the Board, on the recommendations of the GST Council, fixes the following monetary limits below which appeal or application or Special Leave Petition, as the case may be, shall not be filed by the Central Tax officers before Goods and Service Tax Appellate Tribunal (GSTAT), High Court and Supreme Court under the provisions of CGST Act, subject to the exclusions mentioned in para 4 below:

Appellate Forum	Monetary Limit (amount involved in Rs.)
GSTAT	20,00,000/-
High Court	1,00,00,000/-
Supreme Court	2,00,00,000/-

The entire tax under the heads of CGST/SGST/UTGST/IGST will be taken into account for the computation of monetary limit. If only the case is relating to interest and/or penalty and/or late fee is demanded, then the aggregate amount would be taken into consideration for applying the monetary limit.

Monetary limit would not be a bar in the following circumstances:

- a. where the provisions of Act or Rules or notification/ circular/ instructions/ have been held as ultra vires the Constitution of India or the Act or the Rules.
- b. where the issue involved is relating to Classification of goods or services, valuation, place of supply, refund or any other issue which is recurring in nature and/or involves interpretation of the law or circular.

Source: Circular No. 207/1/2024-GST dated 26th June 2024

Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities like pan masala, gutkha and tobacco products

In case of dealing with various issues pertaining to the procedures to be followed by the manufacturers of the specified commodities such as pan masala, tobacco etc., the clarification will be as per the clarification in Notification No. 04/2024- Central tax dated 05.01.2024.

Source: Circular No.-208/2/2024-GST dated 26th June 2024

Clarification relating to place of supply

Government issued clarification regarding the place of supply of goods where the delivery address is different from billing address. In cases involving supply of goods to an unregistered person, where the address of delivery of goods recorded on the invoice is different from the billing address of the said unregistered person, the place of supply of goods shall be the address of delivery of goods recorded on the invoice.

Source: Circular No.209/3/2024-GST dated 26th June 2024

Clarification on valuation of supply of import of services by a related person

In cases where the foreign affiliate is providing certain services to the related domestic entity, and where full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be

declared as Nil, and may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules.

Source: Circular No.210/4/2024-GST dated 26th June 2024

Clarification on time limit in respect of RCM supplies received from unregistered persons

In cases of RCM supplies, invoice has to be issued by the recipient of supplies and on that basis only ITC can be taken. Further, the time limit prescribed under Section 16(4) would apply to RCM supplies. In case self-invoice has been issued after the time of supply, the financial year in which the self- invoice is issued will be the relevant financial year subject to payment of tax along with interest.

Source: Circular No.211/5/2024-GST dated 26th June 2024

Condition for deduction of post supply discount

In the case of post-supply discounts given by way of credit note under Section 34 of the Act, the taxable value can be reduced to such extent subject to a condition that the recipient has reduced the ITC to the extent of the credit note. Till such time a suitable functionality is made available to enable the suppliers to verify the reversal of ITC, the supplier has to get a certificate from Chartered Accountant or Cost Accountant (CMA) to the effect that the recipient has reduced his credit along with details of CN, original invoice, DRC 03/return details through which reversal was made, etc. Where the value of the discount in a financial year is less than 5Lakhs, the recipient himself can give a certificate to the above effect.

Source: Circular No.212/6/2024-GST dated 26th June 2024

Clarification on the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company

No supply of service appears to be taking place between the foreign holding company and the domestic subsidiary company where the foreign holding company issues ESOP/ESPP/RSU to the employees of domestic subsidiary company, and the domestic subsidiary company reimburses the cost of such securities/shares to the foreign holding company on cost-to-cost basis. However, in cases where an additional amount over and above the cost of securities/shares is charged by the foreign holding company from

the domestic subsidiary company, by whatever name called, GST would be leviable on such additional amount charged as consideration for the supply of services of facilitating/ arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. The GST shall be payable by the domestic subsidiary company on reverse charge basis in such a case on the said import of services.

Source: Circular No.213/7/2024-GST dated 26th June 2024

No reversal of ITC on Life insurance part premium

In the case of life insurance claims, the part of premium charged by the insurance companies which is not includible as taxable value for the purposes of GST in terms of Rule 32(4) of the CGST/SGST Rules, 2017 is not an exempt supply and therefore there is no requirement of reversal of ITC on such amount which does not form part of the taxable value as per Rule 42/43 of the CGST Rules, 2017.

Source: Circular No.214/8/2024-GST dated 26th June 2024

Clarification on taxability of wreck and salvage values in motor insurance claims.

In case of settlement of insurance claim by the insurance companies towards the salvage/wrecked vehicle, if the value of salvage is deducted from the insured declared value and such netted value alone is paid to the insured, then there is no GST payable on such deductibles as the ownership of salvage remains with the insured. In case of full settlement is made and the ownership of the salvage is transferred to the insurer, GST is payable by the insurance company at the time of supply of salvage.

Source: Circular No.215/9/2024-GST dated 26th June 2024

Clarification relating to warranty supply

In cases where the goods are replaced as such under warranty by the manufacturer/suppliers, there is no requirement of reversal of ITC. In cases where the distributor replaces the goods out of his own stock with no additional cost on behalf of the manufacturer and subsequently gets replenished by the manufacturer, there is no reversal of ITC either in the hands of the manufacturer or distributor.

Source: Circular No.216/10/2024-GST dated 26th June 2024

Entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement.

There are two valid modes that can be adopted by the insurance companies for settlement of claim of insurance for motor vehicle claims.

- a. Cashless mode - When the Insurance companies settle the amount towards repair and maintenance directly to the network garage, ITC is available.
- b. Reimbursement mode - Where the vehicle owner/ policy holder makes the payment to the non-network garage first and then claims the reimbursement from the insurance companies, ITC is available only if the invoice is in the name of insurance companies & such transaction is reflected in GSTR 2B to the extent of amount borne by the insurance companies.

Source: Circular No.217/11/2024-GST dated 26th June 2024

Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person.

The Central Government clarified that the transaction of extending loan by the person to related person/an overseas affiliate to the related party in India, without any consideration other than by way of interest or discount, is not applicable to GST. GST is leviable only if consideration is received in the nature of administration charges, processing fee, etc. Otherwise, the GST is not applicable in such cases.

Source: Circular No.218/12/2024-GST dated 26th June 2024

Availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs)

As per the Circular, ducts and manholes used in network of optical fiber cable for providing telecommunication services are considered as Plant and machinery and hence ITC is not blocked under Section 17(5)(c) or (d).

Source: Circular No.219/13/2024-GST dated 26th June 2024

Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors (FPI)

The custodial service (i.e. maintaining the account of securities held by FPI) provided by Indian banks to Foreign Portfolio Investors (FPI) does not fall into the ambit of services provided by the bank to account holder in the ordinary course of business by drawing inference from the Education guide under Service Tax Law. Therefore, the place of supply of service would be the location of the recipient i.e. FPI as per Section 13(2) of IGST Act, 2017. It would qualify as export of services by the bank subject to the other condition mandated.

Source: Circular No.220/14/2024-GST dated 26th June 2024

Time of supply on Annuity Payments under HAM Projects

Time of supply in case of supply of construction of road along with its repair and maintenance under HAM model of NHAI which is in nature of continuous supply would be date of issuance of invoice or receipt of payment, whichever is earlier. In cases where invoices have not been raised within the specified date or date of completion of event specified in the contract, the TOS would be the due date of payment as per the contract or date of receipt of payment, whichever is earlier. In case interest is payable for such contracts, the same should include in the taxable value for the purposes of payment of tax as S 15(2)(d) of the CGST Act, 2017.

Source: Circular No.221/15/2024-GST dated 26th June 2024

Clarification on time of supply of services of spectrum usage and other similar services under GST

Time of supply in respect of supply of allotment of Spectrum to Telecom companies in cases where an option is given to the Telecom Companies for payment of license fee and Spectrum usage charges in instalments in addition to an option of upfront payment is where the successful bidder for spectrum allocation (i.e. the telecom operator) opts for making payments in instalments under deferred payment option as per Frequency Assignment Letter (FAL) issued by Department of Telecommunication (DoT), Government of India.

Source: Circular No.-222/16/2024-GST dated 2th June 2024.

V. Instructions/ Guidelines

Guidelines for initiation of recovery proceedings before three months from the date of service of demand order dated 30th May 2024

The Central Board of Indirect Taxes and Customs (CBIC) has issued guidelines for the initiation of recovery proceedings before three months from the date of service of demand order. As per Sections 78 and 79 of the CGST Act, in normal cases time for initiation of recovery proceedings from taxpayers is three months from the date of service of the demand order. But in exceptional cases the proper officer can demand payment within a period shorter than three months with reasons recorded in writing. As per these Guidelines, the proper officer can demand the payment within a period less than three months only in exceptional circumstances in which it is necessary in the interest of revenue. Reasons may be high risk to revenue, potential closure of business operations, deteriorating financial conditions, and possible insolvency under the Insolvency and Bankruptcy Act, 2016. While demanding early payment, the proper officer must duly consider the financial health, status, infrastructure and credibility of the taxpayer in order to balance revenue interests and ease of doing business. As per the Guidelines, the jurisdictional Deputy or Assistant Commissioner of Central Tax ('DC/AC') is responsible for recovery under s. 79 of the CGST Act. If early proceedings are initiated, that matter must be placed before the jurisdictional Principal Commissioner/Commissioner of Central Tax, who must review and record reasons as detailed above before issuing directions. If the jurisdictional Principal Commissioner/Commissioner of Central Tax satisfied with the reasons for the early proceedings, he can take steps to direct the recovery proceedings and for implementation, copy must be provided to jurisdictional Deputy or Assistant Commissioner of Central Tax. standard recovery proceedings under s. 79(1) of the CGST Act can be initiated upon the failure from the part of the taxpayer to comply with the direction.

Source: Instruction No. 01/2024- GST dated 30th May 2024

Sources

<https://cbic-gst.gov.in/>

<https://gstcouncil.gov.in/>

<https://pib.gov.in>

<https://www.taxmanagementindia.com>

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