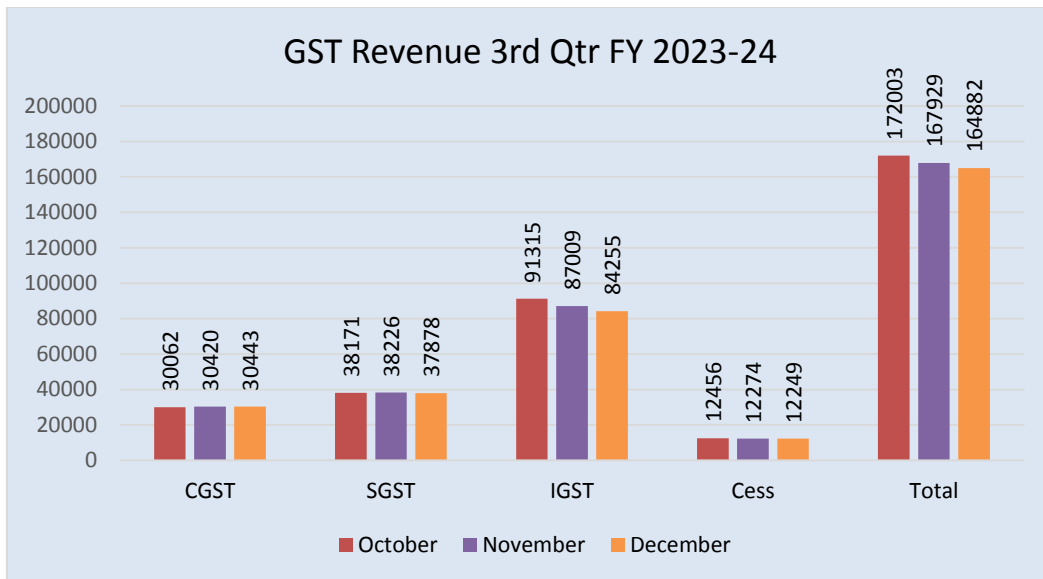


GST collection hits Rs.1.62 trillion in September, 2023

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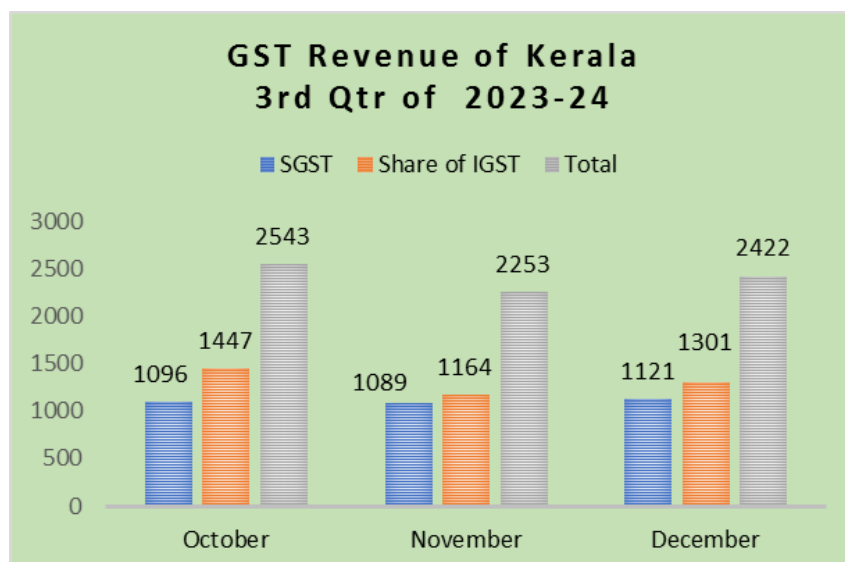
The average monthly GST collection for the third quarter of financial year 2023-24 stands at Rs1.68 lakh crore, compared to Rs 1.49 lakh crore of same period last year. In October, November and December 2023, the gross GST collection witnessed a robust 12% y-o-y growth, reaching Rs 5,04,814 lakh crore, as against Rs 4,47,092 lakh crore collected in the same period of the previous year. In October, the gross GST collection was Rs 172003 lakh crore which marked the second highest monthly receipts from the date of inception. In November it marginally down to Rs167929 lakh crore. In December 2023, the GST collection was Rs 1,64,882 crore, with year-on-year growth slowing to a three-month low of 10.3% from a 15.1% rise in the previous month. December's GST collection, is about 1.8% lower than previous month. The total December GST revenue includes CGST of Rs 30,443 crore, SGST of Rs 37,935 crore and IGST of Rs 84,255 crore (including Rs 41,534 crore from the import of goods), and cess amounted to Rs 12,249 crore (including Rs 1,079 crore from the import of goods). The details of CGST, SGST, IGST and Cess collection during the third quortor of FY 2023-24 are given in the below chart.



Note: Rs in lakh crore

Source: Compiled from various PIB press releases

In October, 2023 the government has settled Rs 42,873 crore to CGST and Rs 36,614 crore to SGST from IGST. The total revenue of Centre and the States is Rs 72,934 crore Rs 74,785 crore respectively. In November, the Centre and the States received Rs 68,297 crore and Rs 69,783 crore respectively after regular settlement. In December, 2023 it increased to Rs 70,501 crore and Rs 71,587 crore. This figures shows that the earlier growth rate is not going in that same pace.



Note: Rs. In crore

Source: State GST Department

The State of Kerala has collected a total of Rs 7217 crore from GST during the third quarter of financial year 2023-24 which is Rs 920 crore lower than the collection of same period of last financial year. The main cause of this lower collection is because of the compensation arrear of Rs 772 crore received in November 2022 which is discontinued. The State has collected Rs 2542 crore in October 2023, both from SGST and share of IGST. It was ₹2,252 crore in November and Rs 2,422 crore in December 2023.

Highlights of 52nd GST Council Meeting

The 52nd GST Council met under the Chairpersonship of Hon'ble Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi on 7th October, 2023. The meeting was also attended by Union Minister of State for Finance Shri Pankaj Chaudhary, besides Finance Ministers of States & UTs and senior officers. The meeting, inter-alia the following recommendations relating to changes in tax rates, measures for trade facilitation and streamlining compliances in GST were made:

A. Recommendations relating to GST rates on Goods and Services

I. Changes in GST rates of Goods

1. GST rates on "Food preparation of millet flour in powder form, containing at least 70% millets by weight", falling under HS 1901, with effect from date of notification, have been prescribed as:
 - (a) 0% if sold in other than pre-packaged and labelled form
 - (b) 5% if sold in pre-packaged and labelled form
2. To clarify that imitation zari thread or yarn made out of metallised polyester film /plastic film, falling under HS 5605, are covered by the entry for imitation zari thread or yarn attracting 5% GST rate. However, no refund will be allowed on polyester film (metallised) /plastic film on account of inversion.
3. Foreign going vessels are liable to pay 5% IGST on the value of the vessel if it converts to coastal run. GST Council recommends conditional IGST exemption to foreign flag foreign going vessel when it converts to coastal run subject to its reconversion to foreign going vessel in six months.

II. Other changes relating to Goods

1. GST Council recommended to keep Extra Neutral Alcohol (ENA) used for manufacture of alcoholic liquor for human consumption outside GST.
2. Council recommended to reduce GST on molasses from 28% to 5%. This step will increase liquidity with mills and enable faster clearance of cane dues to sugarcane farmers.
3. A separate tariff HS code has been created at 8 digit level in the Customs Tariff Act to cover rectified spirit for industrial use. The GST rate notification will be amended to create an entry for ENA for industrial use attracting 18% GST.

III. Changes in GST rates of Services

1. Entries at Sl. No. 3 and 3A of notification No. 12/2017-CTR dated 28.06.2017 exempts pure and composite services provided to Central/State/UT governments and local authorities in relation to any function entrusted to Panchayat/ Municipality under Article 243G and 243W of the Constitution of India. The GST Council has recommended to retain the existing exemption entries with no change.
2. The Council has also recommended to exempt services of water supply, public health, sanitation conservancy, solid waste management and slum improvement and upgradation supplied to Governmental Authorities.

IV. Other changes relating to Services

1. To clarify that job work services for processing of barley into malt attracts GST @ 5% as applicable to "job work in relation to food and food products" and not 18%.
2. With effect from 1st January 2022, liability to pay GST on bus transportation services supplied through Electronic Commerce Operators (ECOs) has been placed on the ECO under section 9(5) of CGST Act, 2017. This trade facilitation measure was taken on the representation of industry association that most of the bus operators supplying service through ECO owned one or two buses and were not in a position to take registration and meet GST compliances. To arrive at a balance between the need of small operators for ease of doing business and the need of large organized players to take ITC, GST Council has recommended that bus operators organised as companies may be excluded from the

purview of section 9(5) of CGST Act, 2017. This would enable them to pay GST on their supplies using their ITC.

3. To clarify that District Mineral Foundations Trusts (DMFT) set up by the State Governments across the country in mineral mining areas are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.
4. Supply of all goods and services by Indian Railways shall be taxed under Forward Charge Mechanism to enable them to avail ITC. This will reduce the cost for Indian Railways.

B. Measures for trade facilitation

1. Amnesty Scheme for filing of appeals against demand orders in cases where appeal could not be filed within the allowable time period: The Council has recommended providing an amnesty scheme through a special procedure under section 148 of CGST Act, 2017 for taxable persons, who could not file an appeal under section 107 of the said Act, against the demand order under section 73 or 74 of CGST Act, 2017 passed on or before the 31st day of March, 2023, or whose appeal against the said order was rejected solely on the grounds that the said appeal was not filed within the time period specified in sub-section (1) of section 107. In all such cases, filing of appeal by the taxpayers will be allowed against such orders upto 31st January 2024, subject to the condition of payment of an amount of pre-deposit of 12.5% of the tax under dispute, out of which at least 20% (i.e. 2.5% of the tax under dispute) should be debited from Electronic Cash Ledger. This will facilitate a large number of taxpayers, who could not file appeal in the past within the specified time period.
2. Clarifications regarding taxability of personal guarantee offered by directors to the bank against the credit limits/loans being sanctioned to the company and regarding taxability of corporate guarantee provided for related persons including corporate guarantee provided by holding company to its subsidiary company: The Council has inter alia recommended to:
 - (a) issue a circular clarifying that when no consideration is paid by the company to the director in any form, directly or indirectly, for providing personal guarantee to the bank/ financial institutes on their behalf, the open market value of the said transaction/

supply may be treated as zero and hence, no tax to be payable in respect of such supply of services.

- (b) to insert sub-rule (2) in Rule 28 of CGST Rules, 2017, to provide for taxable value of supply of corporate guarantee provided between related parties as one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher
 - (c) to clarify through the circular that after the insertion of the said sub-rule, the value of such supply of services of corporate guarantee provided between related parties would be governed by the proposed sub-rule (2) of rule 28 of CGST Rules, 2017, irrespective of whether full ITC is available to the recipient of services or not.
3. Provision for automatic restoration of provisionally attached property after completion of one year: The Council has recommended an amendment in sub-rule (2) of Rule 159 of CGST Rules, 2017 and FORM GST DRC-22 to provide that the order for provisional attachment in FORM GST DRC-22 shall not be valid after expiry of one year from the date of the said order. This will facilitate release of provisionally attached properties after expiry of period of one year, without need for separate specific written order from the Commissioner.
 4. Clarification on various issues related to Place of Supply: The Council has recommended to issue a Circular to clarify the place of supply in respect of the following supply of services:
 - (i) Supply of service of transportation of goods, including by mail or courier, in cases where the location of supplier or the location of recipient of services is outside India;
 - (ii) Supply of advertising services;
 - (iii) Supply of the co-location services.
 5. Issuance of clarification relating to export of services:- The Council has recommended to issue a circular to clarify the admissibility of export remittances received in Special INR Vostro account, as permitted by RBI, for the purpose of consideration of supply of services to qualify as export of services in terms of the provisions of subclause (iv) of clause (6) of section 2 of the IGST Act, 2017.

6. Allowing supplies to SEZ units/ developer for authorised operations for IGST refund route by amendment in Notification 01/2023- Integrated Tax dated 31.07.2023: The Council has recommended to amend Notification No. 1/2023-Integrated Tax dated 31.07.2023 w.e.f. 01.10.2023 so as to allow the suppliers to a Special Economic Zone developer or a Special Economic Zone unit for authorised operations to make supply of goods or services (except the commodities like pan masala, tobacco, gutkha, etc. mentioned in the Notification No. 1/2023-Integrated Tax dated 31.07.2023) to the Special Economic Zone developer or the Special Economic Zone unit for authorised operations on payment of integrated tax and claim the refund of tax so paid.

C. Other measures pertaining to law and procedures:

1. Alignment of provisions of the CGST Act, 2017 with the provisions of the Tribunal Reforms Act, 2021 in respect of Appointment of President and Member of the proposed GST Appellate Tribunals: The Council has recommended amendments in section 110 of the CGST Act, 2017 to provide that:

- an advocate for ten years with substantial experience in litigation under indirect tax laws in the Appellate Tribunal, Central Excise and Service Tax Tribunal, State VAT Tribunals, by whatever name called, High Court or Supreme Court to be eligible for the appointment as judicial member;
- The minimum age for eligibility for appointment as President and Member to be 50 years;
- President and Members shall have tenure up to a maximum age of 70 years and 67 years respectively.

2. Law amendment with respect to ISD as recommended by the GST Council in its 50th meeting: GST Council in its 50th meeting had recommended that ISD (Input Service Distributor) procedure as laid down in Section 20 of the CGST Act, 2017 may be made mandatory prospectively for distribution of ITC in respect of input services procured by Head Office (HO) from a third party but attributable to both HO and Branch Office (BO) or exclusively to one or more BOs. The Council has now recommended amendments in Section 2(61) and section 20 of CGST Act, 2017 as well amendment in rule 39 of CGST Rules, 2017 in respect of the same.

Source: PIB Press Release dated 07.10.2023

Notifications & Circulars

Amend Notification No 11/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended the entry no. 8 and 10 related to passenger transport services and rental services of transport vehicles with operators respectively in Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 to provide that if the supplier of an input service charges central tax at a rate higher than 2.5%, the credit of input tax charged on the input service in the same line of business in excess of the tax paid or payable at the rate of 2.5% will not be allowed. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 15/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 12/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 12/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 12/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has inserted a new serial number 3B in Notification No 12/2017- Central Tax (Rate) dated 28.06.2017, specifying services provided to Governmental Authorities i.e. water supply, public health, sanitation conservancy, solid waste management, and slum improvement and upgradation which have been exempted from GST. It also amends the entries at serial no. 6, 7, 8 and 9 to insert "and the Ministry of Railways (Indian Railways)" after the words "Department of Posts". It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 16/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 13/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 13/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 13/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 13/2017- Central Tax (Rate) dated 28.06.2017 the entry at serial no. 5 and 5A so that supply of goods and services by Indian Railways shall be taxed under the Forward Charge Mechanism (FCM) and not Reverse Charge Mechanism to enable Indian Railways to avail ITC which would reduce the cost of Indian Railways. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 17/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 14/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 14/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 15/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 15/2017- Central Tax (Rate) dated 28.06.2017 to specifically state that it pertains to the 'construction of a complex, building, or a part thereof, intended for sale to a buyer.' The change clarifies that no refund of unutilised input tax credit shall be allowed under sub-section (3) of section 54 of the CGST Act to such construction projects where the amount charged includes the value of land or an undivided share of land, except where the entire consideration is received after the issuance of a completion certificate or after the first occupation, whichever is earlier. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 18/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 15/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 15/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 17/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 17/2017- Central Tax (Rate) dated 28.06.2017 to exclude bus operators organised as companies from the purview of section 9(5) of the CGST Act, 2017. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification

No. 19/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 16/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 16/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 1/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 1/2017- Central Tax (Rate) dated 28.06.2017 to effect the following changes. GST rate on molasses has been reduced from 28% to 5% vide insertion of Sl. No. 92A in Schedule I of the said Notification and omission Sl. No. 1 of Schedule IV of the said Notification. Vide insertion of Sl. No. 25A and related entries in Schedule III in the said Notification spirit for industrial use will be taxed at 18%, The GST rate on Food preparation of millet flour in powder form, containing at least 70% millets by weight, falling under HS 1901 if sold in pre-packaged and labelled form shall be now taxed at 5%. Sl. No. 96A has been inserted in Schedule I of the said Notification and Sl. No. 13 of Schedule III of the said Notification has been suitably amended to give effect to the same. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 20/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 17/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 17/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 2/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 2/2017- Central Tax (Rate) dated 28.06.2017 to insert Sl. No. 94A of the said Notification to tax "Food preparation of millet flour in powder form, containing at least 70% millets by weight", falling under HS 1901, at 0% if sold in other than pre-packaged and labelled form. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 21/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 18/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 18/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 4/2017- Central Tax (Rate) dated 28.06.2017

The Central Government vide the said Notification has amended Notification No 4/2017- Central Tax (Rate) dated 28.06.2017 so that supply of goods and services by Indian Railways shall be taxed under the Forward Charge Mechanism (FCM) to enable Indian Railways to avail ITC which would reduce the cost of Indian Railways. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 22/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 19/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 19/2023 - Central Tax (Rate) dated 19.10.2023

Amend Notification No 5/2017- Central Tax (Rate) dated 28.06.2017

The Council has clarified that imitation zari thread or yarn made out of metallised polyester film /plastic film, falling under HS 5605, are covered by the entry for imitation zari thread or yarn attracting 5% GST rate. However, no refund will be allowed on polyester film (metallised) /plastic film on account of inversion. The Central Government vide the said Notification has amended Notification No 5/2017- Central Tax (Rate) dated 28.06.2017 and inserted the S. No. 6AA after S. No. 6A in the said Notification to include imitation zari thread or yarn made out of Metallised polyester film /plastic film in the list of goods for which no refund shall be allowed on account of inversion. It shall come into force with effect from 20.10.2023. Similar notifications have been passed under the Integrated Goods and Services Tax Act, 2017 and the Union Territory Goods and Services Tax Act, 2017 under Notification No. 23/2023- Integrated Tax (Rate) dated 19.10.2023 and Notification No. 20/2023- Union Territory Tax (Rate) dated 19.10.2023 respectively.

Source: Notification No. 20/2023 - Central Tax (Rate) dated 19.10.2023

Fourth Amendment, 2023 to the CGST Rules, 2017

The Central Government vide the said Notification issued Central Goods and Services Tax (Fourth Amendment) Rules, 2023 which inter alia amend the FORM GST REG-01. In FORM GST REG-01, the clause "(xiva) One Person Company" shall inserted in in PART-B, in serial number 2, after clause (xiv).

Source: Notification No. 52/2023 - Central Tax, dated 26.10.2023

Special procedure for condonation of delay in filing of appeals against demand orders passed until 31st March, 2023

The Central Government vide the said Notification introduces an amnesty scheme for appeal filing, aiming to provide relief to eligible taxpayers. It has provided procedure under Amnesty Scheme for filing of appeals against demand orders in cases where appeal could not be filed within the allowable time period wherein the taxpayer shall file an appeal against the said order in FORM GST APL-01 in accordance with subsection (1) of Section 107 of the CGST Act, on or before January 31, 2024.

Source: Notification No. 53/2023 - Central Tax, dated 02.11.2023

Amend Notification No. 27/2022 dated 26.12.2022.

Earlier, Notification 27/2022 dated 26.12.2022 was issued to conduct the pilot in Gujarat and Puducherry regarding risk-based biometric-based Aadhar authentication. Further, vide the above-mentioned Notification, the State of Andhra Pradesh has also been added to join this pilot after the system's readiness is in the above mentioned two states.

Source: Notification No. 54/2023 - Central Tax, dated 17.11.2023

Extend due date for filing of return in FORM GSTR-3B November, 2023 for Tamil Nadu

The Central Government vide the said Notification has extended the last date of filing of FORM GSTR-3B for the month of November, 2023 till 27.12.2023, for the registered persons whose principle place of business is in the districts of Chennai, Tiruvallur, Chengalpattu and Kancheepuram in the state of Tamil Nadu.

Source: Notification No. 55/2023 - Central Tax, dated 20.12.2023

Extend dates of specified compliances under section 168A of CGST Act

The Central Government vide the said Notification has extended the time limit specified under Section 73(10) of the Central Goods and Services Tax Act, 2017. This extension pertains to the issuance of orders under Section 73(9) of the CGST Act, which involves the recovery of tax not paid, short paid, or input tax credit wrongly availed or utilized for the financial years 2018-19 and 2019- 20.

Source: Notification No. 56/2023 - Central Tax, dated 28.12.2023

Supplies and class of registered person eligible for refund under IGST Route

The Central Government vide the said Notification has amended Notification No. 1/2023-Integrated Tax dated 31.07.2023 w.e.f. 01.10.2023 so as to allow the suppliers of Special Economic Zone developer or unit, for authorised operations to make supply of goods or services (except the commodities like pan masala, tobacco, gutkha, etc. mentioned in the Notification No. 1/2023-Integrated Tax dated 31.07.2023) to the Special Economic Zone Developer or Unit for authorised operations on payment of integrated tax and claim the refund of tax so paid.

Source: Notification No. 5/2023 - Integrated Tax, dated 26.10.2023

Circular

Clarification relating to export of services - sub-clause (iv) of the Section 2 (6) of the IGST Act 2017

The Central Government vide the said Circular has clarified that when the Indian exporters, undertaking export of services, are paid the export proceeds in INR from the Special Rupee Vostro Accounts of correspondent bank(s) of the partner trading country, opened by AD banks, the same shall be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017, subject to the conditions/ restrictions mentioned in Foreign Trade Policy,2023 & extant RBI Circulars and without prejudice to the permissions / approvals, if any, required under any other law.

Source: Circular No. 202/14/2023-GST dated 27.10.2023

Clarification regarding determination of place of supply in various cases

The CBIC has clarified that the place of supply of services of transportation of goods, other than through mail and courier, in cases where location of supplier of services or location of recipient of services is outside India, will be determined by the default rule under section 13(2) and not as performance based services under sub-section (3) of section 13 of IGST Act.

Accordingly, in cases where location of recipient of services is available, the place of supply of such services shall be the location of recipient of services and in cases where location of recipient of services is not available in the ordinary course of business, the place of supply shall be the location of supplier of services.

Source: Circular No. 203/15/2023-GST dated 27.10.2023

Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST

This circular addresses key concerns related to the taxability of personal guarantees and corporate guarantees under the GST regime. The circular offers clarification on two significant issues (i) Taxability of Personal Guarantee by Directors (ii) Taxability of Corporate Guarantee.

Source: Circular No. 204/16/2023-GST dated 27.10.2023

Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the 52nd GST Council

The Central Government vide the said Circular has clarified that imitation zari thread or yarn made from metallised polyester film/ plastic film falling under HS 5605 are covered by Sl. No. 218AA of Schedule I attracting 5% GST. The GST Council has also recommended that no refund will be permitted on polyester film (metallised)/plastic film on account of inversion of tax rate. Requisite changes have been made in Notification No. 5/2017-Central Tax (Rate) vide Notification No. 20/2023-Central Tax (Rate) dated 19.10.2023.

Source: Circular No. 205/17/2023-GST dated 31.10.2023 regarding

Clarification regarding applicability of GST on certain services

This Circular provide clarity on the applicability of GST on various services. Amongst various issues addressed in the circular, it was also clarified that whether GST is applicable on the reimbursement of electricity charges received by real estate companies, malls, airport operators, etc. from their lessees/occupants.

Source: Circular No. 206/18/2023-GST dated 31.10.2023