



UNION BUDGET

2024-25

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**CHANGES PROPOSED IN FINANCE BILL 2024 PRESENTED
ON JULY 23, 2024**

ALONG WITH

**RECENT AMENDMENTS IN GST RULES AND RELEVANT
NOTIFICATIONS PURSUANT TO 53rd GST COUNCIL
MEETING HELD ON JUNE 22, 2024**

In line with the ongoing Monsoon Session of Parliament, which began on July 22, 2024, and will continue until August 12, 2024, Hon'ble Finance Minister, Smt. Nirmala Sitharaman presented the Union Budget on July 23, 2024.

The key takeaways from the Finance Bill 2024, particularly in relation to Indirect Taxation, are outlined in this document. This also includes recent amendments to GST rules and relevant notifications pursuant to the 53rd GST Council Meeting.

Hope this document will help you in gaining a comprehensive understanding of the important changes being brought/proposed to be brought!

TEAM TAXO

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BUDGET 2024

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Changes proposed in Show Cause Notices & Appeals

New Section 74A introduced

As per the current framework of the GST law, there are two sections under which tax department may issue a Show Cause Notice upon a taxpayer with respect to (a) tax not paid or short paid, (b) tax erroneously refunded, and (c) input tax credit has been wrongly availed or utilised.

Section 73 of CGST Act, 2017, as amended, provides for issuance of notice in such cases wherein non-payment or erroneous refund or wrong availment of ITC is due to reasons other than fraud or any willful-misstatement or suppression of facts to evade tax while Section 74 of CGST Act, 2017, as amended, provides for issuance of notice in such cases involving fraud or any willful-misstatement or suppression of facts to evade tax. Whereas, from the erstwhile indirect tax law (Service tax, Central Excise as well as Customs), this distinction of cases involving *mala-fide* intent and *bona-fide* intent of the taxpayer always had different timelines to issue Show Cause Notices (SCNs) by the GST department, i.e., normal period of limitation and larger/extended period of limitation. The same framework was followed in GST law itself by way of inserting two different sections dealing with *bona-fide* (Section 73) & *mala-fide* cases (Section 74) defining two different timelines for issuing SCNs and passing Orders.

This distinction always led to the litigation wherein the taxpayer contest that its case do not fall under larger period of limitation (reasons of fraud or any willful-misstatement or suppression of facts to evade tax), i.e., under Section 74. If such argument is decided in favour of the taxpayer, i.e., if it is decided that the case does not involve any *mala-fide* intent of the taxpayer, such case would automatically fall under normal period of limitation, i.e., Section 73, as also stated in Section 75(2) of CGST Act, 2017. Due to said decision, certain portion of the demand or entire demand is being set aside by the authorities owing to the reason that notices/orders are passed after the stipulated normal period of limitation.

To combat such type of litigation and ensure a single timeline is there for issuance of notices and passing of order, Section 74A is proposed to be inserted which will have effect for cases from FY

2024-25 onwards, meaning thereby, for the demands pertaining to period 01 July 2017 to 31 March 2024, old provisions will operate and department has the option to issue SCN under Section 73 or Section 74 depending upon the facts of the case. However, for the demands pertaining to period 01 April 2024 onwards, every SCN has to be issued mandatorily under Section 74A only.

1. Section 74A as proposed to be inserted shall read as under –

“74A. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to FY 2024-25 onwards.

74A. (1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder:

Provided that no notice shall be issued, if the tax which has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised in a financial year is less than one thousand rupees.

(2) The proper officer shall issue the notice under subsection (1) within forty-two months from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within forty-two months from the date of erroneous refund.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under subsection (1), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under subsection (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

(5) The penalty in case where any tax which has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised,–

- (i) for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, shall be equivalent to ten per cent. of tax due from such person or ten thousand rupees, whichever is higher;*
- (ii) for the reason of fraud or any wilful-misstatement or suppression of facts to evade tax shall be equivalent to the tax due from such person.*

(6) *The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.*

(7) *The proper officer shall issue the order under subsection (6) within twelve months from the date of issuance of notice specified in sub-section (2):*

Provided that where the proper officer is not able to issue the order within the specified period, the Commissioner, or an officer authorised by the Commissioner senior in rank to the proper officer but not below the rank of Joint Commissioner of Central Tax, may, having regard to the reasons for delay in issuance of the order under sub-section (6), to be recorded in writing, before the expiry of the specified period, extend the said period further by a maximum of six months.

(8) *The person chargeable with tax where any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, may, –*

(i) *before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information shall not serve any notice under sub-section (1) or the statement under sub-section (3), as the case may be, in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;*

(ii) *pay the said tax along with interest payable under section 50 within sixty days of issue of show cause notice, and on doing so, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded.*

(9) *The person chargeable with tax, where any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, may,–*

(i) *before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;*

(ii) *pay the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within sixty days of issue of the notice, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded;*

(iii) *pay the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within sixty days of communication of the order, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded.*

(10) Where the proper officer is of the opinion that the amount paid under clause (i) of sub-section (8) or clause (i) of sub-section (9) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in subsection (1) in respect of such amount which falls short of the amount actually payable.

(11) Notwithstanding anything contained in clause (i) or clause (ii) of sub-section (8), penalty under clause (i) of sub-section (5) shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.

(12) The provisions of this section shall be applicable for determination of tax pertaining to the Financial Year 2024-25 onwards.

Explanation 1.- For the purposes of this section,-

(i) the expression "all proceedings in respect of the said notice" shall not include proceedings under section 132;

(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under this section, the proceedings against all the persons liable to pay penalty under sections 122 and 125 are deemed to be concluded.

Explanation 2.- For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer

2. To give effect to the time period till which existing Section 73 & 74 will operate, amendments are also proposed in Section 73 and Section 74 as under -

(a) Amendment to **insert** words in marginal heading of Section 73 & 74 of the Act as under -

"Section 73. Determination of tax pertaining to the period upto Financial Year 2023-24 not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts.-"

"Section 74. Determination of tax pertaining to the period upto Financial Year 2023-24 not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful- misstatement or suppression of facts.-"

(b) Sub-sections (12) are proposed to be **inserted** in both Section 73 & 74 to read as under -

“(12) The provisions of this section shall be applicable for determination of tax pertaining to the period upto Financial Year 2023-24.”

(c) Explanation 2 to Section 74 is proposed to be **omitted** which reads as under –

“Explanation 2.–For the purposes of this Act, the expression “suppression” shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.”

3. Parallel amendments are proposed to be carried out in various sections [Section 10(5), 21, 35(6), 49(8), 50(1), 51(7), 61(3), 62(1), 63, 64(2), 65(7), 66(6), 75, 104, 107, 127] to include reference to Section 74A wherever reference to Section 73 or Section 74 has been made.

Comparative analysis of provisions of Section 73, 74 & proposed 74A are tabulated as under for ease of understanding the difference between these provisions –

Particulars	Section 73	Section 74	Section 74A
Time limit for passing Adjudicating Order	3 years from the relevant date	5 years from the relevant date	12 months from the date of issue of notice (Can be extended to maximum 6 months)
Time limit for passing Issuing SCN	2 years and 9 months from the relevant date	4 years and 6 months from the relevant date	42 months from the relevant date

‘Relevant date’ shall be –

- In case of tax & ITC – Due date for furnishing of annual return for the financial year.
- In case of erroneous refund – Date of refund.

Amount of mandatory pre-deposit required for filing appeal reduced

The Finance Bill, 2024 has proposed to amend Section 107(6)(b) and Section 112(8)(b) of CGST Act, 2017 in order to reduce the amount of pre-deposit for filing of appeals under GST before the Appellate Authority and the Appellate Tribunal to ease cash flow and working capital blockage for the taxpayers, as follows –

	Pre-deposit requirement as per existing law	Pre-deposit requirement as per proposed amendment
1 st Appeal	10% of the demand under dispute, subject to a maximum of Rs. 25 crores CGST & SGST each	10% of the demand under dispute, subject to a maximum of Rs. 20 crores CGST & SGST each
2 nd Appeal	20% (over & above 10%) of the demand under dispute, subject to a maximum of Rs. 50 crores CGST & SGST each	10% (over & above 10%) of the demand under dispute, subject to a maximum of Rs. 20 crores CGST & SGST each

Time period for filing appeal before GST Appellate Tribunal to be notified

As per Section 112(1) of CGST Act, 2017, as amended, time limit for filing appeal before the Appellate Tribunal is 3 months from the date on which the order sought to be appealed against is communicated to the personal preferring the appeal.

However, due to non-constitution of GST Appellate Tribunal, Removal of Difficulty Order no. 09/2019 – Central Tax dated 03.12.2019 was brought into effect to notify that time limit of 3 months for filing appeal before the Tribunal shall start from later of the following dates –

- (a) Date of communication of order; or,
- (b) The date on which the President or the State President, as the may be, of the Appellate Tribunal after its constitution under section 109, enters office.

The said position was re-iterated by CBIC in Circular No. 132/2/2020 – GST dated 18.03.2020.

Recently, in May 2024, Hon’ble Union Finance Minister administered oath of office to Justice (Retd.) Sanjaya Kumar Mishra, as the first President of GSTAT. This led to debates within the

industry as to whether the time limit for filing appeal has been started from 06 May 2024 in accordance with ROD Order dated 03.12.2019 and Circular dated 18.03.2020. However, the modalities and infrastructure for filing of appeals to GSTAT are still not operationalized till date.

Hence, multiple amendments are proposed to be made in Section 112 as follows –

1. **Insertion** in Section 112(1) –

“(1) Any person aggrieved by an order passed against him under section 107 or section 108 of this Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act may appeal to the Appellate Tribunal against such order within three months from the date on which the order sought to be appealed against is communicated to the person preferring the appeal; or the date, as may be notified by the Government, on the recommendations of the Council, for filing appeal before the Appellate Tribunal under this Act, whichever is later.”

2. **Insertion** in Section 112(3) –

“(3) The Commissioner may, on his own motion, or upon request from the Commissioner of State tax or Commissioner of Union territory tax, call for and examine the record of any order passed by the Appellate Authority or the Revisional Authority under this Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act for the purpose of satisfying himself as to the legality or propriety of the said order and may, by order, direct any officer subordinate to him to apply to the Appellate Tribunal within six months from the date on which the said order has been passed; or the date, as may be notified by the Government, on the recommendations of the Council, for filing appeal before the Appellate Tribunal under this Act, whichever is later for determination of such points arising out of the said order as may be specified by the Commissioner in his order.”

3. **Insertion** in Section 112(6) –

“(6) The Appellate Tribunal may admit an appeal within three months after the expiry of the period referred to in sub-section (1) or permit the filing of an application within 3 months after the expiry of the period referred to in sub-section (3), or permit the filing of a memorandum of cross-objections within forty-five days after the expiry of the period referred to in sub-section (5) if it is satisfied that there was sufficient cause for not presenting it within that period.”

All the aforementioned amendments will come into force w.e.f. 01.08.2024. This amendment will give sufficient time to the taxpayers to file appeal before the Appellate Tribunal.

Waiver of interest & penalty for the FY 2017-18, 2018-19 & 2019-20

Considering the difficulties faced by the taxpayers for FY 2017-18, 2018-19 and 2019-20, the Finance Bill, 2024 has proposed to insert Section 128A in CGST Act, 2017. As per Section 128A, interest and penalty will be waived for demand notices issued, demand orders or Appellate Orders passed under Section 73 of the CGST Act, 2017 for the aforementioned periods where the taxpayer pays the full amount of tax demanded in the notice up to a date to be notified. However, the waiver does not cover demand of erroneous refund.

The initial years of GST implementation, from FY 2017-18 to FY 2019-20, led to discrepancies and vulnerabilities in filing various returns and complying with the law due to a lack of clarity during this period. To give relief of interest and penalties to the registered persons with respect to discrepancies relating to FY 2017-18 to FY 2019-20, the GST council has introduced such waiver from interest & penalty.

Section 128A which is proposed to be **inserted** reads as under –

“Section 128A. Waiver of interest or penalty or both relating to the demands raised under section 73, for certain tax periods.

(1) Notwithstanding anything to the contrary contained in this Act, where any amount of tax is payable by a person chargeable with tax in accordance with,–

(a) a notice issued under sub-section (1) of section 73 or a statement issued under sub-section (3) of section 73, and where no order under sub-section (9) of section 73 has been issued; or

(b) an order passed under sub-section (9) of section 73, and where no order under sub-section (11) of section 107 or sub-section (1) of section 108 has been passed; or

(c) an order passed under sub-section (11) of section 107 or sub-section (1) of section 108, and where no order under sub-section (1) of section 113 has been passed,

pertaining to the period from 1st July, 2017 to 31st March, 2020, or a part thereof, and the said person pays the full amount of tax payable as per the notice or statement or the order referred to in clause (a), clause (b) or clause (c), as the case may be, on or before the date, as may be notified by the Government on the recommendations of the Council, no interest under section 50 and penalty under this Act, shall be payable and all the proceedings in respect of the said notice or order or statement, as the case may be, shall be deemed to be concluded, subject to such conditions as may be prescribed:

Provided that where a notice has been issued under subsection (1) of section 74, and an order is passed or required to be passed by the proper officer in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a court in accordance with the provisions of sub-section (2) of section 75, the said notice or order shall be considered to be a notice or order, as the case may be, referred to in clause (a) or clause (b) of this sub-section:

Provided further that the conclusion of the proceedings under this sub-section, in cases where an application is filed under sub-section (3) of section 107 or under sub-section (3) of section 112 or an appeal is filed by an officer of central tax under sub-section (1) of section 117 or under sub-section (1) of section 118 or where any proceedings are initiated under sub-section (1) of section 108, against an order referred to in clause (b) or clause (c) or against the directions of the Appellate Authority or the Appellate Tribunal or the court referred to in the first proviso, shall be subject to the condition that the said person pays the additional amount of tax payable, if any, in accordance with the order of the Appellate Authority or the Appellate Tribunal or the court or the Revisional Authority, as the case may be, within three months from the date of the said order:

Provided also that where such interest and penalty has already been paid, no refund of same shall be available.

(2) Nothing contained in sub-section (1) shall be applicable in respect of any amount payable by the person on account of erroneous refund.

(3) Nothing contained in sub-section (1) shall be applicable in respect of cases where an appeal or writ petition filed by the said person is pending before Appellate Authority or Appellate Tribunal or a court, as the case may be, and has not been withdrawn by the said person on or before the date notified under sub-section (1).

(4) Notwithstanding anything contained in this Act, where any amount specified under sub-section (1) has been paid and the proceedings are deemed to be concluded under the said sub-section, no appeal under sub-section (1) of section 107 or sub-section (1) of section 112 shall lie against an order referred to in clause (b) or clause (c) of sub-section (1), as the case may be."

Changes proposed in relation to Input Tax Credit (ITC)

Relaxation in conditions of Section 16(4) of the CGST Act, 2017

The Finance Bill, 2024 has proposed to extend the deadline for claiming input tax credit (ITC) for invoices or debit notes under Section 16(4) of the CGST Act to November 30, 2021, for F.Y. 2017-18 to 2020-21 by way of inserting a new sub-section (5) in Section 16 of CGST Act, 2017. This extension applies to returns filed in FORM GSTR 3B up to November 30, 2021. The amendment has been introduced as a retrospective amendment, to be effective from July 1, 2017.

Currently, as per Section 16(4), a registered person is entitled to claim ITC for any invoice or debit note until the 30th of November of the following financial year, or until the furnishing of the annual return, whichever is earlier. For the financial years 2017-18, 2018-19, and 2019-20, the cut-off date was due date of filing of return for the month of September or until the furnishing of the annual return, whichever is earlier.

Sub-section (5) proposed to be **inserted** in Section 16 of CGST Act, 2017, as amended, shall read as under –

“(5) Notwithstanding anything contained in sub-section (4), in respect of an invoice or debit note for supply of goods or services or both pertaining to the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the thirtieth day of November, 2021.”

In the initial years of GST implementation, registered persons faced difficulties in timely filing their returns, and the non-availability of GSTR-2A led to improper availing of ITC. To address this issue, the GST Council earlier extended the cut-off date for ITC availment for these initial years to 30th November 2021.

In recent past, the GST department had been issuing show cause notices (SCNs) disallowing ITC for taxes deposited by vendors after the due date of respective F.Y.'s, thus resulting into undue burden by way of reversal of ITC availed by the recipient after the cut-off date even when the tax on such supplies was duly paid by the supplier. This relaxation will reduce the impact of double taxation by allowing registered persons to avail of the credit.

Recently, Hon'ble Kerala High court in the matter of M/s M Trade Links v. Union of India¹ held that as per Section 16(4) of the CGST Act, 2017, the last date for claiming Input Tax Credit (ITC) for the years 2017-18, 2018-19, and 2019-20 would be the 30th day of November following the end of the financial year to which the invoice or debit note pertains, or the furnishing of the relevant annual return, whichever is earlier as the amendment carried out in Section 16(4) has to be applied retrospectively.

Now, *vide* the Finance Bill, 2024, it has been proposed to extend that time limits for all the 3 financial years to 30th November 2021.

Availment of ITC in case of revocation of cancellation of GST registration

The Finance Bill, 2024 has proposed another retrospective amendment in Section 16 of the CGST Act, effective from July 1, 2017. This amendment has been made by way of insertion of new sub-section (6) to Section 16 which allows the availment of ITC with respect to invoices/debit notes in a return filed for the period of date of cancellation of registration till the date of order of revocation of cancellation of registration, subject to the said return is filed within thirty days of the date of order of revocation of cancellation of registration.

However, there is a pre-condition to the said relaxation by way of availment of ITC which states that time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (4) of the section 16 of CGST Act, 2017 as on the date of order of cancellation of registration.

If a registration was cancelled *suo moto*, the registered person might have been unable to file returns for the following months causing genuine hardships to avail the ITC within the time period stipulated under Section 16(4). If the registration was subsequently revoked and the return was filed after the 30th of September/November of the following year, the receiver could not take the credit. Now, relief is provided to the receiver if the registered person files the return within 30 days from the order of revocation.

¹ WP(C) NO. 31559 OF 2019

Sub-section (6) proposed to be **inserted** in Section 16 of CGST Act, 2017, as amended, shall read as under –

“(6) Where registration of a registered person is cancelled under section 29 and subsequently the cancellation of registration is revoked by any order, either under section 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or court and where availment of input tax credit in respect of an invoice or debit note was not restricted under sub-section (4) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39,–

(i) filed upto thirtieth day of November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or

(ii) for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within thirty days from the date of order of revocation of cancellation of registration, whichever is later”

Amendment in Refund provisions

1. Provisions of Section 54 of CGST Act, 2017, as amended, and Section 16 of IGST Act, 2017, as amended are proposed to be amended in order to provide that no refund of unutilised ITC or of IGST paid shall be allowed in cases of zero-rated supply of goods, where such goods are subjected to export duty.

In order to give effect to this proposal, following amendments are proposed –

- a) Second proviso to sub-section (3) of Section 16 of CGST Act, 2017 is proposed to be **omitted** which reads as –

“Provided further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty:”

- b) Sub-section (15) is proposed to be **inserted** in Section 54 of CGST Act, 2017, as amended, which shall read as –

“(15) Notwithstanding anything contained in this section, no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods is subjected to export duty.”

- c) Similarly, sub-section (5) is proposed to be **inserted** in Section 16 of IGST Act, 2017, as amended, which shall read as –

“(5) Notwithstanding anything contained in subsections (3) and (4), no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods are subjected to export duty”

2. Also, sub-section (4) in Section 16 in the IGST Act is proposed to be amended, so as to provide for notification of class of persons who may make zero-rated supplies of goods or services or both or class of goods or services which may be supplied on payment of tax and refund of IGST in respect of which can be claimed. For the same, clause (ii) of sub-section (4) is proposed to be **substituted** as under –

“(4) The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify –

(i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;

(ii) a class of goods or services ~~which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid~~ or both, on zero rated supply of which, the supplier may pay integrated tax and claim the refund of tax so paid, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder."

Time of Supply in case of Reverse Charge Mechanism (RCM)

The Finance Bill, 2024 has proposed to amend Section 13(3) of CGST Act, 2017, in order to specify the time of supply of services where the self-invoice has to be issued by the recipient of services liable to pay GST under Reverse Charge Mechanism (RCM). Accordingly, following words are proposed to be **inserted** in Section 13(3) of CGST Act, 2017 –

“(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely: –

(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier, in cases where invoice is required to be issued by the supplier; or,

(c) the date of issue of invoice by the recipient in cases where the invoice is to be issued by the recipient:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.”

In may further be noted that Section 31(3)(f) is also proposed to be amended in order to propose a time limit for issuance of invoice by the recipient in case the recipient is liable to make payment of taxes under Reverse Charge Mechanism. Accordingly, following words are proposed to be **inserted** in Section 31(3) of CGST Act, 2017 –

“(3) Notwithstanding anything contained in sub-sections (1) and (2) –

(a) a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;

(b) a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;

(c) a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:

Provided that the registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;

(d) a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment;

(e) where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment;

(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9, within the period as may be prescribed, shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;

(g) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier.

Explanation.--For the purposes of clause (f), the expression "supplier who is not registered" shall include the supplier who is registered solely for the purpose of deduction of tax under section 51."

Amendments in Schedule III

1. Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service provided jointly by lead and co-insurer to the insured in co-insurance agreements is proposed to be declared as no supply under Schedule III of the CGST Act, 2017. Provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.
2. Transaction of ceding commission/re-insurance commission between insurer and re-insurer is proposed to be declared as no supply under Schedule III of the CGST Act, 2017. provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.
3. Directorate General of Goods and Services Tax Intelligence (DGGI) had issued notices to few insurance companies raising tax demand on reinsurance premium, despite receiving commissions from co-insurance, amounting to Rs. 12,000 crores approximately.
4. Industry is the of the view that GST on the entire value of insurance premium is already paid by the lead insurer, including on the share of premium belonging to the co-insurers, the tax demand will tantamount to "double taxation". Thus, in view of the above issues faced by the industry, the same has been proposed to be treated as neither supply of goods nor supply of services?

Paras proposed to be **inserted** in Schedule III to CGST Act, 2017 reads as follows -

“9. Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.

10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.”

Other Important Amendments

1. Finance Bill, 2024 has proposed to amend Section 9(1) of the CGST Act to explicitly exclude Extra Neutral Alcohol (ENA) from GST when used to manufacture alcoholic liquor for human consumption. To give effect, following words are **inserted** in Section 9(1) of CGST Act, 2017-

“(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption on the value determined under section 15 and at such rates, not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.”

Similar amendment is proposed in Section 5(1) of IGST Act.

2. Finance Bill, 2024 has proposed to **insert** Section 11A to the CGST Act, empowering the government to regularize non-levy or short levy of GST due to common trade practices, which shall read as under -

“Section 11A. Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.

Notwithstanding anything contained in this Act, if the Government is satisfied that-

(a) a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to, -

(i) central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or

(ii) a higher amount of central tax than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice.”

Similar amendment is proposed in Section 6A of IGST Act.

3. Finance Bill, 2024 has proposed to **substitute** Section 17(5)(i) of the CGST Act, so as to restrict the non-availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24. It also removes reference to sections 129 and 130 in the said sub-section. Amended clause (i) shall read as under –

“(i) any tax paid in accordance with the provisions of sections 74 in respect of any period upto Financial Year 2023-24, 129 and 130.”

4. Finance Bill, 2024 seeks to **insert** a new proviso in sub-section (2) of section 30 of CGST Act, so as to empower the Central Government to prescribe conditions and restrictions for revocation of cancellation of registration by rules. Said proviso shall read as under –

“Provided further that such revocation of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed.”

5. Finance Bill, 2024 seeks to **substitute** the sub-section (3) of Section 39 of CGST Act, so as to provide for compulsorily filing of TDS return (GSTR-07) on monthly basis irrespective of the fact that whether any deduction has been made during said tax period or not. Substituted sub-section (3) shall read as follows –

~~“(3) Every registered person required to deduct tax at source under the provisions of section 51 shall furnish, in such form and manner as may be prescribed, a return, electronically, for the month in which such deductions have been made within ten days after the end of such month.”~~

“(3) Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed:

Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month.”

6. Finance Bill, 2024 **insert** a new sub-section (1A) in section 70 of CGST Act, so as to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer –

“(1A) All persons summoned under sub-section (1) shall be bound to attend, either in person or by an authorised representative, as such officer may direct, and the person so appearing shall state the truth during examination or make statements or produce such documents and other things as may be required.”

7. **Anti Profiteering:** A proposal has been put forth by Finance Bill, 2024 to amend sections 171(2) of the CGST Act in order to introduce a sunset clause for anti-profiteering measures. Further, amendment is proposed in Section 109 of CGST Act so as to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal, including Anti-profiteering matters.
8. Amendment is proposed in Section 122(1B), which relates to the penalty provision with respect to e-commerce operators. As per Finance Bill, 2024, it is proposed to amend Section 122(1B) to provide that these penalty provisions are applicable only to those e-commerce operators who are responsible for collecting tax and depositing it with the government, and not to other e-commerce operators. The said amendment is proposed to be made effective from the 1st day of October, 2023 when the said sub-section had come into force. Words **inserted** in Section 122(1B) are as under –

“(1B) Any electronic commerce operator, who is liable to collect tax at source under Section 52, who –

- (i) allows a supply of goods or services or both through it by an unregistered person other than a person exempted from registration by a notification issued under this Act to make such supply;*
- (ii) allows an inter-State supply of goods or services or both through it by a person who is not eligible to make such inter-State supply; or*
- (iii) fails to furnish the correct details in the statement to be furnished under sub-section (4) of section 52 of any outward supply of goods effected through it by a person exempted from obtaining registration under this Act,*

shall be liable to pay a penalty of ten thousand rupees, or an amount equivalent to the amount of tax involved had such supply been made by a registered person other than a person paying tax under section 10, whichever is higher.”

9. **Transitional credit:** Finance Bill, 2024 has proposed amending Section 140(7) of the CGST Act, effective retrospectively from 01.07.2017, to allow transitional credit for service invoices received by the Input Service Distributor (ISD) before the appointed date. Words **substituted** in Section 140(7) shall read as under –

“(7) Notwithstanding anything to the contrary contained in this Act, the input tax credit on account of any services received prior to the appointed day by an Input Service Distributor shall be eligible for distribution as credit under this Act, within such time and in such manner as may be

*prescribed, ~~even if the invoices relating to such services are received on or after the appointed day~~
whether the invoices relating to such services are received prior to, on or after, the appointed day."*

***CHANGES INTRODUCED BY WAY OF AMENDMENT IN CGST RULES
AND NOTIFICATIONS IN PURSUANCE OF RECOMMENDATIONS
MADE IN 53RD GST COUNCIL MEETING***

A. VALUATION OF CORPORATE GUARANTEE (AMENDMENT IN RULE 28 W.E.F. 26.10.2023)

Amendments have been made into sub-rule (2) of Rule 28 of the CGST Rules 2017 which provides for the valuation provision in respect of corporate guarantee provided by a person to a related recipient. Hereunder given the summary of the changes introduced:

- The valuation for corporate guarantee provided by a person to a related person located outside India shall not be made as per valuation provision given under sub-rule (2). The valuation in such cases shall be made as per the general provisions given under sub-rule (1) of the said rule.
- The valuation in respect of corporate guarantee was being made at higher of one percent of the amount of corporate guarantee offered or actual consideration. In this respect a lot of confusion was revolving in the industry as to how one percent of the guaranteed amount shall be calculated.

Now, the amendment introduced has provided clarity in this respect by specifically providing that percentage shall be calculated on **per annum basis**.

- A proviso has also been inserted after sub-rule (2) of the said rule, which provides that where the recipient is eligible for full ITC, the value as declared in the invoice shall be deemed to be the value of the said supply of services. Therefore, where such corporate guarantee is being provided by a person to a related person located in India and the recipient is eligible for full ITC, the value declared in the invoice itself shall be considered as value for the purpose of such corporate guarantee services.

The CBIC vide Circular No. 225/19/2024-GST dated 11.07.2024 had issued the following clarifications:

Clarification 1: In respect of supply of services of providing corporate guarantee between related persons, in respect of corporate guarantee issued or renewed before 26th October 2023, the valuation of the said supply is to be done in accordance with Rule 28, as it existed during that time. However, if the corporate guarantee is issued or renewed on or after 26th October 2023, then the valuation of the said supply will be required to be done as per Rule 28(2) of CGST Rules.

Clarification 2: In cases where the corporate guarantee is provided for a particular amount, whereas the loan is only partly availed or not availed at all by the recipient, the value of supply of the service of providing a corporate guarantee will be calculated based on the amount guaranteed and will not be based on the amount of loan actually disbursed to the recipient of the corporate guarantee.

Clarification 3: It is clarified that where takeover of existing loans is made, there will be no impact on GST, unless there is issuance of fresh corporate guarantee or there is a renewal of the existing corporate guarantee.

Clarification 4: Where corporate guarantee is provided by more than one entity/co-guarantor the value of such services of providing corporate guarantee shall be the sum of the actual consideration paid/ payable to co-guarantors, if the said amount of total consideration is higher than one per cent of the amount of such guarantee offered. In cases where the sum of the actual consideration is less than one per cent of the amount of such guarantee offered, then GST shall be payable by each co-guarantor proportionately on one per cent of the amount guaranteed by them.

Clarification 5: Where domestic corporates issue intra-group guarantees, GST is to be paid under the forward charge mechanism. However, in cases where such guarantee is provided by the foreign/ overseas entity for a related entity located in India, then GST would be payable under reverse charge mechanism, by the recipient of service, i.e., the related entity located in India.

Clarification 6: Whether the discharge of tax liability on corporate guarantee @ 1% of such guarantee offered is to be done one time or on yearly basis or on monthly basis and when issued for a fixed term of say, five years or ten years as per tenure of the loan?

Rate shall be applicable @ 1% per annum. Thus, if the guarantee has been issued for a tenure of 5 years, then value should be 5% of the guaranteed amount and GST on such shall be payable at the time of issuance itself.

Further, in case of renewal, say for another 1 year, in such case 1% shall be value of such corporate guarantee and GST shall be payable in the year of renewal.

B. MANNER OF DISTRIBUTING COMMON ITC PAID UNDER RCM BY AN “INPUT SERVICE DISTRIBUTOR” (AMENDMENT IN RULE 39 W.E.F. A DATE YET TO BE NOTIFIED)

- Under Rule 39 of the Central Goods and Services Rules, 2017, after sub-rule (1), the following sub-rule has been inserted:

“(1A) For the distribution of credit in respect of input services, attributable to one or more distinct persons, subject to levy of tax under sub-section (3) or (4) of section 9, a registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit or debit note as per the provisions of sub-rule(1A) of rule 54 to transfer the credit of such common input services to the Input Service Distributor, and such credit shall be distributed by the said Input Service Distributor in the manner as provided in sub-rule (1).”

- The newly introduced sub-rule provides the manner of distribution of ITC by an Input Service Distributor (ISD), relating to services the tax on which shall be payable under RCM. In this respect, it has been prescribed that normal taxpayer registered under the same PAN and state code as that of ISD may issue an invoice relating to such services to ISD & ISD shall thereafter distribute the said ITC to the recipient to whom it is attributable in that manner as provided into sub-rule (1).
- Section 20 of the CGST Act 2017 as substituted by Finance Act 2024 (*w.e.f. a date yet to be notified*), removed provisions relating to the mechanism of distribution of common credit

by ISD. Now, such mechanism of distribution of ITC along with relevant explanation has been inserted into rule 39.

C. REFUNDS

(I) **Refund in case of upward revision in price post exportation of goods (Amendment in rule 89 w.e.f. 10.07.2024)**

Under the current GST framework, registered person exporting goods upon payment of tax sometimes find themselves in scenarios where the initially declared export price is revised upwards post-exportation. In such cases, exporters are liable to pay additional IGST on the revised, higher value of the goods, however Shipping bill reports original price. To address this issue and provide relief to affected taxpayers, the GST Council has recommended the introduction of a specific refund mechanism. This will enable exporters to claim refunds of the additional IGST paid due to upward revisions in the export price of goods post-exportation.

The GST Council's recommendation has come into effect from July 10, 2024, introducing Rule 89(1B) in the CGST Rules, 2017. As a result, any person claiming a refund of additional integrated tax paid due to an upward revision before the expiry of two years from the relevant date, as defined in clause (a) to Explanation (2) to Section 54, can now apply refund. Notably, if the relevant date had already passed before this sub-rule came into force, the two years will be calculated when this sub-rule will come into force.

Further, following documents are required for filing the refund claim:

- a statement containing the invoice number and date of export Invoices,
- number and date of shipping bills or bills of export,
- BRC or FIRC,
- Details of refund already sanctioned
- Date of relevant supplementary invoice or debit note issued
- CA Certificate
- A reconciliation statement reconciling the value of supplementary invoices with

BRC.

The CBIC *vide* Circular No. 226/20/2024 dated 11.07.2024 had clarified the mechanism, time limit and documentation for filing refund claim.

(II) Refund of GST by Canteen Stores Department (CSD) (New rule 95B inserted w.e.f. 10.07.2024)

A Specific provision under rule no. 95B had been inserted to relation to refund of GST paid on inward supplies of goods received by Canteen Store Department (CSD) for the purpose of subsequent supply of such goods to Unit Run Canteens of the CSD or to the authorised customers of the Canteen Stores.

Canteen Store Department shall apply for refund in FORM GST RFD-10A once in every **quarter**, electronically on common portal.

Conditions for refund

- a. Tax Invoice containing name and GSTN of the applicant
- b. Supplier should have furnished the details of tax invoice in their GSTR 1 and also furnished the GSTR-3B.
- c. Goods received by CSD for the purpose of subsequent supply to Unit Run Canteen of the CSD or the authorised customer so f the CSD.

The CBIC *vide* Circular No. 227/21/2024 dated 11.07.2024 had clarified the mechanism, time limit and documentation for filing refund claim.

D. RETURNS

(I) GSTR 1A -Introduction of functionality to amend GSTR-1 before filing GSTR-3B (w.e.f. 10.07.2024)

Earlier, there was no option to amend GSTR-1 before filing GSTR-3B. Hence, the GST Council has proposed to introduce GSTR-1A, which will allow rectification of GSTR-1 before paying the tax liability via GSTR-3B.

Thus, to give effect to the above recommendation amendments has been introduced into various rule of CGST Rules 2017 which are as follows:

- **Rule 21:** For the purpose of GST cancellation, comparison of outward supplies between GSTR-1 & GSTR-3B shall be taken after considering the amendments made into GSTR-1A.
- **Rule 21A(2A)(a):** For the purpose of suspension of GST registration, comparison between outward supplies as per GSTR-3B & GSTR-1 and comparison between inward supplies as per GSTR-3B & outward supplies reported by the supplier in its GSTR-1 shall be considered after taking into account the amendments made through GSTR-1A.
- **Rule 36(4)(a):** For availing input tax credit, invoices or debit notes furnished by the supplier shall be considered after considering the amendment made through GSTR-1A.
- **Rule 37A:** The said rule relates to reversal of ITC in case of non-payment of tax by the supplier, outward supplies for the said purpose shall be considered after taking into account the amendment made through GSTR-1A.
- **Rule 40:** One of the conditions for availing the ITC, where any registered person ceases to pay tax under section 10 or where the exempt supply become a taxable supply, requires such ITC shall be verified with corresponding details furnished by the supplier into GSTR-1. Now, the supplies as amended through GSTR-1A shall also be considered.
- **Rule 48(3):** The said rule requires that serial number of the invoices issued during a tax period shall be furnished electronically through common portal in GSTR-1. Now, wherever any amendment is made through GSTR-1A corresponding serial number(s) shall also be furnished into GSTR-1A.
- **Rule 59(1):** This rule outlines the form and manner to report outward supplies in GSTR-1 by a registered person. With the recent amendment, after submitting GSTR-

1, the supplier can now amend or add details of outward supplies through GSTR-1A.

- **Rule 59(4A):** This new sub-rule has been introduced to specify the details of outward supplies that must be included when reporting amended or additional outward supplies in GSTR-1A.
- **Rule 60:** As per the amendment introduced, Form GSTR-2B shall contain the details of outwards supplies as additionally added or amended through from GSTR-1A.
- **Rule 78:** The details of outward supplies made through an e-commerce operator as furnished under GSTR-8 shall be required to be matched with GSTR-1 along with GSTR-1A now.
- **Rule 88C:** For the purpose of comparing the liability as reported in statement of outward supplies and that reported into GSTR-3B, the details of outward supplies shall be considered after incorporating the amendments made through GSTR-1A & the taxpayer shall be required to pay the differential amount accordingly.

(II) Amendments introduced into Form GSTR-9 (w.e.f. 10.07.2024)

- **Insertion of Table 4(G)(1)**
 - New table 4(G)(1) has been introduced under Table 4 immediately after Table 4G
 - This table specifically addresses the reporting requirements of e-commerce operators concerning taxable supplies covered under Section 9(5) of the Act.
 - Reporting under this table will include any amendments made to these supplies, thereby reflecting the net effect of such amendments.
 - Table 15 & 15A of Form GSTR-1 may be referred for filling up the details under this table
- **Insertion of Table 5(C)(1)**
 - New table 5(C)(1) has been introduced under Table 5 immediately after Table 5C

- Here, suppliers are required to report aggregate values of supplies made through e-commerce operators, net of any amendments, on which the e-commerce operators are liable to pay taxes under Section 9(5).
- Table 14(b) and 14A(b) of FORM GSTR-1 may be referred for filling up these details.
- Certain other changes have also been incorporated to take the effect of FY 23-24 & E-commerce operators under relevant tables.

(III) Extension in due date for filing of GSTR -4 (Amendment in rule 62 w.e.f. 10.07.2024)

A return (GSTR -4) is to be filed by registered person (Composition Dealer) having turnover up to Rs. 1.5 cr. Previously as per Rule 62(1) of CGST Rules, 2017, due date for filing the GSTR-4 return was 30th April following the end of such financial year.

Now, for the financial year 2024-25 onward the due date has been extended to 30th June following the end of such financial year.

Corresponding amendments were also made in Form No. GSTR-4.

(IV) TDS/TCS (Amendment in Form GSTR - 7/ GSTR - 8 w.e.f. date to be notified)

Earlier while claiming the TDS/TCS by the deductee, a practical challenge was faced by the registered person where only the cumulative amount of TDS deducted corresponding to the GSTN was only reflected. Now relevant amendment has been proposed where invoice wise details will be provided which will result in better reconciliation.

(V) Exemption to file GSTR-9 (vide Notification No. 14/2024 dated 10.07.2024)

Vide Notification No. 14/2024 dated 10 July 2024, taxpayers with an annual turnover up to ₹2 crore are exempted from filing the annual return in FORM GSTR-9/9A for FY 2023-24.

(VI) Amendment in GSTR-2B (Amendment in Form GSTR - 2B w.e.f. 10.07.2024)

- a. ITC in respect of supplies, covered under section 9(5), received through e-commerce operator will be auto-populated in relevant section of GSTR-2B i.e. *“All other ITC-Supplies from registered persons other than reverse charge”*.
- b. ITC reversal on account of rule 37A will be auto-populated in Table 4(B)(2) of GSTR-3B . Rule 37A provides for reversal of ITC in the case of non-payment of tax by supplier till 30th September following the end of the F.Y. in which the ITC has been availed.

(VII) Negative Liability Adjustment in GSTR 3B (Amendment in Form GSTR 3B w.e.f. date to be notified)

Earlier, there was no mechanism in GSTR 3B to report where credit notes issued were more than the outward taxable supplies which result in net negative supplies. A lot of difficulties were faced by registered taxpayers to report the same. Now, this issue has been resolved by adding the *“Adjustment of negative liability of previous tax period”* in table no. 6.1 of GSTR 3B.

These changes are proposed to be applicable from the date to be notified.

E. REGISTRATION

(I) Verification of documents at facilitation centers (*w.e.f. a date yet to be notified*)

Under Central Goods and Services Tax Rules, 2017, in rule 8, sub-rule (4A), after the first proviso, the following proviso shall be inserted, namely: -

“Provided further that every application made under sub-rule (4) by a person, other than a person notified under sub-section (6D) of section 25, who has not opted for authentication of Aadhaar number, shall be followed by taking photograph of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified under sub-section (6C) of section 25 where the applicant is not an individual, along with the verification of the original copy of the documents uploaded with the application in FORM GST REG-01 at one of the Facilitation Centers notified by the Commissioner for the purpose of this sub-rule and the application shall be deemed to be complete only after successful verification as laid down under this proviso.”

Till now, **only applicants who opted for Aadhaar number authentication** were identified on the common portal through data analysis and risk parameters and were required to visit one of the Facilitation Centers to verify the original copies of the uploaded documents along with taking photograph of the Applicant.

With the introduction of this amendment, applicants for GST registration who **do not opt for Aadhaar number authentication** are also required to visit one of the Facilitation Centers notified by the Commissioner. They are required to present the original copies of the documents uploaded with the application, along with taking photograph of the Applicant where the applicant is an individual and all such individuals in relation to the applicant where the applicant is not an individual.

(II) Original Documents verification for risky applicant (vide Notification No. 13/2024 dated 10.07.2024)

Through this amendment, the applicant who has opted for Aadhaar Authentication & has been identified through risk parameters will be required to get their original documents verified at the facilitation center along with taking of photograph, even in other states along with Andhra Pradesh, Gujrat & Puducherry. Earlier vide notification no. 27/2022, this procedure was restricted only for the State of Andhra Pradesh, Gujrat & Puducherry.

F. INTEREST CALCULATION

No interest on the balance available on electronic cash ledger on delayed filing of GSTR 3B (Amendment in rule 88B w.e.f. 10.07.2024)

There have been instances where taxpayers were unable to file GSTR-3B on the due date due to technical glitches on the portal though the required tax amount was deposited through challan and reflected in the Electronic Cash Ledger (ECL) of the registered taxpayer. Earlier, interest was leviable on the entire payment due in cash while filing GSTR-3B, disregarding the deposit already made by the assessee before the due date of filing of GSTR 3B. This imposed an additional cash flow burden on the taxpayers. Consequently, registered persons have been questioning the applicability of interest on the entire cash

payment, even when a sufficient cash balance was available in the ECL. To alleviate this burden, the government has made a welcome move to calculate interest only on the tax amount that is not available in the Electronic Cash Ledger at time of due date of filing of GSTR 3B.

G. TAX COLLECTED AT SOURCE (TCS) (VIDE NOTIFICATION NO. 15/2024 DATED 10.07.2024)

Earlier, the Central Government mandates that every electronic commerce operator (ECO) must collect 2% of the net value of taxable supplies made through it by other suppliers. On 20th September 2018 the limit was reduced to 1% vide Notification No. 52/2018. Now, vide Notification No. 15/2024 dated 10th July the percentage has further been reduced to 0.50%.

H. APPEALS

(I) Appeal to Appellate Tribunal (Amendment in rule 110 w.e.f. 10.07.2024)

Appeal to Appellate Tribunal shall be filed electronically in Form GST APL-05. Further, appeal to Appellate Tribunal may be filed manually only if the Registrar allows the same by issuing a special or general order. Similarly, memorandum of cross objections in Form GST APL-06 may be filed manually only if the Registrar allows the same by issuing a special or general order.

Earlier the appellant had to submit a certified copy of the order irrespective of whether the order was uploaded on the common portal, now the appellant has to submit a certified copy of the order within 7 days only if the order is not uploaded on the common portal.

APL-02 shall be issued only after removal of defects in the appeal.

Lower limit for filing appeal to Appellate Tribunal is Rs. 5,000. Further, where an order does not involve any demand of tax, interest, fine, fee or penalty, fee for filing appeal shall be Rs. 5,000. Earlier, only upper limit of fee for filing appeal to Appellate Tribunal was notified.

(II) Application to Appellate Tribunal (Amendment in rule 111 w.e.f. 10.07.2024)

Application to Appellate Tribunal by the department under section 112(3), shall be filed electronically in Form GST APL-07. Further, application to Appellate Tribunal may be filed manually only if the Registrar allows the same by issuing a special or general order. Similarly, memorandum of cross objections in Form GST APL-06 may be filed manually only if the Registrar allows the same by issuing a special or general order.

A provisional acknowledgement shall now be issued to the applicant.

The appeal and the memorandum of cross objections shall be signed in the manner specified in Rule 26.

Earlier the appellant had to submit a certified copy of the order irrespective of whether the order was uploaded on the common portal, now the appellant has to submit a certified copy of the order within 7 days only if the order is not uploaded on the common portal.

(III) Change in mechanism for issuing DRC-04 (Amendment in rule 142 w.e.f. 10.07.2024)

Earlier, the Proper Officer is required to issue acknowledgement in Form DRC-04. After the amendment, it shall be available through the common portal electronically.

(IV) Mechanism for adjustment of amount paid in respect of a demand through FORM GST DRC-03 against the amount to be paid as pre-deposit for filing appeal (Amendment in rule 142 w.e.f. 10.07.2024)

This mechanism has now been made available by way of insertion of Rule 142(2B). Form DRC-03A has been prescribed for the purpose of Rule 142(2B)

(V) Option for withdrawal of appeal/application filed before the Appellate Tribunal (New rule 113A inserted w.e.f. 10.07.2024)

New rule added for application of withdrawal of appeal filed before Appellate Tribunal. Earlier, only withdrawal of appeal filed under Section 107 in Form GST APL-01 was allowed in **Rule 109C**.

If final acknowledgement in Form GST APL-02 has been issued, withdrawal will be subject to the approval of Appellate tribunal. It will be **decided by the Appellate tribunal within 15 days of filing of application**.

Any fresh application shall be filed within the time limit in Section 112(1) or Section 112(3).

(VI) Form GST APL-02 (Amendment in Form APL-02 w.e.f. 10.07.2024)

Final acknowledgement under Form GST APL-02 shall now be a common form for the purpose of appeals filed under:

- Section 107(1) – appeal to first appellate authority
- Section 107(2) – appeal filed by the department against order passed by adjudicating authority (OIO)
- Section 112(1) – appeal to Appellate Tribunal
- Section 112(3) – appeal filed by the department against order passed by first appellate authority (OIA)

(VII) Form DRC-01A (Amendment in Form DRC-01 w.e.f. 10.07.2024)

Earlier, DRC-01A included two parts:

- a. **PART A** was to intimate the taxpayer about the tax payable and
- b. **PART B** was for the taxpayer to reply/file the submissions.

Now, Part C of DRC-01A is inserted for communicating to the taxpayer about **acceptance of submission** and/or **payment made against reply to intimation**.

(VIII) Form DRC-03 (Amendment in Form DRC-03 w.e.f. 10.07.2024)

New serial number (3A) added to report shipping bill details of erroneous IGST

refund as follows: -

- a. Shipping Bill/ Bill of Export No. & Date;
- b. Amount of IGST paid on export of goods;
- c. Notification No. used for procuring inputs at concessional rate or exemption (in cases of contravention of sub-rule 10 of Rule 96);
- d. Date of notification;
- e. Amount of refund received;
- f. Amount of erroneous refund to be deposited;
- g. Date of credit of refund in Bank Account

Earlier, in serial number 5, there was an option to map payment of tax with SCN details, if payment is made within 30 days of its issue. Now, serial number 5 has been amended to include following more options: -

- a. Audit
- b. Inspection or investigation
- c. After issuance of SCN/ Statement but before issuance of the order
- d. Scrutiny
- e. Intimation of tax ascertained through FORM GST DRC-01A
- f. Payment made in response to FORM GST DRC -01 B
- g. Payment made in response to FORM GST DRC -01 C
- h. Deposit of Erroneous Refund of unutilized ITC

Non-receipt of foreign remittance in respect of refund of unutilized ITC on export of goods under Rule 96B.

I. CHANGES IN EFFECTIVE RATE OF GST ON IMPORTED GOODS

The following changes recommended in the 53rd Council Meeting have been notified -

Sr. No	Description	Effective Rate	Notifications issued
1.	Imports of 'Parts, components, testing	5%	In April 2020, the Central Government vide Notification No. 02/2020- Central Tax (Rate)

	equipment, tools and tool-kits of aircrafts		lowered the GST rate from 18% to 5% on MRO services in respect of aircraft, aircraft engines, and other aircraft components/parts, now uniform rate of 5% will also apply to imports of 'Parts, components, testing equipment, tools and tool-kits of aircrafts vide Notification No. 28/2024 Customs dated 12 th July, 2024.
2.	Imports of specified items for defence forces	Nil	The benefit has been extended for a further period of five years till 30 th June, 2029 vide Notification No. 26/2024 Customs dated 27 th June, 2024.
3	Import of research equipment/buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA)	Nil	The benefit has been extended for a further period of two years till 31 st July, 2026 vide Notification No. 28/2024 Customs dated 12 th July, 2024.
4.	Compensation Cess on the imports in SEZ-by-SEZ Unit/developers for authorised operations w.e.f. 01.07.2017	NIL	Hon'ble Andhra Pradesh High Court vide its ruling in Jan'24 held that the phrase 'duty of customs' used in Section 26(1)(a) of SEZ Act only refers to duty leviable under Customs Act, 1962 but the said phrase does not include cess levied under GST Compensation Act. Thus, SEZ units are not exempted from payment of compensation cess on import of coal. The ruling was likely to have an adverse impact on imports by SEZ. A retrospective exemption from payment of GST Compensation Cess in case of import of goods by SEZ to the SEZ Units/Developers vide Notification No. 27/2024 - Customs dated 12 th July, 2024.

J. MISCELLANEOUS

(I) Reduction in B2CL from 2.5 Lakhs to 1 Lakhs (Amendment in rule 59 w.e.f. 01.08.2024)

Earlier as per Rule 59(4) of CGST Rules, 2017, in the Business to Customer Large (B2CL) Table of GSTR-1, the reporting of interstate supplies to the unregistered person with an invoice value of more than Rs. 2.5 lakhs was required. Now, the threshold has now been reduced to Rs. 1 lakh.

Corresponding amendments also made in Form No. GSTR-1 and GSTR 5 (NRI).

(II) Relaxation in receipt of foreign exchange in case of export of service under LUT (Amendment in Rule 96A w.e.f. 10.07.2024)

Rules	Earlier Provision	Amended Provision	Comments
96A	Where a registered person availing the option to supply goods or service without payment of IGST, by filing LUT binding himself to pay tax along with applicable interest within 15 days after expiry 1 year or extension allowed by the commissioner from the date of invoice, if payment is not received in convertible foreign exchange (or in Indian rupees wherever permitted by RBI).	Where a registered person availing the option to supply goods or service without payment of IGST, by filing LUT binding himself to pay tax along with applicable interest within fifteen days after the expiry of one year, or the period as allowed under the Foreign Exchange Management Act, 1999 (42 of 1999) including any extension of such period as permitted by the Reserve Bank of India, whichever is later, from the date of issue of the invoice for export, or such further period as may be allowed by the Commissioner, if the payment of such services is not received by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the Reserve Bank of India.	Relaxation is provided, If there is any extended period allowed under FEMA, 1992 as permitted by the RBI shall be allowed in addition to post 1 year deadline for receipt of payment and reversal of tax along with applicable interest.

(III) Enrolment for E Way Bill (Addition in Rule 138 w.e.f. date to be notified)

Enrolment mechanism form (GST ENR-03) has been enabled for unregistered handicraft suppliers or other unregistered person who are generating E way bill (GST EWB-01).



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CONTACT US



+91-124-4477824/825
+91-7289 800 700



www.taxo.online



info@taxo.online



C 9, Sushant Lok Phase I,
Sector 43 Gurgaon, Haryana