

Amendments to CGST Rules, 2017

and Related Notifications aligned with

53rd GST Council Meeting

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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.
- Earlier, 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 outward supplies as additionally added or amended through Form 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. 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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