



ASC

GST Times

Volume 33, August 2024



Compiled by: GST Team, ASC Group

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② Finance Budget

- The Finance (No. 2) Bill, 2024 provides various updates and amendments in the GST law.”

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Message from Partner

Dear Reader,

I would like to express my gratitude for taking out your valuable time to read our monthly newsletter “**GST Times**”. We are particularly grateful to our regular reader for unwavering support to keep the knowledge-sharing initiative alive in the form of monthly newsletter, articles, knowledge videos, etc



GST is now the single largest indirect tax levied within India on the supply of goods and services which impacts every individual or business staying/operating in India. In such situation, it becomes essential to keep ourselves updated with all compliances and government notification related to GST.

Our objective of releasing this newsletter is imparting expert analysis and knowledge on all GST-related clarifications, circular, notifications, periodic updates, news, government policies, etc. We also combine the “Compliance Calendar” in this newsletter giving the due date on GST to make sure you file before the due dates.

We, as ASC, always believe in strengthening the relationship between our clients. We understand and value holistic growth through our expert consultancy services in the field of taxation, assurance, financial and legal dimensions.

I am hopeful that reading this newsletter would be rewarding to the readers. This small initiative shall go a long way in building our healthy relationships and create the platform to work together in near future. I would like to request my readers to kindly share your valuable comments & suggestions on this initiative for its further improvisation.

ASC Group, continues to leader for financial, legal, taxation, secretarial and business consulting firm for 27+ years, operation in 9 location globally with 1000+ functional clients. Our team of 300+ professionals consists of experienced Chartered Accountant, Companies Secretaries, Lawyers, Investment Advisory, and Management Consultant who continuously contribute towards the ease o doing business across the world.

I wish to close my note with the words “Content could be anything, but it should add value to the reader's life”.

Deepak Kumar Das
Partner
ASC Group

Compliance Calender

S. No.	Due date	Form	Period	Description
1.	10 th August 2024	GSTR-7	July 2024	Summary of Tax Deducted at Source (TDS) and deposited under GST Laws.
2.	10 th August 2024	GSTR-8	July 2024	Summary of Tax Collected at Source (TCS) and deposited by e-commerce operators under GST Laws.
3.	11 th August 2024	GSTR-1	July 2024	Due date for reporting the details of the outward supply by a registered person having an aggregate turnover exceeding INR 5 crores during the preceding financial year or any registered person who have opted for monthly return filing.
4.	13 th August 2024	GSTR-1 (IFF)	July 2024	Due date for reporting the details of the outward supply by a registered person having turnover up to INR 5 crores during the preceding year and who has opted for quarterly filing of return under QRMP scheme.
5.	13 th August 2024	GSTR-5	July 2024	Due date for filing the return and payment if the tax by a Non-Resident taxable person.
6.	13 th August 2024	GSTR-6	July 2024	Return filed by a taxable person who is registered as an Input Service Distributor.
7.	20 th August 2024	GSTR-3B	July 2024	Due date for filing the GST Return for payment of tax liability or carry forward of the ITC by the registered person whose aggregate turnover in the preceding financial year either exceeds or up to INR 5 Crores and who has not opted for QRMP scheme.
8.	20 th August 2024	GSTR-5A	July 2024	Summary of outward taxable supplies and tax payable by a person supplying OIDAR service.
9.	24 th August 2024	GSTR-3B	July 2024	The due date for filing the GST Return for payment of tax liability or carry forward of the ITC by the registered person whose aggregate turnover in the preceding financial year is up to INR 5 Crores and who has opted for QRMP scheme. (State Specific)
10.	28 th August 2023	GSTR-11	July 2024	A person having Unique Identification Number (UIN) is required to file the return to claim the refund of the tax paid on the inward supply received by him in the previous month.

The Finance (No. 2) Bill, 2024 provides various updates and amendments in the GST law.”

Aspect	Original Section	Amendment in Section	Impact
Section 9- Levy and collection	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, 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	In the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Central Goods and Services Tax Act), in section 9, in sub-section (1), after the words “alcoholic liquor for human consumption”, the words “and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption” shall be inserted.	GST will be applicable on un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption as and when notified by the Government as per Sub Section 2 of Section 9 but now it is proposed that no GST will be applicable on un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.
Section 11A- Power not to recover Goods and Services Tax not levied or short-levied as a result of General practice.	NA	New Section has been inserted with the recommendation of GST Council meeting to empower the government to regularize non-levy or short levy of GST due to any general practice prevalent in trade.	A new section empowers the government to waive the recovery of GST not levied or short-levied due to a generally prevalent practice in trade. This provision aims to regularize past practices and provide relief to businesses that followed industry norms, even if those norms were not strictly compliant with the tax law.
Section 13(3) - Time and Value of Supply in case of RCM	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	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	The time of supply for payment of RCM has been proposed to change in case services are rendered from unregistered vendor.

	<p>account, whichever is earlier; or</p> <p>(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</p>	<p>(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 supplier, in cases where invoice is required to be issued by the supplier</p> <p>(c) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient</p>	
<p>Section 16(5) & 16(6) - Eligibility and conditions for taking input tax credit</p>	<p>NA</p>	<p>New sub-sections (5) and (6) are proposed to be inserted in Section 16 of CGST Act to relax the time limit to avail input tax credit as per section 16(4) of the CGST Act, retrospectively from 01.07.2017:</p> <p>Section 16(5) – provides that for FY 2017-18 to FY 2020-21, registered person shall be entitled to claim ITC in return filed up to 30 November 2021</p> <p>Section 16(6) – In case where registration of a person was cancelled which is subsequently revoked, date for claiming ITC shall be extended up to:</p> <p>(i) filed up to 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</p> <p>(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.</p>	<p>It is proposed that time limit for claiming ITC for FY 2017-18 to FY 2020-21 extended up to 30 November 2021 in Section 16(5).</p> <p>Further, in Section 16(6) it is also proposed that ITC can be claimed when taxpayer GSTIN has subsequently revoked after cancellation if GSTR-3B is filed:</p> <ul style="list-style-type: none"> • within 30 days from date of order of revocation or • filed up to 30th November from the end of said financial year for which invoice pertains or filing of annual return, whichever is earlier <p>whichever is later of above 2 points.</p> <p>This retrospective amendment offers significant relief to businesses by extending the timeline for availing ITC.</p>

<p>Section 17(5)(i) – Blocked Credit</p>	<p>Any tax paid in accordance with the provisions of sections 74, 129 and 130.</p>	<p>Any tax paid in accordance with the provisions of sections 74 in respect of any period up to Financial Year 2023-24.</p>	<p>No ITC reversal is required in case of detention, seizure and confiscation of goods or conveyance in transit.</p> <p>The amendment is silent on ITC restrictions after FY 2023-24 in case of tax paid under the newly inserted Section 74A.</p>
<p>Section 31(3)(f) – Tax Invoice</p>	<p>A registered person who is liable to pay tax under sub-section (3) or subsection (4) of section 9 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</p>	<p>A registered person who is liable to pay tax under sub-section (3) or subsection (4) of section 9 shall within the period as may be prescribed 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.</p> <p>An explanation is also proposed to be inserted explaining that unregistered person shall include such person who is registered solely for the purpose of deducting TDS under Section 51.</p>	<p>Government to prescribed time limit for issuance of self-invoice in case services are rendered from unregistered RCM vendor</p>
<p>Section 39(3) – Furnishing of TDS Return</p>	<p>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.</p>	<p>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:</p> <p>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</p>	<p>It is proposed that TDS return shall be filed every calendar month irrespective whether or not any deductions have been made during the said month or not.</p>
<p>Section 70- Power to summon</p>	<p>NA</p>	<p>It is proposed to add new sub section 1A which states: All persons summoned under sub-section (1) shall be bound to attend, either in person or by an authorized 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.</p>	<p>It is proposed that authorized representative can also appear for summon</p>

Section 73 and 74- Determination of tax	NA	New sub section 12 is proposed to be added which states that: The provisions of this section shall be applicable for determination of tax pertaining to the period up to Financial Year 2023-24	It is proposed that Section 73 and Section 74 (determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason or any willful-misstatement or suppression of facts) is operational till FY 2023-24 only.
Section 74A- Determination of tax	NA	New section 74A has been inserted for determination of tax.	<ul style="list-style-type: none"> • A common section has been inserted for determination of tax for fraudulent and other than fraudulent where tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason pertaining to Financial Year 2024-25 onwards. • The time limit to issue SCN has been increased from 33 months in case of Section 73 and 54 months in case of Section 74 to 42 months from the due date of furnishing of GSTR-9. • The order has to be issued within 12 months from issuance of SCN. • Penalty concession if tax along with applicable interest is paid within 60 days, currently said time limit is 30 days.
Section 107- Appeals to Appellate Authority	Taxpayer needs to pay sum equal to ten per cent of the remaining amount of tax in dispute arising from the said order, subject to a maximum of twenty-five crore rupees as disputed amount in relation to which the appeal has been filed.	Taxpayer needs to pay sum equal to ten per cent of the remaining amount of tax in dispute arising from the said order, subject to a maximum of twenty crore rupees as disputed amount in relation to which the appeal has been filed.	Ceiling for payment of pre-deposit is proposed to be reduced to INR 20 crores of Central tax as well as State tax. This has been reduced for appeals before the Appellate Authority as well as Appellate Tribunal.

<p>Section 128A- Waiver of interest or penalty or both relating to demands raised under section 73, for certain tax periods</p>	<p>NA</p>	<p>Waiver of interest or penalty or both relating to demands raised under below mentioned sections for the period starting from 1st July 2017 to 31st March 2020 has been provided:</p> <ol style="list-style-type: none"> a. Tax is determined by way of issuance of Notice under Section 73; or b. Order issued under Section 73 by Adjudicating Authority; or c. Order issued under Section 107(11) by the Appellate Authority or Section 108(1) by the Revisional Authority and where no order is passed under Section 113 by Appellate Tribunal <p>If in case, interest and penalty has already been paid, no refund of the same shall be available to the taxpayer.</p> <p>In case the Notice is issued under Section 74 and by virtue of Section 75(2) proceedings under the same are to be concluded deeming as if the notice were issued under Section 73(1), benefit of waiver under Section 128A can be availed.</p> <p>However, the benefit available in this section shall not be available in the following cases:</p> <ul style="list-style-type: none"> • If the tax is recoverable for any erroneous refund • Where the taxpayer has already filed an appeal or a writ petition before the Appellate Authority, Appellate Tribunal or Court and the same has not been withdrawn 	<p>A new section introduces a conditional waiver of interest and penalty for demands raised under Section 73 for the financial years 2017-18 to 2019-20, provided the taxpayer pays the full amount of tax due. This offers a significant opportunity for taxpayers to settle past disputes without additional financial burden.</p>
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<p>Section 140(7)- Transitional arrangements for ISD ITC</p>	<p>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.</p>	<p>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, whether the invoices relating to such services are received prior to, on or after, the appointed day”.</p>	<p>It is proposed to enable ailment of the transitional credit of eligible CENVAT credit on account of input services received by an ISD prior to the appointed day, for which invoices were also received prior to the appointed date.</p> <p>The said amendment is made effective from 1st day of July, 2017.</p>
<p>Section 171(2) – Anti- Profiteering</p>	<p>NA</p>	<p>It is proposed to insert below proviso and explanation in sub section 2: ‘Provided that the Government may by notification, on the recommendations of the Council, specify the date from which the said Authority shall not accept any request for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him. Explanation. —For the purposes of this sub-section, “request for examination” shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.’; (b) the Explanation shall be renumbered as Explanation 1 thereof, and after Explanation 1 as so renumbered, the Explanation shall be inserted, namely: — Explanation 2. —For the purposes of this section, the expression “Authority” shall include the “Appellate Tribunal”.</p>	<p>It is proposed to amend to enable the Government to notify the GST Appellate Tribunal to handle anti-profiteering cases and also empowers the Government to notify a date after which the Authority for anti-profiteering shall not accept application for examination.</p>

Schedule III	NA	<p>It is proposed to add below paragraphs in Schedule III:</p> <p>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.</p> <p>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.</p>	<p>It is proposed that activity of apportionment of co-insurance premium by the lead insurer to the co-insurer and services by the insurer to the reinsurer will be treated as neither supply of goods nor services, provided certain conditions are met. This amendment ensures clarity in the insurance sector regarding tax liabilities.</p>
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Notifications

(A) Notification No 14/2024- Central Tax dated 10-07-2024:-

This notification exempts the registered person from filing of the Annual Return under Section 44 of the CGST Act, 2017 for a financial year provided whose aggregate turnover in the said financial year i.e., 2023-24 is up to two crore rupees.'



(B) Notification No 15/2024- Central Tax dated 10-07-2024:-

In accordance with Section 52 of the CGST Act, 2017 and as per Notification No 52/2018 – Central Tax, dated 20-9-2018, an Electronic Commerce Operator, not being an agent, shall collect an amount calculated at the rate half percent of the net value of taxable supplies made through it by supplier where the consideration with respect of such supplies is to be collected by the Operator. Notification No 15/2024 – Central Tax dated 10-07- 2024 has made the amendment in Notification No 52/2018 – Central Tax, dated 20- 9-2018 where the word “half percent” has been substituted with the figures and words “0.25 percent”. **This notification is yet to be notified.**

(C) Notification No 2/2024- Central Tax (Rate) dated 12-07-2024: -

This notification makes the following amendment in the Notification No 1/2017- Central Tax (Rate) dated 28 th June 2017 stated below:

I. Insertion of the following entries under Schedule II- 6%

Serial Number	HSN Code	Description
“121A	481910, 481920	Cartons, Boxes and cases of, - (a) Corrugated paper or paper board; or (b) Non-corrugated paper or paper board”;
“180A	7310,7323, 7612, or 7615	Milk cans made of Iron, Steel and Aluminium”;
“183A	7321 or 8516	Solar Cookers”;

II. Under **Serial No 199 of Schedule II- 6%**, this notification has added the words “parts thereof” after the word brooders.

III. Substitution in Schedule III – 9%

Serial Number	HSN Code	Description
"153A	4819 (except 481910, 481920)	All Goods (Other than Carton, Boxes and cases of, - (a) Corrugated paper or paper board; or (b) Non-corrugated paper or paper board)";

IV. Under **S. No. 224 of Schedule III- 9%**, this notification has inserted the words and symbols "other than Milk Cans made of Iron, or Steel" after the word "equipment".

V. Under **S. No. 235 of Schedule III- 9%**, this notification has substituted the words "and wood burning stoves of iron or steels" with the words "wood burning stoves of iron or steel and solar cookers".

VI. Under **S. No. 273 of Schedule III- 9%**, this notification has inserted the words and symbols "other than Milk Cans made of Aluminium" after the words "boxes, etc."

VII. Under **S. No. 275A of Schedule III- 9%**, this notification has inserted the words and symbols "Milk Cans made of Aluminium" after the word "Utensils".

VIII. Under **S. No. 378A of Schedule III- 9%**, this notification has substituted the words and symbol "domestic purposes" with the words, symbol and brackets "domestic purposes [Other than solar cookers]".

IX. After Schedule VII, in the explanation, under clause ii, there is an insertion of proviso namely: -

"Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litres shall not be considered as a supply made within the scope of expression 'pre-packaged and labelled'"

This notification is applicable from 15th July 2024.

(D) Notification No. 3/2024- Central Tax (Rate) dated 12-07-2024: -

This notification makes insertion of the proviso under Notification No 2/2017- Central Tax (Rate) dated 28th June 2017, which provides exemption from levy of central tax in respect of the supply of goods, after the Schedule, in the Explanation, in clause (ii), namely: -

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litres shall not be considered as a supply made within the scope of expression 'pre-packaged and labelled'”

This notification is applicable from 15th July 2024.

(E) Notification No 4/2024- Central Tax (Rate) dated 12-07-2024: -

This notification has made amendments in the Notification No 12/2017- Central Tax (Rate) dated 28th June 2017 which provides exemption from levy of central tax.

(i) Insertion of the following entries:-

S. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent)	Conditions
(1)	(2)	(3)	(4)	(5)
“9E	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of – (a) sale of platform tickets; (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services.	Nil	Nil
9F	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).	Nil	Nil
9G	Chapter 99	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.	Nil	Nil
12A	Heading 9963	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.	Nil	Nil

(ii) in serial number 12, -

(i) in column (2), the words and figures "Heading 9963 or" shall be omitted;

(ii) in column (3), the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 so renumbered, the following Explanation shall be inserted, namely: -

"Explanation 2.- Nothing contained in this entry shall apply to-

(a) accommodation services for students in student residences;

(b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.";

This Notification is applicable from 15th July 2024.

(F) Notification No S.O.1 (E) dated 31st July 2024: -

Under this notification, the Central Government, on the recommendation of the Goods and Service Tax Council, hereby-

(i) Establishes the Goods and Service Tax Appellate Tribunal (GSTAT), with effect from the 1st day of September 2024;

(ii) Constitutes the Principal Bench of the Goods and Service Tax Appellate Tribunal (GSTAT) at New Delhi; and

(iii) Constitutes the number of State Benches of the Goods and Service Tax Tribunal. The details of such can be referred from the notification itself.

Circulars

(A) CIRCULAR NO. 224/18/2024 - GST dated 11-07-2024: - Clarification for recovery of outstanding dues, in cases wherein first appeal has been disposed of, till Appellate Tribunal comes into operation.

Under this circular, clarification or guidelines has been prescribed in reference to the recovery of the demand confirmed, either fully or partially, by the first appellate authority and the appeal against the said order can not

be filed under section 112 of the CGST Act 2017 due to non-constitution of the Appellate Tribunal and accordingly, can not make pre deposit as per sub section 8 of Section 112 of the CGST Act, 2017 in order to make stay on the recovery proceedings of the balance amount of the demand confirmed by the first Appellate Authority.

However, as the taxpayers are not able to file appeal under section 112 in Appellate Tribunal against the orders of appellate authority and therefore, are not able to make the pre-deposit under sub-section (8) of section 112 of CGST Act, in some cases, the tax officers are taking a view that there is no stay against recovery as per sub-section (9) of section 112 of CGST Act. In some cases, taxpayers have either paid or are willing to pay the requisite amount of pre-deposit as per sub-section (8) of section 112 of CGST Act either by crediting in their Electronic Liability Register against the demand so created, or by depositing the said amount through FORM DRC-03. However, tax officers are still resorting to recovery proceedings after completion of period stipulated under section 78 of CGST Act, 2017.

In order to mitigate this issue, the taxpayer who is willing to file the appeal before the Appellate Tribunal and want to make the payment of the amount of pre deposit as per Section 112(8) of the CGST Act, 2017, can make the same by navigating to **Services >> Ledgers>> Payment towards demand** The taxpayer would be navigated to Electronic Liability Register (ELL) Part-II in which he can select the order, out of the outstanding demand orders, against which payment is intended to be made. The amount so paid would be mapped against the selected order and demand amount would be reduced in the balance liability in the aforesaid register. The said amount deposited by the taxpayer will be adjusted against the amount of pre-deposit required to be deposited at the time of filing appeal before the Appellate Tribunal.

The taxpayer is also required to file an undertaking/declaration with the jurisdictional proper officer that he will appeal against the said order of the Appellate Authority before the Appellate Tribunal. On payment



of the pre-deposit and the undertaking/declaration, the recovery of the differential amount of demand confirmed will be stayed as per Section 112(9) of the CGST Act, 2017.

In some cases, the taxpayer has already paid the amounts that were intended to have been paid toward a demand, through Form GST DRC-03. In such cases, the said person can file an application in FORM GST DRC 03A, electronically on the common portal, and the amount so paid and intimated through the FORM GST DRC 03 shall be adjusted as if the said payment was made towards the said demand on the date of such intimation through FORM GST DRC 03.

Currently, the functionality for filing of an application in FORM GST DRC-03A, is not available on the common portal. Therefore, till the time such functionality is made available, if the amount of pre-deposit has been inadvertently paid through FORM GST DRC-03 instead of making the said payment through Electronic Liability Ledger-II against the demand created in the said ledger, the concerned taxpayer may intimate the proper officer about the same, and on such intimation, the proper officer may not insist on recovery for the remaining amount payable by the concerned taxpayer, till the time the said functionality of FORM GST DRC-03A is made available on the portal.

Once the functionality of Form DRC-03A is made available, the taxpayer is required to file the Form DRC-03A at the earliest and the amount paid vide Form DRC-03 can be adjusted against the pre-deposit. If the taxpayer failed to file the Form DRC-03A, the proper officer may proceed to recover the amount payable as per Section 78 and 79 of CGST Act, 2017.

(B) Circular No. 225/19/2024 - GST dated 11-07-2024: - Clarification on various issues pertaining to taxability and valuation of supply of services of providing Corporate Guarantee between related persons.

Issue 1: - Whether Sub-rule (2) of rule 28 of CGST Rules will apply to the corporate guarantees issued prior to insertion of the said sub-rule on 26th October 2023? Also, where intra-group Corporate guarantees have been issued before 26th October 2023, which are still in force today, would they be liable to pay GST on "1% of the amount of such guarantee offered" on such guarantees?

Clarification: - The supply of service of providing of corporate guarantee, either issued or renewed before 26th October 2023, to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, was taxable in accordance with Rule 28 of the CGST Rules, 2017, as it existed during that time.

However, if the supply of service, either issued or renewed after 26th October 2023, then the valuation of the said supply will be done in accordance with Rule 28(2) of the CGST Rules, 2017.

Issue 2: - What will be the value of the supply of Corporate Guarantee if the guarantee is provided for a particular amount, but the loan is either not availed or partially availed by the recipient. Also, whether the recipient would be eligible to avail full ITC (Input Tax Credit) even before total loan is disbursed?

Clarification: - It is clarified that the value of supply of service of providing a corporate guarantee will be calculated based on the amount guaranteed and will not be based on the amount of loan disbursed to the recipient of the corporate guarantee.

The recipient of the service of providing corporate guarantee shall be eligible to avail the ITC, subject to other conditions specified in the Act and the Rules made thereunder, irrespective of when the loan is actually disbursed to the recipient, and irrespective of the amount of loan actually disbursed.

Issue 3: - In the case of takeover of existing loans, since there is merely an assignment of an already issued corporate guarantee, whether GST would be applicable again?

Clarification: - GST would not be applicable if the loan issued by a banking company or financial institution is taken over by another banking company or financial institution unless there is issuance of fresh corporate guarantee or there is a renewal of the existing corporate guarantee.

However, if the takeover of the loan is followed/accompanied by issuance of fresh corporate guarantee, then GST would be payable on the same.

Issue 4: - Where corporate guarantee is provided by more than one entity / co-guarantor, what is the amount on which GST is payable by each co-guarantor?

Clarification: - In cases where corporate guarantee is being provided by multiple related entities, 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.

Issue 5: - Where intra-group corporate guarantee is issued, whether GST may be paid by the recipient under reverse charge, as in the absence of actual invoice and payment, the recipient entity may not be able to claim input tax credit of tax paid by the domestic guarantor?

Clarification: - In case of domestic corporate issue intra group guarantee, GST is to be paid under Forward Charge Mechanism and invoice is to be issued by the supplier of the service of providing corporate

guarantee to the related recipient under Section 31 of the CGST Act, 2017

In case, if the guarantee is provided by foreign/ overseas entity for a related entity located in India, GST would be payable under RCM, by the recipient of service, i.e., the related entity located in India.

Issue 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 loan?

Clarification: - The value of supply of service of providing corporate guarantee to a banking company or a financial institution on behalf of a related recipient shall be one percent of the amount guaranteed per annum or the actual consideration, whichever is higher.

If the **corporate guarantee is provided for multiple years**, then the value can be calculated on the basis of 1% of the amount of corporate guarantee offered will be multiplied with the number of years for which guarantee is provided or the actual consideration whichever is higher.

And if the **corporate guarantee is provided for less than a year**, say 6 months, then in that scenario, the valuation may be done on proportionate basis for the said period which is calculated by considering the half percentage of the amount of guarantee offered or the actual consideration, whichever is higher.

Moreover, if a **corporate guarantee is issued for a period of one year and is renewed five times**, for a period of one year each, then tax would be payable on 1% of the amount of such guarantee offered, or the actual consideration, whichever is higher, on the issue of such corporate guarantee in the first years as well as on every renewal in subsequent years.

Issue 7: - Whether the benefit of second proviso to sub-rule (1), which states that value declared in invoice is deemed to be the open market value in cases where full input tax credit is available to the recipient of services, is not applicable in cases falling under sub-rule (2)?

Clarification: - It is clarified that in case involving the supply of service of corporate guarantees provided between related persons, where full ITC is available to the recipient of service, the value declared in the invoice shall be deemed to be the value of supply of the said service.

Issue 8: - Whether the valuation in terms of Rule 28(2) of CGST Rules will apply to the export of the service of providing Corporate guarantee between related persons?

Clarification: - The provisions of the said sub-rule will not be applicable where the recipient of the services of providing corporate guarantee between related person is located outside India. Therefore, the provisions of the said sub rule shall not apply to the export of services of providing corporate guarantee between related persons.

(C) Circular No. 226/20/2024- GST dated 11-07-2024: - Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to exports by way of Debit notes.

This circular deals with the mechanism for claiming of the refund of additional IGST paid on account of upward revision in price of goods subsequent to export. This circular provides that the export can file an application for claiming of the additional IGST paid in **Form GST RFD-01** electronically on the common portal and such application for refunds would be processed by the jurisdictional GST officer of the concerned exporter. Accordingly, CGST Rules have been amended vide Notification No. 12/2024-CT, dated 10-7-2024 to provide for filing of such refund application in FORM GST RFD-01, which shall be dealt with in accordance with provisions of rule 89 of CGST Rules.

Till the time, a separate category of refund in Form GST RFD-01 is developed, the exporter can file the refund under Form GST RFD-01 under 'any other' category with remark "**Refund of additional IGST paid on account of increase in price subsequent to export of goods**" along with the relevant documents as prescribed in clause (bb) of sub-rule (2) of rule 89 of the CGST Rules. The exporter shall also upload the statements 9A & 9B as prescribed in clause (bb) & clause (bc) of sub-rule (2) of rule 89 of the CGST Rules along with the said refund claim. The exporter may also upload any other document to establish that the refund is admissible to him.

Minimum claim of refund should be of more than INR 1,000.

The application for refund of additional IGST paid can be filed **before the expiry of two years from the relevant date as section 54 (2) (a) of CGST Act**. However, in cases, where the relevant date as per section 54 (2) (a) of CGST Act was before the date on which of rule 89 (1B) has come into force, such refund application can be filed before the expiry of a period of two years from the date on which the said sub-rule has come into force.

Following documents are required to be accompanied along with the refund application

- (i) Copy of shipping bill or bill of exports,
- (ii) Copy of original invoices,
- (iii) Copy of contract/ other document(s), as applicable, indicating requirement for the revision in price of such goods subsequent to exports,

- (iv) Copy of the original invoices as well as relevant debit note(s)/ supplementary invoices,
- (v) Proof of payment of additional IGST and applicable interest and details of the relevant
- (vi) FORM GSTR-1/ FORM GSTR-3B
- (vii) furnished by the applicant in which the said debit note(s)/ supplementary invoice(s) were declared and tax and interest thereon had been paid by the applicant,
- (viii) Proof of receipt of remittance of additional foreign exchange (FIRC) issued by Authorised Dealer-I banks,
- (ix) A certificate of a practising chartered accountant or a cost accountant certifying therein that the said additional foreign exchange remittance is on account of such upward revision in price of the goods subsequent to export,
- (x) Statement 9A of Form GST RFD-01 and
- (xi) Statement 9B of Form GST RFD-01.

(D) Circular No. 227/21/2024 - GST dated 11-07-2024: - Processing of Refund Application filed by Canteen Store Department (CSD).

The CSD is a person who is eligible/entitled to claim a refund of 50% of applicable CGST, IGST and UTGST paid by the CSD on all inward supplies of goods received by the CSD for subsequent supply of such goods to their Unit Run Canteens or to their authorized customers.

To enable CSD to file application for refund electronically, a new functionality has been made available on the common portal by insertion of new rule **95B and Form GST RFD-10A in CGST Rules vide Notification No 12/2024- Central Tax, dated 10-07-2024.**

Section 55 of the CGST Act, 2017 provides the revised procedure for electronic submission and processing of refund application by CSD.

The refund in terms of rule 95B, CSD is required to file the refund application once in every quarter. The CSD will also be allowed to file the refund application for multiple quarters, clubbing multiple FYs, as per their option. The refund application shall be accompanied with the following documents: -

- (i) An undertaking stating that the goods on which refund is being claimed have been received by the CSD for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers; and
- (ii) A declaration stating that no refund has been claimed earlier against the invoices on which the refund is being claimed.

The refund application is required to be filed before the expiry of two years from the last date of the quarter in which such supply was received.

The proper officer shall process the refund claim filed by the CSD in a manner similar to the refund claims filed in FORM GST RFD-01 under the provisions of rule 89 of the rules.

The proper officer shall ensure that the amount of refund sanctioned is not more than 50 % of the central tax, state tax, Union territory tax and integrated tax paid on the supplies received by CSD.

It is also mentioned that the provisions of the **Circular No. 60/34/2018-GST dated 04.09.2018 shall continue to apply for all refund applications filed manually before the amendments in CGST Rule and shall continue to be processed manually.**

(E) Circular No 228/22/2024 – GST dated 15-07-2024: - Clarification regarding applicability of GST on certain services.

(i) GST exemption on the outward supplies made by Ministry of Railways (Indian Railways): - The GST Council vide Notification No 4/2024- CT(R) dated 12-07-2024 has exempted the services provided by Ministry of Railways (Indian Railways) to general public viz; sale of platform tickets, facility of retiring rooms/waiting rooms, cloak room services and battery-operated car services and supply of services made between various zones/ divisions under Ministry of Railways (Indian Railways). The said exemption is applicable from 15-07-2024.

Prior to the exemption, such services is taxable under FCM and consequently exemption available is withdrawn vide Notification No. 13/2023- CT(R) dated 19-10-2023 which was effective from 20-10-2023. Thus, for the period i.e., 20-10-2023 to 14-07-2024, the aforesaid mentioned services is to be regularized on “as is where basis”.

(ii) GST exemption on the transactions between Special Purpose Vehicles (SPVs) and Ministry of Railways (Indian Railways): - Primarily, on the basis of 48th GST Council meeting held on 17-12-2022, it was clarified to Ministry of Railways that supply of services by SPVs to Ministry of Railways by way of allowing Indian Railways to use infrastructure built and owned by them during the concession period against consideration and maintenance services supplied by Ministry of Railways to SPVs are taxable. However, vide **Notification No. 4/2024- CT(R)** dated 12-07-2024, such services are exempt from tax. The intervening period, i.e., 01-07-2017 till 14-07-2024 is to be regularized on “as is where basis”.

(iii) Applicability of GST on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016: - Statutory collections made by RERA as a governmental authority are exempt from GST under Entry No. 4 of

Notification No. 12/2017-CT(R) dated 28.06.2017.

(iv) Applicability of GST on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions: - It is hereby clarified that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions, is in the nature of a subsidy and is thus, not taxable.

(v) GST liability on the reinsurance of specified general and life insurance schemes: - GST liability on reinsurance for certain exempt general insurance and life insurance schemes from 01.07.2017 to 24.01.2018 is regularized on an 'as is where is' basis.

(vi) GST liability on the reinsurance of insurance schemes for which total premium is paid by the Government: - Reinsurance of insurance schemes fully paid by the government is exempt from GST, with liability from 01.07.2017 to 26.07.2018 regularized on an 'as is where is' basis.

(vii) Applicability of GST on retrocession services: - Retrocession services, a form of reinsurance transaction, are included under the term 'reinsurance' and are treated similarly for GST purposes as per Serial No. 36A of Notification No. 12/2017-CT(R).

(viii) GST liability on certain accommodation services: - Accommodation services valued at or below INR 20,000 per person per month for a continuous period of at least 90 days are **exempt** from GST, effective from 15.07.2024. Past transactions meeting these criteria from 01.07.2017 to 14.07.2024 are also regularized on an 'as is where is' basis.

(F) Circular No 229/23/2024 - GST dated 15-07-2024: - Clarification regarding applicability of GST on certain services.

(i) GST Rate on Solar Cooker: - The GST Council clarified that solar cookers operating on both solar energy and grid electricity fall under heading 8516 and attract a **12% GST** rate as per Sl. No. 201A of Schedule II of notification No. 1/2017-Central Tax (Rate) dated June 28, 2017.

(ii) GST Rate on Fire Water Sprinkler: - The GST Council confirmed that all types of sprinklers, including fire water sprinklers, attract a **12% GST** rate as per Sl. No. 195 B of Schedule II of notification No. 1/2017-Central Tax (Rate) dated June 28, 2017. **Past liabilities are regularized on an "as is where is basis".**

(iii) GST rate on parts of Poultry-keeping machinery: - Parts of Poultry-keeping machinery are classifiable under tariff item 84369100 and attract GST at the rate of 12% vide Sl. No. 199 of Schedule II of Notification No. 1/2017-Central Tax (Rate), dated the 28th June, 2017. On the recommendations of the Council, the relevant entry at Sl. No. 199 of Schedule II of Notification No. 1/2017-Central Tax (Rate) dated the 28th June 2017 has been amended vide Notification No. 2/2024-Central Tax (Rate), dated the 12th July, 2024 to specifically include 'parts' of Poultry-keeping machinery. **Past liabilities are regularized on an "as is where is basis".**

(iv) Scope of 'pre-packaged and labelled' for supply of agricultural farm produce: - The definition of 'pre-packaged and labelled' in notification No. 1/2017-Central Tax (Rate) and notification No. 2/2017-Central Tax (Rate), both dated 28th June 2017, has been amended via notification No. 2/2024-Central Tax (Rate) dated 12th July 2024, and notification No. 3/2024-Central Tax (Rate) dated 12th July 2024, respectively. The amendments exclude agricultural farm produce packaged in quantities greater than 25 kilograms or 25 Liter from the GST levy of 5%. **Past liabilities are regularized on an "as is where is basis".**

(v) Supplies of goods made to or by agency engaged by Government: - Prior to July 17, 2022, pulses and cereals in unit containers with registered brand names attracted a 5% GST rate.

For the period from July 1, 2017, to July 17, 2022, supplies made to or by government agencies for distributing such goods under approved schemes at free or subsidized rates are regularized on an "as is where is basis." This is subject to: -

(a) Suppliers furnishing a certificate from a deputy secretary or higher recommending the supplies within 180 days of this circular's issuance.

(b) Input Tax Credit on such inputs being reversed within 180 days if the supplier intends to benefit from this regularization.

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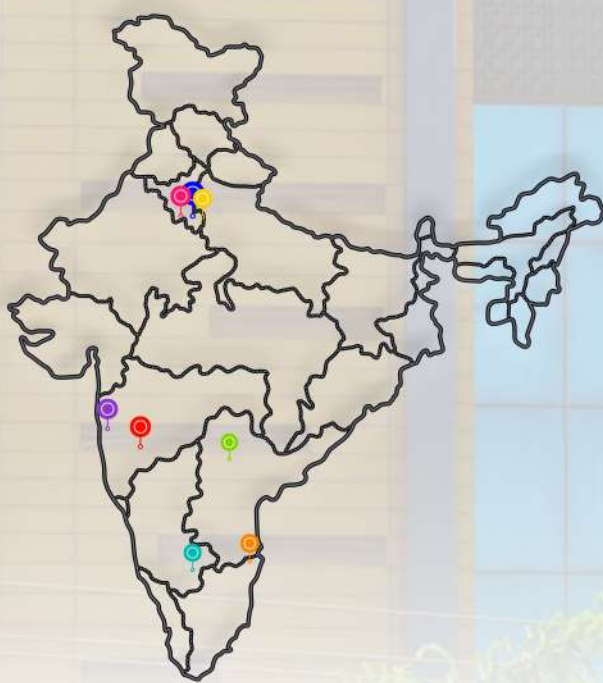
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