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GOODS AND SERVICES TAX: MAJOR UPDATES AND AMENDMENTS

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IMPORTANT NOTIFICATIONS AND CIRCULARS 2024



CORPORATE ***GUARANTEE***

Rule 28(2) has been inserted through following Notification and Circular

Notification No. 52/2023:

Date of Issue: October 26, 2023

Purpose: To introduce a new sub-rule (2) to Rule 28 of the CGST Rule, 2017

Objective: Corporate guarantees between related persons.

To establish a standardized method for determining the taxable value of supplies of such services.

Rule 28(2) has been inserted through following Notification and Circular

Circular No. 204/16/2023:

Date of Issue: October 27, 2023

Purpose: To provide clarification and guidance on the application of the new sub-rule introduced by Notification No. 52/2023.

Objective: Corporate guarantees between related persons.

To explain the taxability of corporate guarantees under the GST regime.

Rule 28(2) w.e.f. 26.10.2023 to 10.07.2024

Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be 1% of the amount of such guarantee offered or the actual consideration, whichever is higher.

Aspect	Corporate Guarantees
Tax Treatment	Supply of service between related parties under Schedule I of the CGST Act
Valuation Method	Rule 28 of the CGST Rules, with new sub-rule (2) introduced through Notification No. 52/2023
Special Considerations	Standardized method for valuation to ensure consistency, applies regardless of ITC availability to the recipient

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

Notification 12/2024- dated 10.07.2024
Summary of the Changes introduced to sub-rule (2) of Rule 28 of the CGST Rules, 2017

Aspect	Previous Provision	Amendment Introduced
Valuation for Corporate Guarantee to Related Persons	Valuation made as per sub-rule (2)	Valuation for corporate guarantee to a related person located outside India to be made as per sub-rule (1)
Calculation of One Percent of Guaranteed Amount	Confusion on calculation of one percent of the guaranteed amount	Clarity provided: 1% percent to be calculated on per annum basis
Proviso After Sub -Rule (2)	No specific Provision	New proviso inserted: If the recipient is eligible for full ITC, the value declared in the invoice shall be deemed the value of supply

Circular 225/19/2024- dated 10.07.2024

Clarification	Detail
Clarification 1	Corporate guarantees issued or renewed <u>before October 26, 2023</u> , valuation follows old Rule 28 (Open Market Value). After this date, valuation follows new Rule 28(2).
Clarification 2	Valuation is based on the amount guaranteed, not on the amount of loan actually disbursed.
Clarification 3	No GST impact on loan takeovers unless a fresh or renewed corporate guarantee is issued.

Clarification	Details
Clarification 4	For multiple co-guarantors, the value is the higher of the actual consideration or 1% of the amount guaranteed. GST is paid proportionately by each co-guarantor.
Clarification 5	Domestic intra-group guarantees: GST under forward charge. Foreign entity guarantees for Indian entity: GST under reverse charge by the Indian recipient.
Clarification 6	<p>Frequency of Tax Payment: GST payable on 1% of the amount guaranteed per annum or actual consideration, whichever is higher.</p> <p>If corporate guarantee is provided for a period less than a year, say 6 months, valuation may be done on Proportionate basis i.e. value of supply of services may be taken as $(6/12 * \text{one per cent})$, or the actual consideration, whichever is higher.</p>

Clarification	Details
Clarification 7	Value declared in the invoice deemed as open market value where full ITC is available to the recipient of services.
Clarification 8	Rule 28(2) does not apply to exports where the recipient of services is located outside India.

Updated Rule 28(2) of the CGST Rules,2017

Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person **located in India**, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered **per annum**, or the actual consideration, whichever is higher;

Provided that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of services

Circular No. 207/01/2024-GST

Fixing Monetary limits for filing Appeals or Applications by the Department before GSTAT, High Courts and Supreme Court

Monetary Limits for Filing Appeals by Central Tax Officer

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

Circular No. 209/01/2024-GST

Provisions of clause (ca) of Section 10(1) of the Integrated Goods and Service Tax Act, 2017 relating to Place of supply of goods to Unregistered persons

Place of Supply:

Goods supplied to unregistered persons, the place of supply is the address recorded in the invoice.

-No address is recorded, the place of supply defaults to the supplier's location.

Clarification on E-commerce

Transactions:

Supplies to unregistered persons with different billing and delivery addresses, the **delivery address** should be recorded on the invoice to determine the place of supply.

Circular No. 210/04/2024-GST

Clarification on valuation of supply of import of services by a related person where recipient is eligible for full input tax credit

CBIC clarified that Second proviso to Rule 28(1) of the CGST Rules, 2017 i.e.

“Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services”

shall be applicable in case of transactions between related persons, including foreign affiliates and domestic entities. Hence zero invoice value shall be the deemed fair market value.

Self Invoice
issued by
Recipient

- If a foreign affiliate provides services to a related domestic entity eligible for full ITC, the value declared in the self-invoice by the domestic entity can be deemed as OMV.

Self Invoice
Not issued
by Recipient

- If no invoice is issued by the domestic entity for services provided by the foreign affiliate, the value of such services may be deemed as Nil, which will be considered the OMV of the supply.

Circular No. 211/05/2024-GST

- ❖ **Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons :**

Ambiguity:

There was uncertainty about the time limit for availing ITC under Section 16(4) for RCM supplies where the recipient issues invoices per Section 31(3)(f) of the CGST Act, 2017.

Clarification:

The financial year for claiming ITC under Section 16(4) will be the year in which the recipient issues the invoice, provided the tax on the supply is paid and all other conditions of Sections 16 and 17 are met.

Interest on Delayed Payment:

If the invoice is issued after the time of supply, the recipient must pay interest on the delayed tax payment.

Circular No. 212/06/2024-GST

- Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers

Section 15(3)(b)(ii) of the CGST Act allows discounts to be excluded from the taxable value if ITC related to the discount is reversed by the recipient. But GST portal lacks functionality to verify ITC reversal for discounts via tax credit notes

ITC reversal Less than 5,00,000 in a Year

Certificate from recipient will be submitted

ITC reversal more than 5,00,000 in a Year

Certificate from CA/CMA will be submitted

Circular No. 213/07/2024-GST

Transactions involving ESOP, ESPP, or RSU between a foreign holding company and its Indian subsidiary

1. No additional charges levied



No GST as shares and securities are neither considered goods nor services under Section 2(52) and 2(102) of the CGST Act, 2017.

2. Any fees charged beyond the cost of securities/shares.



This additional amount is considered a supply of service and liable to GST



Domestic subsidiary company shall pay GST on a reverse charge basis, treating it as an import of service.

Circular No. 215/09/2024-GST

Taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle depends on its ownership

If the salvage remains with the insured due to deduction as per contract terms

No GST is payable

If the salvage becomes the property of the insurance company

GST is payable

Circular No. 216/10/2024-GST

- **GST liability and ITC availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No. 195/07/2023-GST dated 17.07.2023**
 - Circular No. 195/07/2023-GST addressed GST liability and ITC availability concerning repair/replacements of parts and repair services during the warranty period without consideration provided by manufacturer or distributor. Some issues left unaddressed in this circular which are now clarified
- 1. Replacement of Goods or Parts under Warranty:**
 - The circular initially focused on GST liability and ITC reversal for replacement of parts under warranty. It now extends to situations where goods as such are replaced under warranty, aligning the treatment similarly to parts replacement.

2. Replenishment Scenario:

- If a distributor replaces goods or parts from their own stock under warranty on behalf of the manufacturer and subsequently receives replenishment via delivery challan from the manufacturer without additional charge, no GST is payable on this replenishment. Similarly, no ITC reversal is required by the manufacturer for these goods or parts.

3. Extended Warranty:

- It has already been clarified via Circular 195/16/2023 that if a customer enter into agreement of extended warranty with the manufacturer at the time of original supply, then the consideration for such extended warranty becomes part of the composite supply. Now some another issues are clarified through this circular:
- **At the Time of Original Supply:** If extended warranty is contracted at the time of original supply by a different supplier than the goods supplier, then it's considered a separate supply of services, not a composite supply with the goods.
- **Subsequent to Original Supply:** If extended warranty is sold after the original supply, it is treated solely as a supply of services distinct from the original supply of goods.
- GST liability on extended warranty depends on whether it is part of a composite supply at the time of original sale or a separate supply later.

Circular No. 217/11/2024-GST

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

Insurance companies settle motor vehicle repair claims in two modes: **Cashless and Reimbursement.**

Under reimbursement mode, the insured pays the repair costs to non-network garages and is later reimbursed by the insurance company.

Availability of ITC:

Insurance companies can avail ITC on repair invoices issued by non-network garages even in reimbursement mode to the extent cost is borne by insurance company.

In case invoice of repair is not issued on the name of Insurance company then ITC will not be available as conditions of clause (a) and (aa) of section 16(2) of CGST Act, 2017 not complied with.

Circular No. 218/12/2024-GST

Transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person

In lending between related parties, if no charges other than interest are charged, it cannot be said that any other service (in the form of processing/ facilitating/ administering the loan) is supplied. Consequently, GST cannot be levied by resorting to the Open Market Value (OMV) of such supply.

However, where any processing fee/ administrative charges/ service fee/ loan granting charges etc. are charged, over and above the amount charged by way of interest or discount, the same may be treated as consideration for the supply of services of processing/ facilitating/ administering of the loan, leviable to applicable GST.

Circular No. 219/13/2024-GST

Availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017.

Qualify as "plant and machinery" as they are integral to the process of providing telecommunication services and are not specifically excluded from the definition of Plant & Machinery as they are neither in nature of land or civil structures nor in the nature of telecommunication towers or pipelines laid outside the factory premises.

- ITC shall be available.

Circular No. 220/14/2024-GST

Place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors

Custodial services provided by banks or financial **institutions** to FPIs are **not treated as services provided to 'account holders'**.

Therefore, the place of supply for such services is not determined under Section 13(8)(a) of the IGST Act, but under the residuary provision of Section 13(2) of the IGST Act, which considers the location of the service recipient.

Circular No. 222/16/2024-GST

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

Services provided by DoT is a continuous supply of services, in the cases where the telecom operator chooses the option to make payment in instalments and telecom operator is liable to pay GST under RCM as per the Time of Supply determined as under:

- **If the telecom operator makes full upfront payment for such services** – Time of Supply will be the date when the payment is made or due.
- **If deferred payment in specified instalments is made by telecom operator** – Time of Supply shall be earliest of the due date of payment or the actual date of payment.

Circular No. 224/18/2024-GST

- **Clarification on Recovery of Outstanding Dues in the situation of Pending Appellate Tribunal Operation :-**
- **Doubts Raised:**
- **Recovery of Dues:** Issues regarding recovery when the first appellate authority confirms demands and taxpayers can't appeal due to the non-operation of the GST Appellate Tribunal.
- **Pre-Deposit Payments:** Queries about whether payments made via FORM GST DRC-03 can be adjusted as pre-deposits for filing appeals.
- **Clarifications and Guidelines:**
- **Appeals and Recovery:** Taxpayers can't appeal to the GST Appellate Tribunal currently. Recovery starts if dues are unpaid within three months of the first appellate authority's order.

- **Pre-Deposit Payment and Stay on Recovery:**
 - Taxpayers can make pre-deposit payments through the Electronic Liability Register (ELL) and file an undertaking/declaration.
 - This payment will count as a pre-deposit for appeal, staying recovery of the remaining demand.
- **Undertaking/Declaration Requirement:**
 - Taxpayers must file an undertaking before the proper officer to appeal to the tribunal once operational.
 - Failure to pay pre-deposits or file the undertaking allows recovery proceedings.
- **Adjustment of Payments Made via FORM GST DRC-03:**
- **Notification No. 12/2024:** Allows adjustments of payments made through FORM GST DRC-03 towards demand via FORM GST DRC-03A. Until FORM GST DRC-03A functionality is available, taxpayers must notify the proper officer to avoid immediate recovery.

- **Future Functionality:**
- Once available, taxpayers must file FORM GST DRC-03A promptly to adjust payments towards pre-deposits.
- Failure to file may result in recovery under sections 78 and 79 of the CGST Act.

Circular No. 226/20/2024-GST

Refund Mechanism for Additional IGST on Export Price Increases

A new procedure allows exporters to claim refunds for extra IGST paid when export prices increase after shipment due to factors like international price changes or contractual agreements etc.

- **Previous Situation:**
 - Exporters had to pay additional IGST with interest for price increases after export but lacked a clear refund mechanism.
- **New Procedure:**
 - **Electronic Submission:** Exporters can now submit refund requests for additional IGST via FORM GST RFD-01 on the common portal. The requests will be processed by the appropriate GST officer.
 - **Temporary Category:** Until a specific category is created in FORM GST RFD-01, use the "Any other" category with a note: "Refund of additional IGST paid on account of increase in price subsequent to export of goods."

- **Time Limit for Filing Refund: Within two years from the relevant date.** For dates before July 10, 2024, claims must be filed within two years from that date.
- **Required Documents:**
 - Shipping bill or export bill copy
 - Original invoices and relevant debit notes or supplementary invoices
 - Contracts/documents showing the price revision
 - Proof of additional IGST and interest payment, plus GSTR-1 or GSTR-3B details
 - Proof of receiving additional foreign exchange (FIRC) from banks
 - Certificate from a chartered accountant/cost accountant confirming the price revision
 - Statements 9A and 9B of FORM GST RFD-01

- **Verification by Proper Officer:**

- The officer will verify export details, debit notes in GSTR-1, and additional IGST and interest payment in GSTR-3B. If the application is complete and eligible, a refund order (FORM GST RFD-06) and payment order (FORM GST RFD-05) will be issued.

- **Downward Price Revision:**

- If export prices decrease after shipment and IGST was paid, the excess IGST must be returned with interest. The officer will check for any excess refunds during the relevant tax period.

Circular No. 227/21/2024-GST

Electronic Filing of Refund Applications for Canteen Stores Department (CSD)

- The Canteen Stores Department (CSD) is hereby enabled to submit applications for tax refunds electronically via the common portal, as instituted by the amendment to the Central Goods and Services Tax (CGST) Rules, specifically through the introduction of Rule 95B and FORM GST RFD-10A.
- **Procedure for Filing:**
 - The CSD shall file a refund application electronically in FORM GST RFD-10A to claim a refund of fifty percent (50%) of the applicable central tax, integrated tax, and union territory tax paid on goods supplied for the purposes of subsequent supply to its Unit Run Canteens or authorized customers.
 - Refund applications shall be submitted on a quarterly basis, with the option to consolidate claims for multiple quarters.



Notifications

Change in GST Rate of Service

S.No	Service	Rate Before 15 th July,2024	Rate W.e.f. 15 th July ,2024
1.	Cartons, boxes, and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board (4819 10, 4819 20)	9%	6%
2.	Milk cans made of Iron, Steel, or Aluminum (7310, 7323, 7612, or 7615)	9%	6%
3.	Solar cookers (7321 or 8516)	9%	6%
4.	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts there of (8436)	6%	6%

Notification No. 01/2024- Central Tax (Rate)

In the Notification No. 01/2017- Central Tax (Rate) Entry No. 165A has been inserted in Schedule I -2.5% for the HSN Code 2711 12 00, 2711 13 00, and 2711 19 10 - Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) **for supply to household domestic consumers.**

Effective Date:

This notification was effective from January 4, 2024.

Notification No. 3/2024-CGST (Rate)

- The new provisions exempt agricultural farm produce supplied in packages over 25 kg or 25 liters from GST, previously applied to "pre-packaged and labelled" food items under the Legal Metrology Act, 2009.

Exemption Provided to Certain Service

Notification No. 04/2024-CGST/IGST/UTGST (Rate)

Services by Ministry of Railways to Individuals	Sale of platform tickets- Use of retiring/waiting rooms, Cloakroom services, Battery-operated car services
Inter-Zone/Division Services	Services provided by one zone/division to another zone/division under Ministry of Railways are exempt.
Services by Special Purpose Vehicles (SPV) to Indian Railways	Use of infrastructure built & owned by SPV during concession period- Maintenance services supplied by Indian Railways to SPV

Explanation in Entry 12 and New Entry 12A

Updated Entry 12-Services by way of renting residential dwelling for use as residence (except to registered persons-Accommodation services for students and hostels.

Explanation 1: Renting to registered persons is exempt if:

1. Registered person rents in personal capacity.
2. Renting is for personal use, not for the concern.

Explanation 2: Exemptions do not apply to services not specified.

New Entry 12A

Supply of accommodation services: Value \leq ₹20,000 per person per month- Minimum continuous period of 90 days

Notification No. 03/2024 – Central Tax

Rescission of Notification 30/2023-CT: GST Notification 03/2024-Central Tax, rescinds Notification 30/2023

Special Procedure for Manufacturers: The rescinded notification (30/2023-CT) had prescribed a special procedure for manufacturers of certain goods, which has been replaced by a new special procedure notified vide Notification 04/2024

- **Effective Date:** The rescission comes into force from January 1, 2024
- **Reasons for Rescission:** The reasons for rescinding Notification 30/2023-CT are likely rooted in the evolving economic landscape or amendments in tax policies

Notification No. 04/2024 – Central Tax

Details of Packing Machines

Objective: To notify a special procedure for registered persons engaged in manufacturing specified goods .

Initial Submission:

Furnish details of packing machines in FORM GST SRM-I electronically within 30 days from the date of effect of notification i.e. 15th May,2024.

New Registrants:

Submit packing machine details within 15 days of grant of registration.

Additional Machines:

Report new machines within 24 hours in PART (B) of Table 6 of FORM GST SRM-I.

Capacity Changes:

Report changes in machine capacity within 24 hours in Table 6A of FORM GST SRM-I.

Unique Registration Number:

Each machine will receive a unique registration number.

Disposal of Machines:

Report disposal details within 24 hours in Table 8 of FORM GST SRM-I.

Notification No. 08/2024 – Central Tax amends Notification No. 04/2024-Central Tax by changing the effective date from April 1, 2024, to May 15, 2024.

GOODS SPECIFIED	CLASSIFICATION CODE
Pan-masala	2106 90 20
Unmanufactured tobacco (with and without lime tube)	2401
Tobacco refuse	2401 30 00
Hookah or Gudaku tobacco	2403 11 10
Other water pipe smoking tobacco	2403 11 90
Smoking mixtures for pipes and cigarettes	2403 19 10
Other smoking tobacco	2403 19 90
Homogenised or Reconstituted tobacco	2403 91 00
Various types of chewing tobacco, preparations containing	2403 99 10 to 2403 99 90
Pan masala containing tobacco 'Gutkha'	2403 99 90
All goods, other than pan masala containing tobacco 'Gutkha'	2403 99 90

Forms

FORM GST SRM - I

For registration and disposal of packing machines, including details such as make, model, manufacturer, and capacity

FORM GST SRM - II

Monthly statement of inputs used and final goods produced

FORM GST SRM - III

Certificate of Chartered Engineer certifying machine details

❖ Notification No 12/2024- Central Tax

Rule-39-Procedure for distribution of Input Tax Credit by Input Service Distributor w.e.f. notified date.

ITC Category	Distribution Rule
Specific Recipient ITC	Only to that specific recipient
Multiple Recipients ITC	Based on turnover proportion to total turnover
Proportional Distribution	Based on turnover proportion to total turnover
Eligible and Ineligible ITC	Distribute separately
Tax Type (Central, State/UT, Integrated)	Distribute separately by tax type
Integrated Tax ITC	Distribute as integrated tax to all recipients

ITC Category	Distribution Rule
Central & State/UT Tax ITC	Same-state: as central and state/union territory tax Different-state: as integrated tax
ISD Invoices and Credit Notes	Issue ISD invoices for distribution and credit notes for reduction
Additional ITC from Debit Notes	Distribute same as original ITC
Reduction due to Credit Notes	Apportion based on original distribution ratio

**Notification 13/2024-
Central Tax**

Notification No. 27/2022 specified that the provisions of sub-rule (4A) of rule 8 of the said rules shall not apply in all the States and Union territories except the State of Gujarat.

Rule 4A which is related to Aadhar Authentication shall be applicable for all the states and union territories.

**Notification 14/2024-
Central Tax**

CBIC exempted registered persons with aggregate turnover up to Rs. 2 crores from filing annual returns for FY 2023-24.

**Notification 15/2024-
Central Tax**

Calculation of TCS on inter-State supplies.

- Total Consideration for Inter-State Supplies: Rs. 1,00,000**
- Rate of TCS: 0.50%**



KEY HIGHLIGHTS OF GST BUDGET 2024 (YET TO BE NOTIFIED)

❖ **Amendment in Section 9 of CGST and Section 5 of IGST:**

Section 9(1) of the CGST Act, highlighting the new exclusion added by the amendment.

Aspect	Before Amendment	After Amendment
Section	Section 9 of CGST Act, 2017	Section 9 of CGST Act, 2017
Purpose	Deals with the levy and collection of central goods and services tax	Deals with the levy and collection of central goods and services tax
Sub-section	Sub-section (1)	Sub-section (1)
Exclusion	Excludes "alcoholic liquor for human consumption"	Excludes "alcoholic liquor for human consumption" and "un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption"

Insertion of New Section 11A in CGST and 6A in IGST:

Grants the Government authority to exempt recovery of GST not levied or short-levied due to common practices.

Section 13 of the CGST Act (Determining the Time of Supply of Services):

Section	Before Amendment	After Amendment
Section	Section 13 of the CGST Act (Determining the Time of Supply of Services)	Section 13 of the CGST Act (Determining the Time of Supply of Services)
Existing Clause (b)	Date of supply is the date on which the invoice is issued by the supplier of the service.	Date of supply is the date on which the invoice is issued by the supplier, but only if the supplier is required to issue it.
New Clause (c)	Not applicable	Date of supply is the date on which the invoice is issued by the recipient, if the recipient is required to issue it.

❖ **Amendment of Section 16:**

Extension of Timeline to Claim Input Tax Credit (ITC):

For Invoice or Debit
note for supply of
goods or services or
both pertaining to
F.Y.

F.Y. 2017-18,2018-
19,2019-20,2020-21

Recipient shall be
entitled to take ITC in
any return under
Section-39 which is
filled upto the 30th
day of
November,2021

❖ ITC Revocation of Registration:

If your GST registration was cancelled but later revoked, you can still claim input tax credit for invoices or debit notes as long as:

3 Mandatory conditions:

ITC was not restricted at the time of cancellation

File return by 30th November of subsequent F.Y. or Annual return whichever is earlier

Claim credit for the period from cancellation to revocation if you file the return within 30 days of the revocation order.

❖ Amendment of Section 31 and section 39

Aspect	Before Amendment	After Amendment
Section 31	Issuance of Tax Invoices, Credit Notes, and Debit Notes	Issuance of Tax Invoices, Credit Notes, and Debit Notes
Purpose	Deals with the issuance and compliance rules for tax invoices, credit notes, and debit notes.	Deals with the issuance and compliance rules for tax invoices, credit notes, and debit notes.
Current Provision	N.A.	N.A.
New Explanation	N.A.	Clarifies that “supplier who is not registered” includes suppliers registered solely for tax deduction under Section 51.

Aspect	Before Amendment	After Amendment
Section 39	Filing of Returns by Registered Persons	Filing of Returns by Registered Persons
Purpose	Outlines the requirements for filing returns by registered persons, specifically those required to deduct tax at source under Section 51.	Outlines the requirements for filing returns by registered persons, specifically those required to deduct tax at source under Section 51.
Current Sub-section (3)	Specifies the obligations for registered persons required to deduct tax at source.	Specifies the obligations for registered persons required to deduct tax at source.
Proposed New Sub-section (3)	N.A.	Every registered person required to deduct tax at source under Section 51 must electronically furnish a return in FORM GSTR-7 monthly, even if no tax has been

Aspect	Before Amendment	After Amendment
Section 54	Refunds	Refunds
Second Proviso in Sub-section (3)	Applicable: Allowed refunds of unutilized input tax credit or integrated tax on zero-rated supplies of goods, subject to conditions.	Omitted: The second proviso in sub-section (3) is no longer applicable.
Addition	N.A.	New sub-section (15) added: No refunds for unutilized input tax credit or integrated tax on zero-rated supplies of goods if the goods are subject to export duty.

❖ **Newly Inserted Section: 74A and Abolition of Section 73 and 74 from FY 2024-25 onwards**

Aspect	Before Amendment	After Amendmemnt
General Requirements	Individuals summoned must attend in person or via an authorized representative as directed.	Individuals summoned must attend in person or via an authorized representative as directed.
Document Submission	Required to provide truthful statements and produce requested documents/items during examination.	Required to provide truthful statements and produce requested documents/items during examination.
Applicability	Tax determination applicable up to Financial Year 2023-24.	Tax determination applicable up to Financial Year 2023-24.
Newly Inserted Section 74A	N.A.	Applicable from Financial Year 2024-25 onwards.
Tax Issues Covered	Not specified	Covers unpaid, underpaid, erroneously refunded tax, or wrongly claimed/utilized ITC.

Notice for Tax Discrepancies	Not specified	Proper officer serves notice if tax discrepancies are found; no notice for discrepancies < ₹1,000 in a financial year.
Notice Period	Not specified	Notice to be issued within 42 months from due date for annual return or erroneous refund.
Order Issuance	Not specified	Order issuance within 12 months from notice date (extendable by 6 months if justified).

Penalties

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graph TD; A[Penalties] --> B[General: 10% of tax due or ₹10,000, whichever is higher]; A --> C[Fraud: Equal to tax due];
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General: 10% of tax due
or ₹10,000, whichever
is higher

Fraud:
Equal to tax due

Voluntary Payment (Non-Fraud)

Before Notice: Pay tax and interest to avoid penalties;

After Notice: Pay tax and interest within 60 days to avoid penalties

Voluntary Payment (Fraud)

Before Notice: Pay tax, interest, and 15% penalty

After Notice: Pay tax, interest, and 25% penalty within 60 days

After Order: Pay tax, interest, and 50% penalty within 60 days

Section	Amendment
Section-107	<ul style="list-style-type: none"> -Appeals to be made within 3 months of decision or order communication. -Deposit 10% of the disputed tax amount to entertain the appeal. -Additional 20% of remaining disputed tax required for further appeals (previously 25%). -Amendment in Sub-section (11), Second Proviso: References to sections 73 and 74 for time limits.
Section-112	<ul style="list-style-type: none"> -Filing time for GST Appellate Tribunal appeals to start from a date notified by the Government. -Reduction in pre-deposit amount for GSTAT appeals. -Effective from 01.08.2024.

Section	Amendment
Section-122	<p>-From 01.10.2023, term “Any electronic commerce operator who” replaced with “Any electronic commerce operator, who is liable to collect tax at source under section 52.”</p> <p>-Clarifies penalties and compliance measures for tax collection responsibility.</p>
Section-128A	<p>Amnesty Provisions:Applies to tax payable from 01.07.2017 to 31.03.2020. Full tax payment by notified date waives interest and penalty.No refund for already paid interest or penalty.</p> <p>Specific Provisions-Pending applications or appeals must pay additional tax within 3 months for waiver. Non-Applicability: Waiver doesn't apply to erroneous refunds or pending appeals/writs.</p> <ul style="list-style-type: none"> - Appeal Restrictions: Waiver applies only once specified amount is paid and proceedings are concluded.

- **Amended Provision (Finance Budget 2024):**
- New Fifth Proviso: “Provided also that a **maximum amount of forty crore rupees shall be payable for each appeal** to be filed before the Appellate Authority or the Appellate Tribunal.”

Note: - Inclusion of Section-74A

The inclusion of section 74A ensures that the provisions and implications of this

- enhancing compliance and enforcement measures. In below mentioned sections a new entry of Section 74A has also been added
- Section 49: Payment of Tax, Interest, Penalty, and Other Amounts.
- Section 50: Interest on Delayed Payment of Tax.
- Section 51: Tax Deducted at Source (TDS).
- Section 61: Scrutiny of Returns.
- Section 62: Assessment of Non-filers of Returns

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- Section 63: Assessment of Unregistered Persons.
- Section 64: Summary Assessment in Certain Special Cases.
- Section 65: Audit by Tax Authorities.
- Section 66: Special Audit.
- Section 104: Advance Ruling to be Void in Certain Circumstances.
- Section 127: Power to Impose Penalty in Certain Cases.
- Section 10(5): Ineligibility for Composition Levy.
- Section 21: Manner of recovery of credit distributed in excess.

- **Special Note: These amendments have not been notified yet and will be applicable only after being notified by CBIC.**



AMENDMENT RELATED TO RETURNS AND FORMS 2024

❖ **Notification No. 12/2024 – Central Tax**

Change in Table 5 i.e of GSTR-1 (B2C Large Invoices) w.e.f. 1st August 2024, for the words “two and a half lakh rupees” wherever they occur, the words “one lakh rupees” shall be substituted.

❖ **Amendment in Rule 59 w.e.f. 1st August 2024: -**

- (i) After sub-rule (1), the following proviso shall be inserted, *A person may amend or add details of outward supplies in FORM GSTR-1A after submitting FORM GSTR-1 but before filing FORM GSTR-3B*, through the common portal or a Facilitation Centre notified by the Commissioner.
- (ii) Sub-rule (4A) shall be inserted, detailing that the amendments or additional details in FORM GSTR-1A may include:
- **Invoice-wise details of:**
 - Inter-State and intra-State supplies to registered persons.
 - Inter-State supplies with invoice value over one lakh rupees to unregistered persons.
 - **Consolidated details of:**
 - Intra-State supplies to unregistered persons for each tax rate.
 - State-wise inter-State supplies with invoice value up to one lakh rupees to unregistered persons for each tax rate.

❖ **Amendment in Rule 60: Form and manner of ascertaining details of inward supplies**

- **In rule 60, after sub-rule (7), clause (iia) shall be inserted:**
- Additional details or amendments in outward supplies in FORM GSTR-1A can be filed between the day after the due date of FORM GSTR-1 for the previous tax period and the due date of FORM GSTR-1 for the current tax period.

❖ **Amendment in Rule 62: New Date of GSTR-4**

- **In rule 62, after sub-rule (1), the following proviso shall be added:**
- The return in FORM GSTR-4 for a financial year from FY 2024-25 onwards must be furnished by the registered person by the 30th of June following the end of the financial year.

❖ **Amendment in Rule 88C: Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return**

❖ **Changes notified in Forms : GSTR-1, 3B, 2A, 2B, 7,8, 9, 4**

➤ **Purpose:**

- GSTR-1A allows taxpayers to add or amend details missed or incorrectly reported in their current month's GSTR-1 or Quarterly GSTR-1 (including IFF for the first and second months of a quarter). *It's optional and doesn't attract late fees.*

➤ **Availability:**

- The form is accessible on the GST portal after the due date of filing GSTR-1 or actual filing date, whichever is later, until the filing of corresponding GSTR-3B for the same tax period. Quarterly taxpayers can access GSTR-1A quarterly after filing GSTR-1 (Quarterly) or its due date, until GSTR-3B filing.

➤ **Impact on GSTR-3B:**

- Details from GSTR-1A and GSTR-1 are consolidated in GSTR-3B. Quarterly filers include details from GSTR-1 and IFF (if used) of Month M1 and M2.

➤ **Restrictions:**

- Amendments related to changing the recipient's GSTIN are not allowed in GSTR-1A

Advisory on GSTR-1A

- ✓ GSTR-1A is available from August-2024, It's an optional facility and can be filed once for a particular tax period.
- ✓ Any changes through GSTR-1A on the liability, will reflect in GSTR-3B of same period .
- ✓ Supply declared or amended through GSTR-1A will be available in recipient GSTR-2B in the next tax period.
- ✓ GSTR-1A will be available every month after due date of GSR-1 or actual filling of GSTR-1 whichever is later **AND** available till actual filling of GSTR-3B.
- ✓ No Separate amendment facility for record furnished through **IFF**
- ✓ GSTIN changes for supplies declared in FORM GSTR-1 can only be rectified in the subsequent tax period's FORM GSTR-1 not through GSTR-1A.

GSTR-2B: Suppliers' details from GSTR-1A are included in GSTR-2B. These details reflect in the next available GSTR-2B after submission:

Supplies declared in GSTR-1 go into the recipient's GSTR-2B for the corresponding month.

Supplies amended or added in GSTR-1A reflect in the recipient's subsequent GSTR-2B.

Instructions for Specific Tables in GSTR-1A

- **Tables 4A, 4B, 5, 6, 9B (for registered recipients):**-Taxpayers can add details of invoices/documents for the current tax period not already in GSTR-1
- **Table 7:**-Taxpayers can add details of invoices/documents for the current tax period not already in GSTR-1.If a Point of Sale (POS) with any rate has been declared in GSTR-1, new rates cannot be added here; use Table 10 for amendments.
- **Tables 8, 9A, 9C:**-Taxpayers can add details of Nil rated, Exempted, and Non-GST supplies for the current tax period not in GSTR-1.Amendments for IFF (for the first and second months of a quarter) and GSTR-1 are allowed here.
- **Table 12:**- HSN details related to additional or amended details reported in GSTR-1A should be provided. Use a minus sign for downward amendments

Instructions for Specific Tables in GSTR-1A

- **Tables 11A (1), 11A(2), 11B(1), 11B(2):-** Declare details of advances received or adjusted for the current tax period not already in GSTR-1. If a POS with any rate has been declared in GSTR-1, use Table 11(II) for amendments.
- **Table 14:-** Add details of supplies made through an e-commerce operator for the current tax period not in GSTR-1
- **Table 15:-** Add details of supplies to unregistered recipients (rate-wise) for the current tax period not in GSTR-1.
- **Tables 10, 11(II), 14A, 15A(I), 15A(II):-** Amend details already declared in GSTR-1 for the current period.

Changes Outlined for FORM GSTR-9

- **Changes in the Table: (i) Part II: (a) Serial number 4:**
 - ❑ After entry G, add a new entry labeled G1 for reporting supplies where e-commerce operators must pay tax under section 9(5).
 - ❑ Against serial number H, change "Sub-total (A to G above)" to "Sub-total (A to G1 above).“
- **Serial number 5:**
 - ❑ After entry C, add a new entry labeled C1 for reporting supplies where tax is payable by e-commerce operators under section 9(5).
 - ❑ Against serial number N, change "Total Turnover (including advances) (4N + 5M - 4G above)" to "Total Turnover (including advances) (4N + 5M - 4G - 4G1 above)."

Changes outlined for FORM GSTR-9

- **(B) Instructions: (i) Paragraph 4:**
 - Add "or FY 2023-24" after "or FY 2022-23."

- **In the table:**
 - After "FORM GSTR-1," add "as amended by FORM GSTR-1A, if any."
 - Add a new entry after 4G explaining reporting requirements for supplies where e-commerce operators must pay tax under section 9(5).
 - Add a new entry after 5C explaining reporting requirements for suppliers regarding supplies handled through e-commerce operators under section 9(5).
 - Specify reporting changes for FY 2023-24 for non-GST supplies and options for reporting exempted and nil rated supplies.

- **(ii) Paragraph 5:**
 - Update fiscal year references for various serial numbers to include FY 2023-24.

Changes outlined for FORM GSTR-9

- **(iii) Paragraph 7:**
 - ❑ Update Part V for FY 2023-24 to include details of transactions declared in FORM GSTR-3B from April 2024 to October 2024.
 - ❑ Specify where to declare amendments to supplies reported in previous financial years for FY 2023-24. Specify where to report the aggregate value of reversed Input Tax Credit (ITC) for FY 2023-24.

- **Against Serial Number 13:**
 - ❑ Added a new section specifying that for FY 2023-24, details of Input Tax Credit (ITC) for goods or services received in the previous financial year, but for which ITC was claimed in returns filed from April 2024 to October 2024, must be reported here. Use Table 4(A) of FORM GSTR-3B for these details.
 - ❑ Clarified that any ITC that was reversed in FY 2023-24 but reclaimed in FY 2024-25 should be reported in the annual return for FY 2024-25.
 - ❑ Updated references from "2021-22 and 2022-23" to "2021-22, 2022-23, and 2023-24."

Changes outlined for FORM GSTR-9

- **In Paragraph 8:**
 - In the table's second column:
 - Updated serial numbers 15A, 15B, 15C, 15D, 15E, 15F, 15G, 16A, 16B, and 16C to reflect changes from "2021-22 and 2022-23" to "2021-22, 2022-23, and 2023-24."
 - Against serial numbers 17 and 18:
 - Updated references from "2021-22 and 2022-23" to "2021-22, 2022-23, and 2023-24."
 - Added instructions to refer to amended FORM GSTR-1A after FORM GSTR-1.

Changes made to FORM GSTR-9C:

- **Under the heading Instructions: (a) Paragraph 4:**
 - In the table's second column, updated references from "2021-22 and 2022-23" to "2021-22, 2022-23, and 2023-24" wherever they appear.
 - Updated references from "2020-21 and 2021-22" to "2020-21, 2021-22, 2022-23, and 2023-24" wherever they appear.
- **(b) Paragraph 6:**
 - In the table's second column, against serial number 14, updated references from "2021-22 and 2022-23" to "2021-22, 2022-23, and 2023-24."

THANK YOU !



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