

M/s.TIMISH V SALOT & ASSOCIATES

CHARTERED ACCOUNTANTS

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Tax Update - Circular no.2/July 2024

Tax Update on various Notifications and Circulars issued by the Government pursuant to recommendations made by the GST Council during its 53rd meeting:-

A) Changes in GST rates on Goods and Services:

Sl.no.	Description	Current rate	New rate	Reference - (Notification No. / Circular issued by the Government)
1	All <i>milk cans</i> made of steel, iron and aluminium – Irrespective of their use (HS 7310, 7323, 7612, 7615)	18%	12%	<i>New Rate effective from 15.7.2024 (Sr.180A of Notification No.02/2024-CT(R) dtd 12.7.24)</i>
2	Carton, boxes and cases of corrugated as well as non-corrugated paper or paper-board – HS 4819.10, 4819.20	12%/18%	12%	<i>New Rate effective from 15.7.2024 (Sr.121A of Notification No.02/2024-CT(R) dtd 12.7.24)</i>
3	All solar cookers (whether single or dual energy source) HS 7321 or 8516	5%	12%	<i>New Rate effective from 15.7.2024 (Sr.183A of Notification No.02/2024-CT(R) dtd 12.7.24)</i>
4	Parts of Poultry keeping Machinery	12%	12%	<i>New Rate effective from 15.7.2024 (Sr.199 of Notification No.02/2024-CT(R) dtd 12.7.24)</i> <i>Vide Clarification issued by CBIC vide Circular No.229/22/2024-GST dtd 15.7.2024, the</i>

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				<i>issues pertaining to past period will have to be regularised on 'as is where is basis'.</i>
5	All types of Sprinklers including Fire water sprinklers	12%/18%	12%	<i>Clarification issued by CBIC vide Circular No.229/22/2024-GST dtd 15.7.2024 that S.No.195B of Schedule II of NN 1/2017 – CT (R) dtd 28.6.2017 includes Fire water sprinklers.</i> <i>The issues pertaining to past period will have to be regularised on 'as is where is basis'.</i>
6	Services provided by Ministry of Railways (Indian Railways) to individuals by way of - a) sale of platform tickets, b) facility of retiring rooms, c) cloak rooms, waiting rooms and d) battery operated car services	5%/12%	Exempt	<i>New Rate effective from 15.7.2024 (Sr.9E of Notification No.04/2024-CT(R) dtd 12.7.24) amending Notification No.12/2017-CT(R) dtd 28.6.17)</i>
7	Supply of services between various zones / divisions under Ministry of Railways (Indian Railways)	Exempt upto 19.10.2023 Taxable from 20.10.2023 to 14.07.2023	Exempt from 15.07.2024	<i>New Rate effective from 15.7.2024 (Sr.9F of Notification No.04/2024-CT(R) dtd 12.7.24) amending Notification No.12/2017-CT(R) dtd 28.6.17)</i>
8	Accommodation services having value of supply up to Rs.20,000/- per month per person and is supplied for a minimum continuous period of 90 days	-	Exempt	<i>New Rate effective from 15.7.2024 (Sr.12A of Notification No.04/2024-CT(R) dtd 12.7.24) amending Notification No.12/2017-CT(R) dtd 28.6.17)</i>

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9	Re-insurance services of specified schemes covered by Sr.No.35 & 36 of Exemption NN 12/2017-CT(Rate) dated 28.6.2017	18%/Not liable(from 25.1.2018 onwards)	Exempt (from 1.7.2017 onwards)	<i>Clarification issued by CBIC vide Circular No.228/22/2024-GST dtd 15.7.2024</i>
10	Re-insurance services of the insurance schemes for which total premium is paid to the Government covered by Sr.No.40 of Exemption NN 12/2017-CT(Rate) dated 28.6.2017	18%/Not liable(from 27.7.2018 onwards)	Exempt (from 1.7.2017 onwards)	<i>Clarification issued by CBIC vide Circular No.228/22/2024-GST dtd 15.7.2024</i>
11	Retrocession – Re-insurance of Re-insurance	Exempt (from 25.1.2018 onwards)	Exempt	<i>Clarification issued by CBIC vide Circular No.228/22/2024-GST dtd 15.7.2024</i>
12	Statutory collections made by RERA	18%/Not liable	Exempt	<i>Clarification issued by CBIC vide Circular No.228/22/2024-GST dtd 15.7.2024</i>
13	Sharing of incentive for promotion of RuPay Debit Cards and low value BHIM-UPI transactions by acquiring bank with other stakeholders in the manner as per NPCI in consultation with the participating banks	18%	Exempt	<i>Clarification issued by CBIC vide Circular No.228/22/2024-GST dtd 15.7.2024</i>

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B) Trade Facilitation measures and other measures pertaining to law & procedure:

Sl.no.	Description	Reference - (Notification No. / Circular issued by the Government)
1.	<u>VALUATION -</u>	
i.	<u>Retrospective amendment w.e.f. 26.10.2023 in Rule 28(2) – Valuation of supply of services of providing corporate guarantee between related persons:</u> <u>Extracts of amended Rule 28(2) is reproduced below with amendments highlighted in bold:</u> <i>(2) 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 percent of the amount of such guaranteed offered per annum or the actual consideration, whichever is higher.</i>	Rule 28(2) amended retrospectively w.e.f 26.10.2023 vide Notification No.12/2024-CT dated 10.7.2024
ii.	<u>Clarification on taxability and valuation of services by way of corporate guarantee provided between related persons after insertion of Rule 28(2) of CGST Rules, 2017 and retrospective amendment w.e.f. 26.10.2023:</u> The CBIC has clarified that valuation under rule 28(2) of CGST Rules, 2017 would not be applicable in case of – a) export of such services and;	<i>Clarification issued by CBIC vide Circular No.225/19/2024-GST dtd 11.7.2024</i>

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b) where the recipient is eligible for full ITC.

Additionally, the CBIC has clarified that:

- i. Supply of such service was taxable even before the insertion of said rule 28(2) of CGST Rules, 2017,
- ii. For valuation purposes, determination of 1% of the amount of guarantee offered per annum should be calculated on pro rata basis of the period for which guarantee is offered. (For e.g. If guarantee is offered for 3 months then value of supply of service for purpose of determination of deemed value of supply of service would be $(3/12 * 1 \%)$)
- iii. New valuation rules will apply to the corporate guarantees issued or renewed on or after 26th October 2023,
- iv. Supply of such service is not linked with the actual disbursement of loan and value of supply of service shall be calculated based on the guarantee amount,
- v. Recipient of service would be entitled to ITC irrespective of when actual disbursement of loan happens,
- vi. No GST will be applicable on take-over of existing loans / assignment of already issued corporate guarantee unless there is an

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	issuance of fresh corporate guarantee or renewal of existing corporate guarantee, vii. Where corporate guarantee is provided by more than one guarantor then GST will be payable by each co-guarantor proportionately on 1% of the amount guaranteed by them.	
2.	<u>RETURNS:</u>	
i.	<u>Change in due date for filing of return in Form GSTR-4 by composition taxpayers from FY 2024-25 onwards:</u> New due date – 30 th June Old due date – 30 th April	Rule 62(1) amended vide Notification No.12/2024-CT dated 10.7.2024
ii.	<u>New Optional Facility to amend and / or declare additional details in Form GSTR-1 by way of Form GSTR-1A before filing of Form GSTR-3B of that tax period:</u> For furnishing amendments / additional details of outward supplies for a tax period in Form GSTR-1A on the common portal before the filing of Form GSTR-3B of that period.	Proviso inserted after sub-rule (1) in Rule 59 vide Notification No.12/2024-CT dated 10.7.2024
iii.	<u>Threshold for reporting B2C inter-State supply invoice wise in Form GSTR-1 reduced to Rs.1 lakh:</u>	Changes in Rule 59(4) have been

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	All B2C invoices pertaining to inter-State supplies exceeding value of Rs.1 lakh and above shall have to be reported invoice wise in Form GSTR-1 from 1 st August 2024 onwards	notified vide Notification No.12/2024-CT dated 10.7.2024 and would be effective from 1.8.2024 onwards.
iv.	<u>Conditional exemption from filing of Annual Returns in Form GSTR-9/9A for FY 2023-24:</u> All taxpayers having aggregate annual turnover up to Rs.2 crores during FY 2023-24 shall be exempted from filing pf Form GSTR-9/9A for the FY 2023-24.	<i>Notified Vide Notification No.14/2024-CT dated 11.7.2024</i>
v.	<u>Annual Returns in Form GSTR-9 and Reconciliation statement in Form GSTR-9C for FY 2023-24:</u> <ul style="list-style-type: none">• Most of the relaxations provided in FY 2022-23 in respect of various tables of Form GSTR-9 and Form GSTR-9C to be continued for FY 2023-24.• Details of Debit notes and Credit notes pertaining to B2B supplies and supplies made through e-comm operators attracting TCS are to be mentioned separately.	<i>Notified Vide Notification No.14/2024-CT dated 11.7.2024</i>
3.	<u>INTEREST ON DELAYED PAYMENT OF TAX:</u> <u>Amendment in Rule 88B of CGST Rules, 2017 such that no interest shall be payable on the amount debited in the e-cash ledger while delayed filing of</u>	

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	<p><u>GSTR-3B return was available on the due date of filing of such return in GSTR-3B:</u></p> <p>Interest will not be payable on the amount available in e-cash ledger on the due date of filing of GSTR-3B returns, which is debited at the time of delayed filing of such returns in Form GSTR-3B.</p>	<p>Proviso inserted after sub-rule (1) in Rule 88B vide Notification No.12/2024-CT dated 10.7.2024</p>
4.	<p><u>TAX DEDUCTED AT SOURCE (TCS):</u></p> <p><u>Reduction in rate of TCS to be collected by the ECOs under section 52(1) of CGST Act:</u></p> <p>TCS reduced from 1% IGST / 0.5% CGST & 0.5% SGST to 0.5% IGST / 0.25% CGST & 0.5% SGST.</p>	<p><i>Changes Notified</i> <i>Vide Notification</i> <i>No.15/2024-CT dated</i> <i>11.7.2024</i></p>
5.	<p><u>REFUND:</u></p> <p>i. <u>Procedure for claiming refund of additional IGST paid on export of goods:</u></p> <p>Mechanism for claiming refund of additional IGST paid on account of upward revision of price of goods subsequent to their export has been prescribed under Rule 89.</p>	<p>Mechanism has been provided in Rule 89 vide Notification No.12/2024-CT dated 10.7.2024.</p>
6.	<p><u>APPEALS AND REVISION:</u></p> <p>i. <u>Amendment in Rule 142 of CGST Rules, 2017 in order to provide mechanism for adjustment of tax</u></p>	

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	<p><u>amount paid in Form GST DRC-03 against the amount to be paid as pre-deposit for filing appeal:</u></p> <p>Mechanism of filing application in Form GST DRC-03A on the common portal has been provided in sub-rule (2B) of Rule 142 of CGST Rules, 2017.</p>	Vide Notification No.12/2024-CT dated 10.7.2024.
ii.	<p><u>Time limit for filing appeals before GST Appellate Tribunal (GSTAT) under section 112 as GSTAT is not yet operational and procedure for availing benefit of stay from recovery of the balance amount of confirmed demand as per order of appellate authority during the interim period:</u></p> <ul style="list-style-type: none">• Time limit of 3 months for filing of appeal before GSTAT to start from a date to be notified by the Government.• <u>Procedure for availing benefit of stay from recovery of the balance amount of confirmed demand as per order of appellate authority during the interim period:</u> <p>a) To pay amount of pre-deposit as per Section 112(8) of CGST Act, <i>by navigating to -</i></p> <p><i>Services >> Ledgers >> Payment towards demand</i> (select the order out of outstanding demand orders against which payment is intended to be made)</p> <p>b) To file an undertaking / declaration with the jurisdictional proper officer stating that he will file appeal against the said order of the</p>	CBIC issued Circular No.224/18/2024-GST dated 11.7.2024

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	<p>appellate authority before the GSTAT as and when it comes into operation within the timelines mentioned in section 112 of CGST Act read with CGST (Ninth Removal of Difficulties) Order, 2019 dated 3.12.2019.</p> <p>Upon providing the such undertaking and on payment of pre-deposit amount as per procedure mentioned above, the recovery of balance amount will stand stayed as per provisions of Section 112(9) of CGST Act.</p>	
iii.	<p><u>Reduction in Monetary limits for filing appeals under GST by the department before GSTAT, High Court and Supreme Court:</u></p> <p>To reduce government litigation, following monetary limits for filing appeals by the department have been recommended by the GST Council:</p> <p>GSTAT – Rs.20 lakhs</p> <p>High Court – Rs.1 crore</p> <p>Supreme Court – Rs. 2 crores</p>	<p>CBIC issued Circular No.207/1/2024-GST dated 26.6.2024</p>
7.	<p><u>Amendment in clause (b) of sub-rule (1) of Rule 96A of CGST Rules, 2017 – Export of goods or services under bond or LuT:</u></p> <p>The registered person availing option of supply of services for export without payment of IGST shall have</p>	

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to furnish an undertaking binding himself to pay the tax due along with interest specified under section 50(1), if the payment of such services is not received by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the RBI, within a period of –

- 15 days after expiry of one year **or the period as allowed under the FEMA Act, 1999 including any extension of such period as permitted by the RBI** whichever is later, from the date of invoice for export, **or**
- such further period as may be allowed by the Commissioner.

(The words in bold have been inserted from 10.7.2024 onwards)

Vide Notification
No.12/2024-CT dated
10.7.2024.

Sincerely,

Timish V Salot

(M.Com., F.C.A., LL.B., C.T.M.)

DISCLAIMER: This communique is sent only for updating with recent developments in the ambit of Goods and Services Tax, is purely meant for informational purpose only and does not purport to advice or express any opinion, in any manner, whatsoever. The information provided is not intended to create a client relationship & is not for advertising or soliciting. Recipients / Readers are advised to seek professional opinion before taking any action based on this communique and we don't accept any responsibility for any loss etc. arising out of any such action.