

M/s.TIMISH V SALOT & ASSOCIATES

CHARTERED ACCOUNTANTS

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Tax Update - Circular no.3 /July 2024

Gist of changes in GST law as proposed in Union Budget 2024 vide Finance (No.2) Bill, 2024:-

Sl.no.	Description	Reference in Finance Bill 2024
1.	<u>LEVY AND COLLECTION OF TAX –</u>	
i.	<u>Amendment in Section 9(1) of CGST Act, Section 5(1) of IGST Act and Section 7(1) of UTGST Act, to exclude Un-denatured Extra Neutral Alcohol (ENA) or Rectified Spirit used for manufacturing of alcohol for human consumption:</u> Amendment in Section 9(1) of CGST Act, Section 5(1) of IGST Act and Section 7(1) of UTGST Act in order to keep ENA used for manufacturing of alcohol for human consumption out of purview of GST.	Clause 110, Clause 147 and Clause 151
ii.	<u>Insertion of new section 11A in CGST Act, Section 6A in IGST Act and Section 8A in UTGST Act:</u> Insertion of Section 11A in CGST Act, Section 6A in IGST Act and Section 8A in UTGST Act, 2017 to give powers to the Government to allow regularisation	Clause 112, Clause 148 and Clause 152

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	of short payment or non-payment of tax arisen on account of common trade practice.	
2	<u>TIME OF SUPPLY -</u>	
i.	<u>Amendment in Section 13(3) of CGST Act, 2017 to specify the time of supply of services in cases where the invoice is required to be issued by the recipient of service in reverse charge supplies:</u> Amendment in Section 13(3) in order to specify the time of supply of service in cases where the invoice is required to be issued by the recipient of service, on which tax is liable to be paid on reverse charge basis.	Clause 113
3.	<u>INPUT TAX CREDIT –</u>	
i.	<u>Relaxation in condition of Section 16(4) of CGST Act - Time limit to avail ITC:</u> a) <u>Insertion of new sub-section (5) in Section 16 of CGST Act retrospectively w.e.f. 1.7.2017</u> , so as to provide that the registered person	Clause 114

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	<p>shall be entitled to take ITC, in respect of any invoice or debit note for FY 2017-18, 2018-19, 2019-20 and 2020-21, in any return under section 39 which is filed up to 30th November 2021.</p> <p>b) <u>Insertion of new sub-section (6) in Section 16 of CGST Act retrospectively w.e.f. 1.7.2017</u> so as to provide that the time limit to avail ITC will be 30 days from the date of order of revocation in respect of cases where returns for the period from the date of cancellation of registration till the date of revocation of cancellation of registration are filed within 30 days of the order of revocation.</p> <p><u>No refund will be admissible in case where the registered person has paid tax or reversed the ITC.</u></p>	
ii.	<p><u>Amendment in Section 17(5) of CGST Act, 2017:</u></p> <p>It has been proposed to amend Section 17(5) so as to restrict non availability of ITC in respect of tax paid under section 74 of the CGST Act only for demands</p>	<p>Clause 115</p>

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	up to FY 2023-24 and to remove reference to sections 129 and 130 in Section 17(5) of CGST Act, 2017.	
4.	<u>TAX INVOICE, CREDIT AND DEBIT NOTES:</u>	
	<p>a. <u>Amendment in clause (f) of sub-section (3) of section 31 of CGST Act, 2017 and insertion of Explanation in said sub-section (3) of Section 31 of CGST Act, 2017:</u></p> <p>It has been proposed to amend clause (f) of section 31(3) of CGST Act, 2017 so as to empower the Central Government to prescribe by rules the time period for issuance of invoice by the recipient in case where tax is liable to be paid on reverse charge basis.</p> <p>b. <u>Insertion of Explanation so as to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 of CGST Act, 2017 shall not be considered as a registered person</u></p>	Clause 118

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	<u>for the purpose of Section 31(3)(f) of CGST Act, 2017.</u>	
5.	<u>RETURNS:</u>	
	<u>Mandatory filing of returns in Form GSTR-7 (Returns of Tax deducted at source):</u> It has been proposed that every registered person who are required to deduct tax at source under section 51 of CGST Act, 2017 be required to furnish invoice wise details and file returns in Form GSTR-7 every month whether or not there are any transactions during the tax period.	Clause 120
6.	<u>REFUND:</u>	
i.	<u>Insertion of new sub-section (15) in section 54 of CGST Act, 2017 and sub-section (5) in Section 16 of IGST Act, 2017 to curtail refund of IGST in cases where export duty is payable:</u> It has been proposed to provide for restriction in claiming refund in respect of goods which are subject to export	Clause 124 and Clause 149

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	duty, irrespective of whether the said goods are exported without payment of taxes or with payment of taxes.	
7.	<u>INSPECTION, SEARCH, SEIZURE AND ARREST:</u>	
i.	<u>Insertion of new sub-section (1A) in section 70 of CGST Act, 2017:</u> It has been proposed to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.	Clause 131
8.	<u>DEMANDS AND RECOVERY:</u>	
i.	<u>Insertion of new sub-section (12) in section 73 and sub-section (12) in section 74 of CGST Act, 2017:</u> It has been proposed to restrict the applicability of said sections for determination of tax pertaining to the period up to FY 2023-24.	Clause 132 and Clause 133
ii.	<u>Insertion of new section 74A in CGST Act, 2017:</u>	Clause 134

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	<p>It has been proposed to provide for a common time limit of 42 months from the due date for furnishing of annual return for the FY to which short payment or non- payment of tax or erroneous ITC or erroneous refund claim pertains to for issuance of demand notice and issuance of orders within 12 months from the date of issuance of notice in respect of demands for FY 24-25 onwards, in all cases whether or not involving the charges of fraud or willful misstatement etc.</p> <p>It has been proposed to increase the time limit from 30 days to 60 days, for payment of tax demand along with interest and reduced penalty.</p>	
iii.	<p><u>Insertion of Section 128A in CGST Act, 2017:</u></p> <p>It has been proposed to conditionally waive the demand on account of interest or penalty or both raised under section 73 of CGST Act for the FY 2017-18 to FY 2019-20, subject to payment of</p>	<p>Clause 142</p>

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	<p>full amount of tax demanded in the notice by 31.3.2025.</p> <p>Note: No refund will be admissible in cases where interest and penalty have already been paid in respect of demand for the said FYs.</p>	
9.	<u>APPEALS AND REVISION:</u>	
i.	<p><u>Amendment in Section 107 and Section 112 of CGST Act for reducing the amount of pre-deposit to be paid for filing of appeals under GST:</u></p> <p><u>Appellate Authority</u> – Maximum pre-deposit amount under section 107(6) to be reduced from Rs.25 crores CGST and Rs.25 crores SGST to Rs.20 crores CGST and Rs.20 crores SGST.</p> <p><u>GSTAT</u> - Maximum pre-deposit amount under section 112(8) to be reduced from 20% subject to a maximum of Rs.50 crores CGST and Rs.50 crores SGST to 10% subject to a maximum of Rs.20 crores CGST and Rs.20 crores SGST.</p>	<p>Clause 137 and Clause 139</p>

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ii.	<p><u>Time limit for filing appeals before GSTAT under section 112:</u></p> <p>Time limit of 3 months for filing of appeal before GSTAT to start from a date to be notified by the Government and to provide a revised time limit for filing of appeals or application before the GSTAT.</p> <p><u>Note:</u> It has been proposed to make this amendment effective from 1st August 2024.</p>	Clause 139
10.	<p><u>OFFENCES AND PENALTIES:</u></p> <p><u>Retrospective Amendment in section 122(1B) of CGST Act w.e.f. 1.10.2023:</u></p> <p>It has been proposed to restrict the applicability of penal provisions under this sub-section to only those ECOs who are required to collect tax under section 52 of CGST Act, 2017.</p>	Clause 140
11.	<p><u>TRANSITIONAL PROVISIONS:</u></p> <p><u>Retrospective Amendment in section 140(7) of CGST Act w.e.f. 1.7.2017:</u></p>	Clause 143

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	<p>It has been proposed to provide for transitional credit in respect of invoices pertaining to services provided before appointed date, for which invoices were also received by ISD before the appointed date.</p>	
12.	<p><u>ANTI-PROFITEERING MEASURE:</u></p> <p><u>Amendment in Section 171 (Anti-Profiteering) and section 109 of CGST Act, 2017:</u></p> <p>It has been proposed to empower the Government to notify the date from which the Authority under Section 171 shall not accept any application for anti-profiteering cases.</p> <p>It has been proposed to insert an explanation under section 171 so as to include the reference of “Appellate Tribunal” in the expression “Authority” under section 171 such that the Government can notify the Appellate Tribunal to act as an Authority to handle anti-profiteering cases.</p>	<p>Clause 144</p>

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	<p>Note: GST Council has recommended a sunset date of 01.04.2025 in this regards and that the cases pertaining to anti-profiteering to be handled by Principal Bench of GST Appellate Tribunal (GSTAT) from such date.</p>	
13.	<p><u>SCHEDULE III:-</u></p>	
	<p><u>Following amendments are proposed in Schedule III of CGST Act, 2017:</u></p> <p>i. Co-insurance premium apportioned by lead insurer to the co-insurer for supply of insurance services by lead and co-insurer to the insured in co-insurance agreements will be treated as neither supply of goods nor supply of services.</p> <p>Provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.</p> <p>ii. Transaction of ceding commission/re-insurance commission between insurer and re-insurer will be treated as neither supply of goods nor supply of services.</p>	<p>Clause 145</p>

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	Provided that the reinsurer pays the tax liability on the gross reinsurance premium inclusive of reinsurance commission or ceding commission.	

Important Note:

The proposals will be given effect through the relevant notifications / law amendments which alone shall have the force of law.

Sincerely,

Timish V Salot

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

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