

GST NEWSLETTER



GST Council Secretariat, New Delhi

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Goods and Services Tax Council





MESSAGE

The 53rd GST Council Meeting was held on 22nd June, 2024 in New Delhi under the Chairmanship of Hon'ble Union Finance Minister.

The GST Council has introduced several reforms aimed at easing compliance burdens and reducing litigation under the GST framework. The Council recommended the insertion of Section 128A in the CGST Act, 2017, allowing for the waiver of interest and penalties on demands raised under Section 73 for FY 2017-18 to FY 2019-20. Taxpayers can avail of this waiver by paying the full tax amount demanded by March 31, 2025, excluding cases of erroneous refunds. Amendments to Section 107 and Section 112 of the CGST Act have reduced the pre-deposit amounts required for filing appeals under GST. The Council recommended amending Section 112 of the CGST Act, 2017, allowing a three-month period for filing appeals before the GST Appellate Tribunal. These measures signify the Council's efforts to alleviate financial burdens on taxpayers, streamline legal procedures, and foster a more taxpayer-friendly GST regime.

In a move to provide flexibility in recovering duties not initially levied or short-levied under GST Acts the Council proposed inserting Section 11A in the CGST Act to empower the Government, to regularize instances where GST was not levied or short-levied due to common trade practices. Moreover, several important enhancements have been made to GST registration functionalities to streamline processes and improve user experience. Updates include improved validations for Indian and international addresses, the Locality/Sub-locality field is not mandatory, and users will receive warnings if it doesn't match the PIN code.

The Council has further decided on clarifications that would facilitate both trade and officers by removing ambiguities. The collaborative efforts and shared insights from this meeting are expected to further fortify the GST framework and ensure continued compliance and revenue protection

Warm Regards

Pankaj Kumar Singh,
Additional Secretary

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Recommendations made in the 53rd GST Council Meeting

The 53rd GST Council met under the Chairpersonship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi on 22.06.2024. The meeting was also attended by Union Minister of State for Finance Shri Pankaj Chaudhary, besides Finance Ministers of States & UTs (with legislature) and other senior officers of the Ministry of Finance and States/ UTs.



In Pictures above (Left to Right): Sh. Sanjay Malhotra, Revenue Secretary; Hon'ble Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman and Sh. Pankaj Choudhary, Minister of State for Finance

In the 53rd Meeting of the GST Council, inter-alia the following recommendations relating to changes in GST tax rates, measures for facilitation of trade and measures for streamlining compliances in GST were made:

I.Changes in GST Tax Rates:

Recommendations relating to GST rates on Goods

A. Changes in GST rates of goods

- 1.A uniform rate of 5% IGST will apply to imports of 'Parts, components, testing equipment, tools and tool-kits of aircrafts, irrespective of their HS classification to provide a fillip to MRO activities subject to specified conditions.
- 2.All milk cans (of steel, iron and aluminium) irrespective of their use will attract 12% GST.
- 3.GST rate on 'carton, boxes and cases of both corrugated and non-corrugated paper or paper-board' (HS 4819 10; 4819 20) to be reduced from 18% to 12%.
- 4.All solar cookers whether single or dual energy source, will attract 12% GST.
- 5.To amend existing entry covering Poultry keeping Machinery attracting 12% GST to specifically incorporate "parts of Poultry keeping Machinery" and to regularise past practice on 'as is where is' basis in view of genuine interpretational issues.
- 6.To clarify that all types of sprinklers including fire water sprinklers will attract 12% GST and to regularise the past practice on 'as is where is' basis in view of genuine interpretational issues.
- 7.To extend IGST exemption on imports of specified items for defence forces for a further period of five years till 30th June, 2029.
- 8.To extend IGST exemption on imports of research equipment/buoys

imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) programme subject to specified conditions.

- 9.To exempt Compensation Cess on the imports in SEZ by SEZ Unit/developers for authorised operations w.e.f. 01.07.2017.

B. Other changes relating to goods

- 1.To exempt Compensation cess on supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under Ministry of Defence.
- 2.To provide Adhoc IGST exemption on imports of technical documentation for AK-203 rifle kits imported for Indian Defence forces.

II. Recommendations relating to GST rates on Services

A. Changes in GST rates of services

- 1.To exempt the services provided by Indian Railways to general public, namely, sale of platform tickets, facility of retiring rooms/waiting rooms, cloak room services and battery-operated car services and to also exempt the Intra-Railway transactions. The issue for the past period will be regularized from 20.10.2023 to the date of issue of exemption notification in this regard.
- 2.To exempt GST on the services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV. The issue for the past will be regularized on 'as is where is' basis for the period from 01.07.2017 till the date of issue of exemption notification in this regard.
- 3.To create a separate entry in notification No. 12/2017- CTR 28.06.2017 under heading 9963 to exempt accommodation services having value of supply of accommodation up to Rs. 20,000/- per month per person subject to the condition that the accommodation service is supplied for a minimum continuous period of 90 days. To extend similar benefit for past cases.

B. Other changes relating to Services

- 1.Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service by lead and co-insurer to the insured in coinsurance agreements, may be declared as no supply under Schedule III of the CGST Act, 2017 and past cases may be regularized on 'as is where is' basis.
- 2.Transaction of ceding commission/re-insurance commission between insurer and re-insurer may be declared as no supply under Schedule III of CGST Act, 2017 and past cases may be regularized on 'as is where is' basis.
- 3.GST liability on reinsurance services of specified insurance schemes covered by Sr. Nos. 35 & 36 of notification No. 12/2017-CT (Rate) dated 28.06.2017 may be regularized on 'as is where is' basis for the period from 01.07.2017 to 24.01.2018.
- 4.GST liability on reinsurance services of the insurance schemes for which total premium is paid by the Government that are covered under Sr. No. 40 of notification No. 12/2017-CTR dated 28.06.2017 may be regularized on 'as is where is' basis for the period from 01.07.2017 to 26.07.2018.
- 4.To issue clarification that retrocession is 're-insurance of re-insurance' and therefore, eligible for the exemption under Sl. No. 36A of the notification No. 12/2017-CTR dated 28.06.2017.

5.To issue clarification that statutory collections made by Real Estate Regulatory Authority (RERA) are exempt from GST as they fall within the scope of entry 4 of No.12/2017-CTR dated 28.06.2017.

6.To issue clarification that further sharing of the incentive by acquiring bank with other stakeholders, where the sharing of such incentive is clearly defined under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions and is decided in the proportion and manner by NPCI in consultation with the participating banks is not taxable.

III. Measures for facilitation of trade:

1.Insertion of Section 128A in CGST Act, to provide for conditional waiver of interest or penalty or both, relating to demands raised under Section 73, for FY 2017-18 to FY 2019-20 : Considering the difficulties faced by the taxpayers, during the initial years of implementation of GST, the GST Council recommended, waiving interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto 31.03.2025. The waiver does not cover demand of erroneous refunds. To implement this, the GST Council has recommended insertion of Section 128A in CGST Act, 2017.

2.Reduction of Government Litigation by Fixing monetary limits for filing appeals under GST: The Council recommended to prescribe monetary limits, subject to certain exclusions, for filing of appeals in GST by the department before GST Appellate Tribunal, High Court, and Supreme Court, to reduce government litigation. The following monetary limits have been recommended by the Council:

GSTAT: Rs. 20 lakhs

High Court: Rs. 1 crore

Supreme Court: Rs. 2 crores

3.Amendment in Section 107 and Section 112 of CGST Act for reducing the amount of pre-deposit required to be paid for filing of appeals under GST: The GST Council recommended reducing the amount of pre-deposit for filing of appeals under GST to ease cash flow and working capital blockage for the taxpayers. The maximum amount for filing appeal with the appellate authority has been reduced from Rs. 25 crores CGST and Rs. 25 crores SGST to Rs. 20 crores CGST and Rs. 20 crores SGST. Further, the amount of pre-deposit for filing appeal with the Appellate Tribunal has been reduced from 20% with a maximum amount of Rs. 50 crores CGST and Rs. 50 crores SGST to 10 % with a maximum of Rs. 20 crores CGST and Rs. 20 crores SGST.

4. Applicability of Goods and Services Tax on Extra Neutral Alcohol (ENA) Taxation of ENA under GST: The GST Council, in its 52nd meeting, had recommended to amend GST Law to explicitly exclude rectified spirit/Extra Neutral Alcohol (ENA) from the scope of GST when supplied for manufacturing alcoholic liquors for human consumption. The GST Council now recommended amendment in sub-section (1) of Section 9 of the CGST Act, 2017 for not levying GST on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.

5. Reduction in rate of TCS to be collected by the ECOs for supplies being made through them: Electronic Commerce Operators (ECOs) are required to collect Tax Collected at Source (TCS) on net taxable supplies under Section 52(1) of the CGST Act. The GST Council has recommended to reduce the TCS rate from present 1% (0.5% CGST + 0.5% SGST/ UTGST, or 1% IGST) to 0.5 % (0.25% CGST + 0.25% SGST/UTGST, or 0.5% IGST), to ease the financial burden on the suppliers making supplies through such ECOs.

6. Time for filing appeals in GST Appellate Tribunal: The GST Council recommended amending Section 112 of the CGST Act, 2017 to allow the three-month period for filing appeals before the Appellate Tribunal to start from a date to be notified by the Government in respect of appeal/ revision orders passed before the date of said notification. This will give sufficient time to the taxpayers to file appeal before the Appellate Tribunal in the pending cases.

7. Relaxation in condition of section 16(4) of the CGST Act:

a) In respect of initial years of implementation of GST, i.e., financial years 2017-18, 2018-19, 2019-20 and 2020-21:

The GST Council recommended that the time limit to avail input tax credit in respect of any invoice or debit note under Section 16(4) of CGST Act, through any return in FORM GSTR 3B filed upto 30.11.2021 for the financial years 2017-18, 2018-19, 2019-20 and 2020-21, may be deemed to be 30.11.2021. For the same, requisite amendment in section 16(4) of CGST Act, retrospectively, w.e.f. 01.07.2017, has been recommended by the Council.

b) with respect to cases where returns have been filed after revocation:

The GST Council recommended retrospective amendment in Section 16(4) of CGST Act, to be made effective from July 1st, 2017, to conditionally relax the provisions of section 16(4) of CGST Act in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, are filed by the registered person within thirty days of the order of revocation.

8.Change in due date for filing of return in FORM GSTR-4 for composition taxpayers from 30th April to 30th June: The GST Council recommended an amendment in clause (ii) of sub-rule (1) of Rule 62 of CGST Rules, 2017 and FORM GSTR-4 to extend the due date for filing of return in FORM GSTR-4 for composition taxpayers from 30th April to 30th June following the end of the financial year. This will apply for returns for the financial year 2024-25 onwards. The same would give more time to the taxpayers who opt to pay tax under composition levy to furnish the said return.

9. Amendment of Rule 88B of CGST Rules, 2017 in respect of interest under Section 50 of CGST Act on delayed filing of returns, in cases where the credit is available in Electronic Cash Ledger (ECL) on the due date of filing the said return: The GST Council recommended amendment in rule 88B of CGST Rules to provide that an amount, which is available in the Electronic Cash Ledger on the due date of filing of return in FORM GSTR-3B, and is debited while filing the said return, shall not be included while calculating interest under section 50 of the CGST Act in respect of delayed filing of the said return.

10. Insertion of Section 11A in CGST Act for granting power not to recover duties not levied or short-levied as a result of general practice under GST Acts: The GST Council recommended inserting a new Section 11A in CGST Act to give powers to the Government, on the recommendations of the Council, to allow regularization of non-levy or short levy of GST, where tax was being short paid or not paid due to common trade practices.

11. Refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to export: The GST Council recommended to prescribe a mechanism for claiming refund of additional IGST paid on account of upward revision in price of the goods subsequent to their export. This will facilitate a large number of taxpayers, who are required to pay additional IGST on account of upward revision in price of the goods subsequent to export, in claiming refund of such additional IGST.

12. Clarification regarding valuation of supply of import of services by a related person where recipient is eligible to full input tax credit: The Council recommended to clarify that in cases where the foreign affiliate is providing certain services to the related domestic entity, for which full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil, and may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules.

13. Clarification regarding availability of Input Tax Credit (ITC) on ducts and manholes used in the network of Optical Fiber Cables (OFCs): The Council recommended to clarify that input tax credit is not restricted in respect of ducts and manhole used in network of optical fiber cables (OFCs), under clause (c) or under clause (d) of sub-section (5) of section 17 of CGST Act.

14. Clarification on the place of supply applicable for custodial services provided by banks: The Council recommended to clarify that place of supply of Custodial services supplied by Indian Banks to Foreign Portfolio Investors is determinable as per Section 13(2) of the IGST Act, 2017.

15. Clarification on valuation of corporate guarantee provided between related persons after insertion of Rule 28(2) of CGST Rules, 2017: GST Council recommended amendment of rule 28(2) of CGST Rules retrospectively with effect from 26.10.2023 and issuance of a circular to clarify various issues regarding valuation of services of providing corporate guarantees between related parties. It is inter alia being clarified that valuation under rule 28(2) of CGST Rules would not be applicable in case of export of such services and also where the recipient is eligible for full input tax credit.

16. Clarification regarding applicability of provisions of Section 16 (4) of CGST Act, 2017, in respect of invoices issued by the recipient under Reverse Charge Mechanism (RCM): The Council recommended to clarify that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and invoice is to be issued by the recipient only, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act is the financial year in which the invoice has been issued by the recipient.

17. Clarification on following issues to provide clarity to trade and tax officers and to reduce litigation:

i. Clarification on taxability of re-imbursement of securities/shares as ESOP/ESPP/RSU provided by a company to its employees

ii. Clarification on requirement of reversal of input tax credit in respect of amount of premium in Life Insurance services, which is not included in the taxable value as per Rule 32(4) of CGST Rules.

iii. Clarification on taxability of wreck and salvage values in motor insurance claims

iv. Clarification in respect of Warranty/ Extended Warranty provided by Manufacturers to the end customers

v. Clarification regarding availability of input tax credit on repair expenses incurred by the insurance companies in case of reimbursement mode of settlement of motor vehicle insurance claims.

vi. Clarification on taxability of loans granted between related person or between group companies.

vii. Clarification on time of supply on Annuity Payments under HAM Projects.

viii. Clarification regarding time of supply in respect of allotment of Spectrum to Telecom companies in cases where payment of licence fee and Spectrum usage charges is to be made in instalments.

ix. Clarification relating to place of supply of goods supplied to unregistered persons, where delivery address is different from the billing address

x. Clarification on mechanism for providing evidence by the suppliers for compliance of the conditions of Section 15(3)(b)(ii) of CGST Act, 2017 in respect of post-sale discounts, to the effect that input tax credit has been reversed by the recipient on the said amount.

xi. Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities, like pan masala, tobacco etc.

18. The Council recommended amendment in section 140(7) of CGST Act retrospectively w.e.f. 01.07.2017 to provide for transitional credit in respect of invoices pertaining to services provided before appointed date, and where invoices were received by Input Service Distributor (ISD) before the appointed date.

19. The Council recommended providing a new optional facility by way of FORM GSTR-1A to facilitate the taxpayers to amend the details in FORM GSTR-1 for a tax period and/ or to declare additional details, if any, before filing of return in FORM GSTR-3B for the said tax period. This will facilitate taxpayer to add any particulars of supply of the current tax period missed out in reporting in FORM GSTR-1 of the said tax period or to amend any particulars already declared in FORM GSTR-1 of the current tax period (including those declared in IFF, for the first and second months of a quarter, if any, for quarterly taxpayers), to ensure that correct liability is auto-populated in FORM GSTR-3B.

20. The Council recommended that filing of annual return in FORM GSTR-9/9A for the FY 2023-24 may be exempted for taxpayers having aggregate annual turnover upto two crore rupees.

21. Amendment was recommended to be made in section 122(1B) of CGST Act retrospectively w.e.f. 01.10.2023, so as to clarify that the said penal provision is applicable only for those e-commerce operators, who are required to collect tax under section 52 of CGST Act, and not for other e-commerce operators.

22. The Council recommended amendment in rule 142 of CGST Rules and issuance of a circular to prescribe a mechanism for adjustment of an amount paid in respect of a demand through FORM GST DRC-03 against the amount to be paid as pre-deposit for filing appeal.

Other measures pertaining to Law and Procedures

1. Rolling out of bio-metric based Aadhaar authentication on All-India basis: The GST Council recommended to roll-out the biometric-based Aadhaar authentication of registration applicants on pan-India basis in a phased manner. This will strengthen the registration process in GST and will help in combating fraudulent input tax credit (ITC) claims made through fake invoices.

2. Amendments in Section 73 and Section 74 of CGST Act, 2017 and insertion of a new Section 74A in CGST Act, to provide for common time limit for issuance of demand notices and orders irrespective of whether case involves fraud, suppression, willful misstatement etc., or not: Presently, there is a different time limit for issuing demand notices and demand orders, in cases where charges of fraud, suppression, willful misstatement etc., are not involved, and in cases where those charges are involved. In order to simplify the implementation of those provisions, the GST Council recommended to provide for a common time limit for

issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, in cases involving charges of fraud or willful misstatement and not involving the charges of fraud or willful misstatement etc. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, has been recommended to be increased from 30 days to 60 days.

3.The Council recommended amendment in section 171 and section 109 of CGST Act, 2017 to provide a sunset clause for anti-profiteering under GST and to provide for handling of anti-profiteering cases by Principal bench of GST Appellate Tribunal (GSTAT). Council has also recommended the sun-set date of 01.04.2025 for receipt of any new application regarding anti-profiteering.

4. Amendment in Section 16 of IGST Act and section 54 of CGST Act to curtail refund of IGST in cases where export duty is payable: The Council recommended amendments in section 16 of IGST Act and section 54 of CGST Act to provide that the refund in respect of goods, which are subjected to export duty, is restricted, irrespective of whether the said goods are exported without payment of taxes or with payment of taxes, and such restrictions should also be applicable, if such goods are supplied to a SEZ developer or a SEZ unit for authorized operations.

5.The threshold for reporting of B2C inter-State supplies invoice-wise in Table 5 of FORM GSTR-1 was recommended to be reduced from Rs 2.5 Lakh to Rs 1 Lakh.

6.The Council recommended that return in FORM GSTR-7, to be filed by the registered persons who are required to deduct tax at source under section 51 of CGST Act, is to be filed every month irrespective of whether any tax has been deducted during the said month or not. It has also been recommended that no late fee may be payable for delayed filing of Nil FORM GSTR-7 return. Further, it has been recommended that invoice-wise details may be required to be furnished in the said FORM GSTR-7 return.

Circulars

➡ **Circular No. 207/1/2024-GST dated 26.06.2024 issued to clarify regarding the monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court.**

The Central Government vide the said Circular, based on the recommendations of the GST Council in its 53rd meeting and in exercise of the powers conferred by Section 120 of the CGST Act read with section 168 of the CGST Act, clarified the monetary limits, subject to certain exclusions, for filing of appeals in GST by the department before GST Appellate Tribunal, High Court, and Supreme Court. The distinct monetary limitations are as follows.

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

Monetary limits specified above for filing appeal or application by the department before GSTAT or High Court and for filing Special Leave Petition or appeal before the Supreme Court shall be applicable in all cases, except in the following circumstances where the decision to file appeal shall be taken on merits irrespective of the said monetary limits:-

- i. Where any provision of the CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act has been held to be ultra vires to the Constitution of India; or
- ii. Where any Rules or regulations made under CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act have been held to be ultra vires the parent Act; or
- iii. Where any order, notification, instruction, or circular issued by the Government or the Board has been held to be ultra vires of the CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act or the Rules made thereunder; or
- iv. Where the matter is related to -
 - a. Valuation of goods or services; or
 - b. Classification of goods or services; or
 - c. Refunds; or
 - d. Place of Supply; or
 - e. Any other issue,

which is recurring in nature and/or involves interpretation of the provisions of the Act /the Rules/ notification/circular/order/instruction etc; or

- v. Where strictures/adverse comments have been passed and/or cost has been imposed against the Government/Department or their officers; or
- vi. Any other case or class of cases, where in the opinion of the Board, it is necessary to contest in the interest of justice or revenue.

➡ **Circular No.-208/2/2024-GST dated 26.06.2024 issued to give clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024 -Central Tax dated 05.01.2024.**

The Central Government vide the said Circular, based on the recommendations of the GST Council in its 53rd meeting has clarified various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024 - Central Tax dated 05.01.2024. The clarifications are largely on reporting aspects, such as non-availability of make, model number and machine number, absence of electricity consumption rating of the packing machine, etc. and provides for the manner of undertaking compliances in such cases. It further clarifies that the special procedure is not applicable to special economic zone units and the manual processes using electric operated heat sealer and seamer. However, the procedures shall be applicable to all persons involved in manufacturing process including a job worker / contract manufacturer.

➡ **Circular No.209/3/2024-GST dated 26.06.2024 issued clarification on the provisions of clause (ca) of section 10(1) of the Integrated Goods and Services Tax Act, 2017 relating to place of supply of goods to unregistered persons.**

The Central Government vide the said Circular, based on the recommendations of the GST Council in its 53rd meeting has clarified that where the address of delivery of goods recorded on the invoice is different from the billing address of the unregistered person on the invoice, the place of supply of goods will be the address of delivery of goods recorded on the invoice.

➡ **Circular No.210/4/2024-GST dated 26.04.2024 issued clarification on the valuation of supply of import of services by a related person where recipient is eligible to full input tax credit**

The Central Government vide the said Circular, based on the recommendations of the GST Council in its 53rd meeting has clarified that the same treatment, which is being given to domestic related parties/ distinct persons as per clarification provided by Circular No. 199/11/2023-GST dated 17.07.2023, may also be provided in cases where a foreign entity is providing service to its related party located in India, in cases where full ITC is available to the said recipient located in India. Accordingly, the value of the said supply of services declared in the invoice will be deemed to be the open market value of such services, if the recipient is eligible for full ITC as per second proviso to rule 28 (1) of the CGST Rules.

➡ **Circular No.211/5/2024-GST dated 26.06.2024 issued clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons**

The Central Government vide the said Circular, based on the recommendations of the GST Council in its 53rd meeting has issued clarification w.r.t the time limit specified under section 16(4) of CGST Act for the purpose of availment of input tax credit by the recipient on the tax paid by him under reverse charge mechanism (RCM) in respect of supplies received from unregistered persons. Vide the Circular it has been clarified that in case the supplies on which tax is paid by a recipient under RCM are received from unregistered suppliers and the invoice is issued by recipient as per section 31(3)(f) of the CGST Act, the relevant Financial Year for the calculation of time limit for availing ITC will be the Financial year in which self-invoice has been issued by the recipient, as per section 16(4) of the CGST Act. This is subject to payment of tax on the said supply by the recipient and fulfilment of other conditions and restrictions of section 16 and 17 of CGST Act. In case, the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax. Further, in cases of such delayed issuance of invoice by the recipient, he may also be liable to penal action under the provisions of Section 122 of CGST Act.

➡ **Circular No.212/6/2024-GST dated 26.06.2024 - Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers**

Vide the Circular a suitable mechanism has been provided for enabling the suppliers as well as tax officers to verify fulfilment of the condition of section 15(3)(b)(ii) of the CGST Act regarding proportionate reversal of input tax credit by the recipients in respect of discounts given by the supplier by issuing tax credit notes after the supply has been effected. It provides that till a functionality or facility is made available on the common portal to verify compliance with section 15(3)(b)(ii) of the CGST Act, the supplier may procure a certificate issued by a Chartered Accountant (CA) or Cost Accountant (CMA) from the recipient of the supply; specifically, this should certify that the recipient has proportionately reversed ITC at their end for the credit note issued by the supplier. It further provides that where the amount of tax involved in the discount given by the supplier to a recipient through tax credit notes in a Financial Year is not exceeding Rs 5,00,000 then the said supplier may procure an undertaking/ certificate from the said recipient that the said input tax credit attributable to such discount has been reversed by him. It states that such certificates or undertakings will be treated as a suitable and admissible evidence for the purpose of section 15(3)(b)(ii) of the CGST Act and produced by the supplier before the TOs, if required, during any proceedings. The circular also clarifies that the same mechanism can be applied for the past period, wherever any such evidence is required to be produced by the supplier to the tax authorities.

➡ **Circular No:-213/07/2024-GST dated 26.06.2024 has issued clarification on the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company**

Vide the Circular it has been clarified that GST is not leviable on the allotment of securities or shares by the foreign holding company to the employees of the domestic subsidiary company as these transaction is neither a supply of goods nor a supply of services as it is undertaken as part of the compensation package for the enhanced performance of employees and their retention and this is covered under Entry 1 of Schedule III of the CGST Act. Further, it clarifies that Shares are securities, which are excluded from the definition of goods as well as services.

It also clarifies that GST is not leviable on the reimbursement made on a cost-to-cost basis by the domestic subsidiary company to the foreign holding company for such transfer of securities or shares. However, the circular states that, if the foreign holding company charges any additional fee, mark up, or commission from the domestic subsidiary company for issuing ESOP/ESPP/RSU to the employees of the domestic subsidiary company, then the same shall be considered to be in nature of consideration for the supply of services of facilitating/ arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. In this case, GST will be leviable on such amount of the additional fee, mark up, or commission, charged by the foreign holding company from the domestic subsidiary for issuance of its securities/shares to the employees of the latter. The GST shall be payable by the domestic holding company on reverse charge basis on such import of services from the foreign holding company.

➡ **Circular No.-214/8/2024-GST dated 26.06.2024 has issued clarifications on the requirement of reversal of input tax credit in respect of the portion of the premium for life insurance policies which is not included in taxable value.**

Vide the Circular it has been clarified that on account of certain amount of consideration not being included in the value of taxable supply as per valuation provisions, the said portion of consideration cannot be said to be attributable to a non-taxable or exempt supply. Therefore, it has clarified that the amount of the premium for taxable life insurance policies, which is not included in the taxable value as determined under rule 32(4) of CGST Rules, cannot be considered as pertaining to a non-taxable or exempt supply and therefore, there is no requirement of reversal of input tax credit as per provisions of Rule 42 or Rule 43 of CGST Rules, read with sub-section (1) and sub-section (2) of Section 17 of CGST Act.

➡ **Circular No.-215/9/2024-GST dated 26.06.2024 has issued clarifications on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle**

Vide this circular the Board has clarified the the issue of GST is payable by the insurance company on salvage/ wreckage value earmarked in the claim assessment of the damage caused to the motor vehicle. The Board clarified that in cases where general insurance companies are deducting the value of salvage as deductibles from the claim amount, the salvage remains the property of insured and insurance companies are not liable to discharge GST liability on the same. However, in cases, where the insurance claim is settled on full claim amount, without deduction of value of salvage/ wreckage (as per the terms of the contract), the salvage becomes the property of the insurance company and the insurance company will be obligated to discharge GST on supply of salvage to the salvage buyer.

➡ **Circular No. 216/10/2024-GST dated 26.06.2024 has issued clarifications in respect of GST liability and input tax credit (ITC) availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No. 195/07/2023-GST dated 17.07.2023**

Circular dated 17 July 2023 had clarified that, if the manufacturer replaces any parts free of cost during the warranty period, they are neither liable to pay any GST thereon, nor any ITC availed on such parts needs to be reversed. Vide the present Circular it is further clarified that he clarification via the previous circular will be equally applicable, even when

the entire goods are supplied or replaced completely (instead of only parts) during warranty. It further provides that if the distributor replaces the parts or goods during warranty, from his own stock on the behalf of the manufacturer and gets replenishment of the same from the manufacturer, then the manufacturer is neither liable to charge any GST nor liable to reverse any ITC. It also clarifies that if extended warranty against payment is provided by the supplier of the goods itself at the time of original supply, it will be a composite supply, but if the supplier of goods (dealer or distributor) and the supplier of extended warranty (manufacturer) are different, then the supply of extended warranty would be a distinct supply of service and the supplier of extended warranty will be liable to discharge GST.

➡ **Circular No. 217/11/2024-GST-dated 26.06.2024 issued to clarify 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.**

Vide the Circular it has been clarified that ITC is available to Insurance Companies in respect of motor vehicle repair expenses incurred by them in case of reimbursement mode of claim settlement as he insurance company qualifies as a recipient and the consideration includes payment made by third person. However, if the garage issues an invoice for the full amount for repair services to the insurance company while the latter makes a reimbursement to the insured only for the approved claim cost then ITC is available to the insurance company only to the extent of the reimbursement of approved claim cost to the insured, and not on full invoice value. Further, ITC is available to the insurer only when the invoice for the repair of the vehicle is in the name of the insurance company to satisfy the conditions laid down in section 16(2)(a) and (aa) of the CGST Act.

➡ **Circular No.218/12/2024-GST-dated 26.06.2024 issued Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person.**

Vide the Circular it has been clarified that in cases where no consideration is charged by the person from the related person, or by an overseas affiliate from its Indian party, for extending loan or credit, other than by way of interest or discount, it cannot be said that any supply of service is being provided between the said related persons in the form of processing/ facilitating/ administering the loan, by deeming the same as supply of services as per clause (c) of sub-section (1) of section 7 of the CGST Act, read with S. No. 2 and S. No. 4 of Schedule I of CGST Act. Accordingly, it has clarified that there is no question of levy of GST on the same by resorting to open market value for valuation.

It further provides that in cases of loans provided between related parties, wherever any fee in the nature of processing fee/ administrative charges/ service fee/ loan granting charges etc. is charged, over and above the amount charged by way of interest or discount, the same may be considered to be the consideration for the supply of services of processing/ facilitating/ administering of the loan, which will be liable to GST as supply of services by the lender to the related person availing the loan.

➡ **Circular No. 219/13/2024-GST dated 26.06.2024 issued clarifications regarding 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.**

Vide this Circular the Board has clarified the issue of availing ITC on ducts and manholes used in the network of OFC's which were earlier denied as the same were said to be restricted in terms of sections 17(5)(c) and 17(5)(d) of the CGST Act. Vide this Circular it has been clarified that availing ITC on ducts and manholes used in the network of OFC's is not restricted in terms of the said sections as ducts and manholes are basic components for the optical fibre network used in providing Telecommunication services and that ducts and manholes are not

specifically excluded from the definition of plant and machinery as they are neither in the nature of land, building or civil structures nor are they in the nature of telecommunication towers or pipelines laid outside factory.

➡ **Circular No.220/14/2024-GST dated 26.06.2024 issued clarifications in place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors.**

Vide this Circular the Board has clarified the place of supply for custodial services provided by banks to FPIs. It has been clarified that that these services should not be considered as services provided to 'account holders' under section 13(8)(a) of the IGST Act and that the place of supply for such services should be determined under the default provision, which is sub-section (2) of section 13 of the IGST Act. The circular provides details on the definition of custodial services, the types of securities FPIs can invest in, and the main activity of banks in providing custodial services.

➡ **Circular No.-221/15/2024-GST dated 26.06.2024 - Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI)in Hybrid Annuity Mode (HAM) model -reg.**

Vide this Circular the Board has clarified the issue of the Time of Supply for the purpose of payment of tax on the deferred annuity payments received by the concessionaire from NHAI for the construction of road and operation and maintenance (O&M) thereof under the HAM model. It has clarified that the time of supply of services under HAM contract, including construction and O&M portion, should be the date of issuance of such invoice, or date of receipt of payment, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of the event specified in the contract. It further provides that if the invoices are not issued on or before the specified date or date of completion of the event as specified in the contract, then tax liability will arise on the date of provision of the said service or date of receipt of payment whichever is earlier. It further clarified that as the instalments/annuity payable by NHAI to the concessionaire also includes some interest component, the amount of such interest shall also be includible in the taxable value for the purpose of payment of tax on the said annuity/installment in view of the provisions of section 15(2) (d) of the CGST Act.

➡ **Circular No.-222/16/2024-GST dated 26.06.2024 - Time of supply in respect of supply of allotment of Spectrum to Telecom companies in cases where an option is given to the Telecom Companies for payment of licence fee and Spectrum usage charges in instalments in addition to an option of upfront payment.**

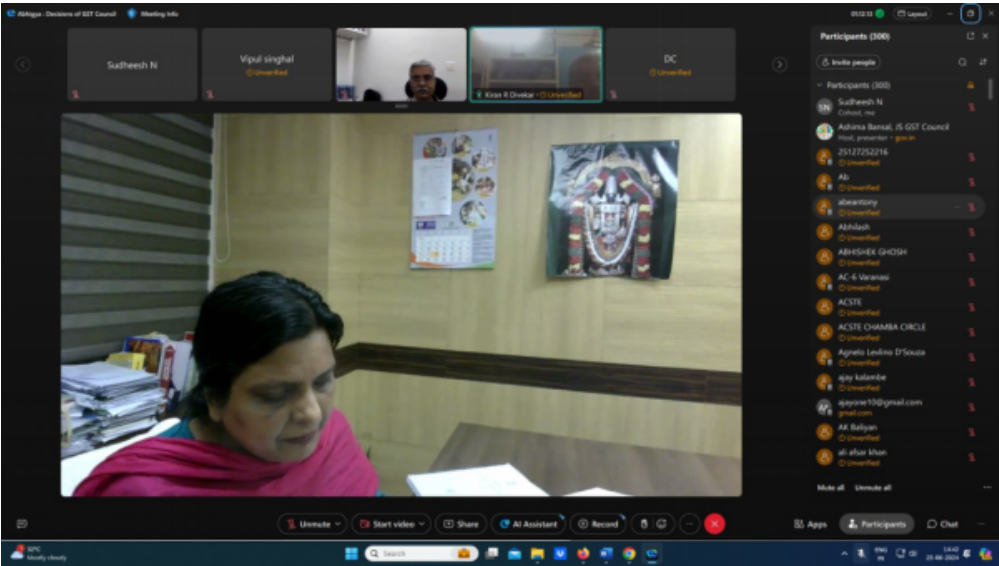
Vide this Circular the Board has clarified the time of supply for the GST payment on spectrum allocation services when the telecom operator opts for deferred payment in instalments. It has clarified that the spectrum allocation service provided by the Department of Telecommunications (DoT) is treated as a continuous supply of services under section 2(33) of the CGST Act and therefore, the Frequency Assignment Letter issued by the DoT which details the auction results and payment options, is not considered as an invoice but a bid acceptance document. Further, it is clarified that in case where full upfront payment is made by the telecom operator, GST would be payable when the payment of the said upfront amount is made or is due, whichever is earlier, whereas in case where deferred payment is made by the telecom operator in specified installments, GST would be payable as and when the payments are due or made, whichever is earlier.

Best Practices/ Outreach Programmes across India.

➡ **NACIN Mumbai conducted the 6th online training under the “अभिज्ञ” (Abhigya) series on the ‘Decisions of the GST Council’ on 25.06.2024.**

NACIN Mumbai conducted the 6th online training under the “अभिज्ञ” (Abhigya) series on the ‘Decisions of the GST Council’ on 25.06.2024.

The online session was expertly conducted by Mrs. Ashima Bansal, Joint Secretary, GST Council. Over 400 participants from State GST and Central GST Commissionerate’s pan India attended the said session. During the session, the participants were taken through various changes in GST rates, exemptions, amendments and other clarifications on diverse issues. They also actively engaged in the multiple-choice questions (MCQs) interspersed throughout the online session.



In Picture above: Ms. Ashima Bansal, Joint Secretary, GST Council presiding over the session

➡ **CGST, Jaipur has successfully organized an awareness programme on GST in collaboration with CA Association, Shahpura on 22nd June, 2024.**

CGST, Jaipur had successfully organized an awareness programme on GST in collaboration with CA Association. The main focus of this awareness camp was to enhance the taxpayer base in GST and resolving the problems faced by taxpayer in generating e-invoices and GST related compliances.



➡ **CGST Commissionerate, Udaipur successfully organizes an Outreach program on 22nd June, 2024 on GST.**

CGST Commissionerate, Udaipur has successfully organized an Outreach Program on 22nd June, 2024 with a special focus on improvement of compliance in e-invoice issuance by the eligible taxpayers and also resolved issues by trade representatives.



➡ **DGTS, Mumbai Zone Unit in association with AIFTP & CII, has successfully conducted an insightful webinar on “Impact of GST in Intellectual Property Rights (IPR)” on 26th June, 2024**

DGTS, Mumbai Zone unit in association with AIFTP & CII, has successfully conducted an insightful webinar on “Impact of GST in Intellectual Property Rights (IPR)” on 26.06.2024 by around 100 enthusiastic Participants attended the webinar.



GST Portal Updates

➡ **Filing of information by manufacturers of Pan Masala and Tobacco taxpayers**

Notification No. 04/2024 – Central Tax dated 05-01-2024 was issued to seek information from taxpayers dealing in the goods mentioned in the said Notification. Two forms have been notified vide the said Notification namely, GST SRM-I and GST SRM-II. The former pertains to the registration and disposal of machines while the latter asks for information on inputs and outputs during a month. Form GST SRM-I meant for registration of machines was made available on the portal w.e.f. 15-05-2024. Concerned taxpayers are using the same for the registration of machines and other information asked therein.

Form GST SRM-II is also now available on the portal. Taxpayers dealing in the manufacture of Pan Masala and Tobacco products can now report the details of inputs and outputs procured and consumed for the relevant month.

[Source: GST Portal Update dated 07.06.2024](#)

Accolades

➡ **Book Launch - "Analysis of GST Returns"**



In the Picture above (left to right): Mr. Pankaj Jindal, Joint Secretary (TPL-II), CBDT; Mr. Sanjay Malhotra, Revenue Secretary; Ms. Ashima Bansal, Joint Secretary, GSTCS and C.A. Arun Chhajer, Consultant, GSTN

Ms. Ashima Bansal, Joint Secretary, GST Council Secretariat, co-authored with C.A. Arun Chhajer, Consultant, GSTN the book - Analysis of GST Returns,. The book was officially launched by Mr. Sanjay Malhotra, Revenue Secretary in his office, followed by a brief event at GSTCS presided over by Mr. Pankaj Kumar Singh, Additional Secretary, GSTCS. This insightful publication offers a detailed analysis of major GST returns—GSTR-1, 1A, 3B, 9, and 9C—providing stakeholders with valuable insights to improve the accuracy of return filing and enhance overall compliance.

We extend our heartfelt congratulations to Ms. Ashima Bansal, Joint Secretary on this joyous occasion.



In the Picture above (left to right): Mr. Sandeep Kumar, Superintendent; Mr. Vineet Kumar, Superintendent; Mr. S.S.Shardool, Director; Mr. Kshitendra Verma, Director; Ms. Ashima Bansal, Joint Secretary; Mr. Pankaj Kumar Singh, Additional Secretary; B. Sumidaa Devi, Joint Secretary; Ms. P.R. Reshmi, Under Secretary and Ms. Reshma R Kurup, Under Secretary, GSTCS

➡ **GST Day - Certificate of Appreciation by CBIC**

Sh. Kshitendra Verma, Director at GST Council Secretariat was one of the recipients of the Commendation certificate given by Central Board of Indirect Taxes at pan India level on the occasion of 7th GST Day. The award was presented in the GST Day celebrations presided over by the CBIC Chairman at Kalpavriksha, North Block. This was followed by a brief event at GSTCS where he was honoured with a bouquet for his outstanding achievement.

We extend our heartfelt congratulations to Sh. Kshitendra Verma, Director on this joyous occasion.



In the picture (Right to Left): Shri Sanjay Kumar Agarwal, Chairman, CBIC felicitating Mr. Kshitendra Verma, Director, GSTCS



In the Picture above (left to right): Ms. Ashima Bansal, Joint Secretary; Mr. Kshitendra Verma, Director and Mr. Pankaj Kumar Singh, Additional Secretary, GST Council Secretariat.

In-House Celebrations

➡ **Celebrating International Day of Yoga at the GST Council Secretariat**

On June 21, 2024, the GST Council Secretariat enthusiastically observed the International Day of Yoga, promoting physical and mental well-being among its staff. The event featured invigorating yoga sessions led by experienced instructors, focusing on asanas (postures) and pranayama (breathing exercises) to enhance flexibility and reduce stress.

By embracing Yoga Day, the Secretariat underscores its commitment to staff wellness, encouraging all to integrate yoga's transformative benefits into daily life for overall well-being.



In the Pictures above: All officers along with the staff of the GST Council Secretariat celebrating the International Day of Yoga.

In the Centered seated: All the officers along with Yoga Instructors from BharatiyaYog Sansthan.

➡ **7th GST Day Celebration**

On July 1, 2024, the 7th GST Day was celebrated at the GST Council Secretariat, highlighting the pivotal role of the Goods and Services Tax (GST) in India's tax history. Implemented on July 1, 2017, GST has been a transformative force, simplifying compliance for MSMEs, and creating new financial opportunities. It has significantly reduced tax cascading, enhanced transparency, and boosted economic efficiency across sectors. Commemorating GST Day reaffirms our commitment to building a robust and equitable tax regime that supports India's global growth aspirations.



In the Picture Left: Officers and staff of the GSTCS celebrating the 7th GST Day on 01.07.2024.



In the Pictures Right: Smt. Ashima Bansal, Joint Secretary, Ms. Reshma RKurup, Under Secretary, GSTCS, Ms. P.R. Reshmi, Under Secretary, GSTCS B. Sumidaa Devi, Joint Secretary, GSTCS.

Falsa Demonstratio non nocet

The term falsa demonstratio non nocet is a legal phrase that means a false description doesn't void a document, as long as the intent is clear. In other words document is still valid despite containing a false description, as long as the actual subject matter is clear. This principle allows documents with errors or inaccuracies to still be considered legally valid if the subject matter is clear. The roots of "falsa demonstratio non nocet" can be traced back to Roman law. The phrase itself comes from Latin, translating to "a false description does not harm". Roman courts applied this principle when enforcing wills and other instruments with inconsequential errors.

The rule is clearly settled, that in construing a deed purporting to assure a property, if there be a description of the property sufficient to render certain what is intended, the addition of a wrong name, or of an erroneous statement as to quantity, occupancy, locality, or an erroneous enumeration of particulars will have no effect. When there is a sufficient description set forth of premises by giving the particular name of a close, or otherwise, we may reject a false demonstration. Where the description is made up of more than one part, and one part is true and the other false, there, if the part which, is true describes the subject with sufficient legal certainty, the untrue part will be rejected as falsa demonstratio, and will not vitiate the grant or devise. The doctrine of falsa demonstratio non nocet is not to be confined to cases where the first part of the description is true and the latter untrue, it being immaterial in what part of the description the falsa demonstratio occurs.

53rd GST Council Meeting – Picture Gallery



In Pictures above (Left to Right): Hon'ble Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman and Sh. Sanjay Malhotra, Revenue Secretary



In Pictures above (Left to Right): Smt. T. K Sridevi, CCT, Telangana; Sh. Mallu Bhatti Vikamarka, Hon'ble Minister for Finance, Telangana; Sh. Thangam Thennarasu, Hon'ble Minister for Finance and Human Resources Management, Tamil Nadu and Sh. Brajendra Navnit, Principal Secretary (Commercial Taxes and Registration), Tamil Nadu.



In Pictures above (Left to Right): Sh. O.P Gupta, Additional Chief Secretary (Finance), Maharashtra; Sh. Asheesh Sharma, CCT Maharashtra and Sh. K.N Balagopal, Hon'ble Minister for Finance, Kerala



In Pictures above (Left to Right): Smt. Ajanta Neog, Hon'ble Minister for Finance, Assam; Sh. M Girija Shankar, Chief Commissioner of Stater Tax and Sh. Payyavula Keshav, Hon'ble Minister for Finance, Planning and Legislative Affairs, Andhra Pradesh.



In Pictures above (Left to Right): Dr. Manoj Pant IAS, Additional Chief Secretary (Finance), West Bengal; Sh. Dilip Jawalkar, Secretary (Finance), Uttarakhand; Sh. Premchand Aggarwal, Hon'ble Minister for Finance, Uttarakhand; Sh. Suresh Kumar Khanna, Minister of Finance and Parliamentary Affairs, Uttar Pradesh; Dr Nitin Ramesh Gokran, Additional Chief Secretary (State tax) Uttar Pradesh and Sh. Pranajit Singha Roy, Hon'ble Minister for Finance, Tripura



In Pictures above (Left to Right): Sh. Vivek Aggarwal, Additional Secretary, DoR; Sh. Balasubramanian Krishnamurthy, Joint Secretary, DoR; Sh. Pankaj Kumar Singh, Additional Secretary, GST Council Secretariat and Smt. Ashima Bansal, Joint Secretary, GST Council Secretariat.



In the pictures above left to right: Smt. Puneeta Bedi, Director, TRU, Ms. Amreeta Titus, Deputy Secretary, TRU, and Shri. Vineet Kumar, Superintendent, Shri. S.S. Shardool, Director, GSTCS, Shri. Kshitendra Verma, Director GSTCS, Shri. Pankaj Kumar Singh, Additional Secretary GSTCS, Ms. Ashima Bansal, Joint Secretary, GSTCS, Ms. Sumidaa Devi, Joint Secretary, GSTCS, Ms. C. Shikha, Commissioner of Commercial Tax, Karnataka, Shri. Anil Kumar, Deputy Secretary, GSTCS, Shri Sridhar Das, Under Secretary, GSTCS, Smt. P.r. Reshmi, Under Secretary, Ms. Ambika Rani, Superintendent, GSTCS Shri. Shyam Bihari Meena, Tax Assistant, GSTCS, Shri. Rakesh Dahiya, Director, TRU, Shri. Himanshu Bhardwaj, Superintendent, GSTCS, Shri. Niranjn Kishore, Superintendent, GSTCS, Shri. Mohan Lal, Superintendent, GSTCS, Smt. Ishita Jindal, Consultant GSTCS, Shri. Shiva Goyal, Consultant, GSTCS, Shri. Vikas Kumar, Executive Assistant, GSTCS, Smt. Sonia, Superintendent, GSTCS, Shri, Pawan Kumar, MTS, GSTCS, Shri. Aman Chauhan, MTS, GSTCS, Aditya Mishra, DEO, GSTCS, Kuldeep Yadav, DEO, GSTCS.