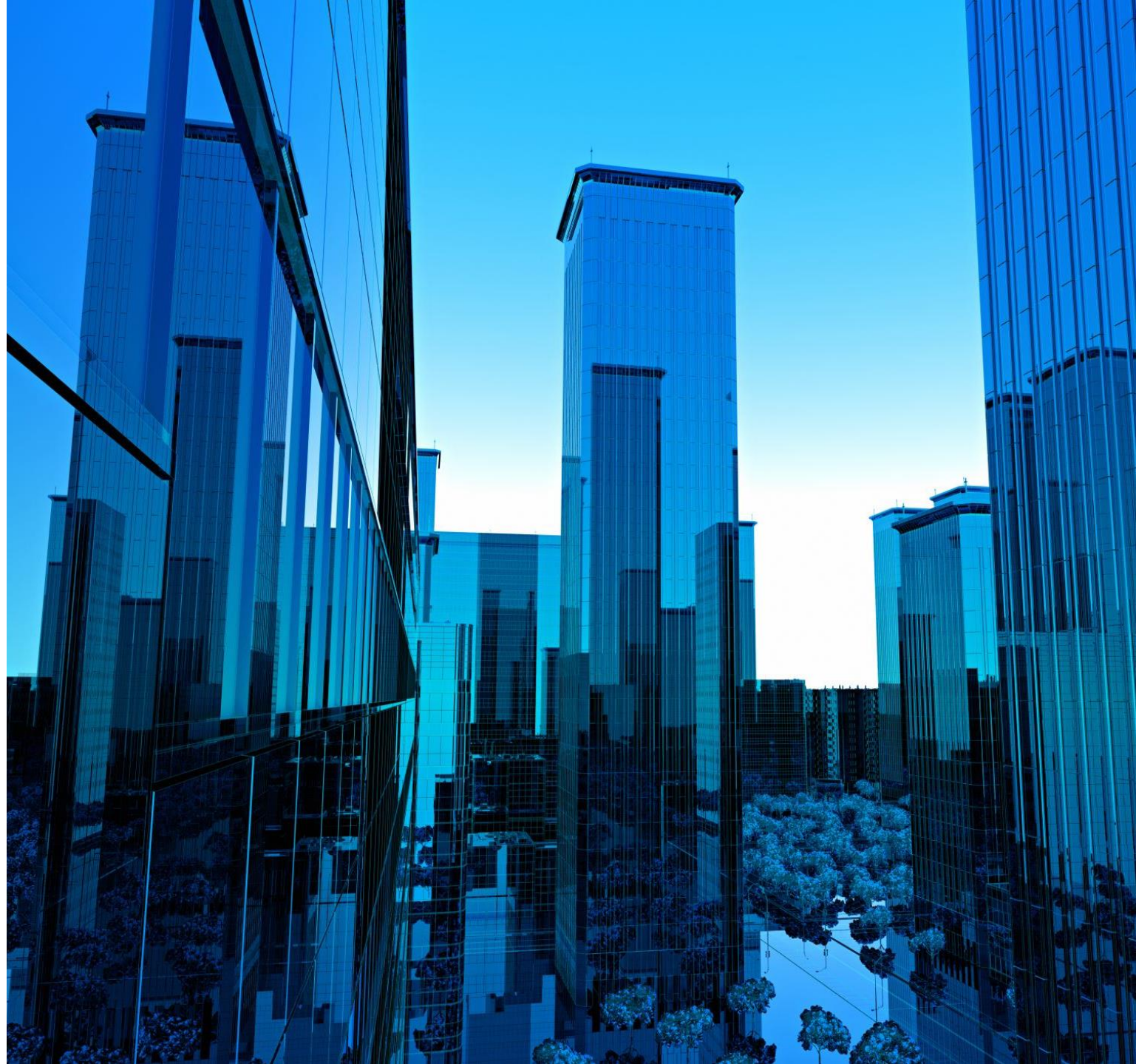


GST CHANGES IN BUDGET 2023

CA PRITAM MAHURE AND
ASSOCIATES

01.02.2023



EVERY PROFESSIONAL AFTER BUDGET!



Overview!



Critical changes



Other Changes

1. CRITICAL CHANGES!



1.1 INCREASED REVERSAL OF ITC!



Now, ITC on goods or services received for **performing CSR activities** will not be available as ITC!



This may add to the increasing costs of the business!

TAXPAYERS AFTER DOING CSR!



1.2 HIGH SEA SALES, ETC. NOT AN EXEMPT SUPPLY SINCE INCEPTION!



Currently, Para 7 and 8 of Schedule III provides for supplies (e.g. high sea sale) outside purview of GST!



Para 7 and 8 were introduced from 1.02.2019!



Now, it is made applicable retrospectively (however, if tax paid already then refund not permissible)!



This may be **beneficial for ongoing Audits or cases** where notice is issued!

TAXPAYERS WHO HAVE PAID GST ON HIGH SEA SALE!



1.3 PENDING RETURNS CAN BE FILED ONLY UP TO 3 YEARS!



At present, there was **no specific outer limit** on filing of GSTR-1, GSTR-3B, GSTR-9 and GSTR-8 (TCS Return)!



Now, restrictions is proposed on the filing of returns to a max. period of **3 Years** from the due date of the respective return!



Some exceptions may be provided by GSTC!



Now, given the outer limit, taxpayers will need to file returns well within time!

NOW DELAYED RETURN FILERS BE LIKE!



1.4 HIGHER LIMITS FOR PROSECUTION (JAIL) EXCEPT FOR FAKE INVOICING



For launching **prosecution current threshold is INR 1 crore** i.e. if tax amount evaded is more than 1 crore, the taxpayer can be jailed!



Now, this is proposed to be **increased to INR 2 crores!**



However, **not applicable to fake/ bogus** invoicing cases!



It may lead to peace of mind for genuine taxpayers!

FAKE INVOICING EVEN FOR > 1 CRORE



1.5 WHAT IS DECRIMINALIZED



Preventing officer, tampering evidence and non-supply of information will not be a criminal offence!



Aforesaid change may result in better governance and reduce pressure on Courts!

WHEN SOMEONE COMMITS ANY OFFENCE



1.6 COMPOUNDING CHARGES REDUCED



Compounding charges means the amount to be paid to not go to Jail!



Now, it is proposed to reduce the compounding charges to **(25% - 100%)!**



However, the change is not applicable to issuance of fake invoices!

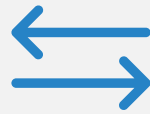


Clearly, the focus of government seems more on recovery and less on initiation of proceedings!

AVOIDING PROSECUTION!



1.7 YOUR DATA TO BE SHARED WITH OTHERS



Information like **Registration details, GST Returns details, invoice details, e-way bill etc.** to be shared with other systems!



For data sharing, consent of the Supplier and Recipient is **required**. Methodology to be used could be prescribed.



Further, Government or the GST Portal will not be held responsible for information shared!



Data sharing may help financial institutions extend credit to taxpayers!

GST PORTAL AFTER ASKING FOR CONSENT!



1.8 NO REGISTRATION IN CASE OF ENTIRELY EXEMPT SUPPLY



In case the **entire outward supply of a business is exempt** (say supplying exempt goods) then there is no requirement to take registration in GST!



This is a retrospective and **beneficial amendment** for cases where certain transactions say availing advocate services could have triggered compulsory GST registration!

SECTION 23 TO 24 NOW!



2. OTHER CHANGES!



2.1 POS IN CASE OF TRANSPORT OF GOODS TO OUTSIDE INDIA!



Currently, proviso to Section 12(8) states that POS shall be destination of goods (in case of export of goods)!



Now, this Proviso to be deleted (which signifies that POS shall be the location of the recipient)!

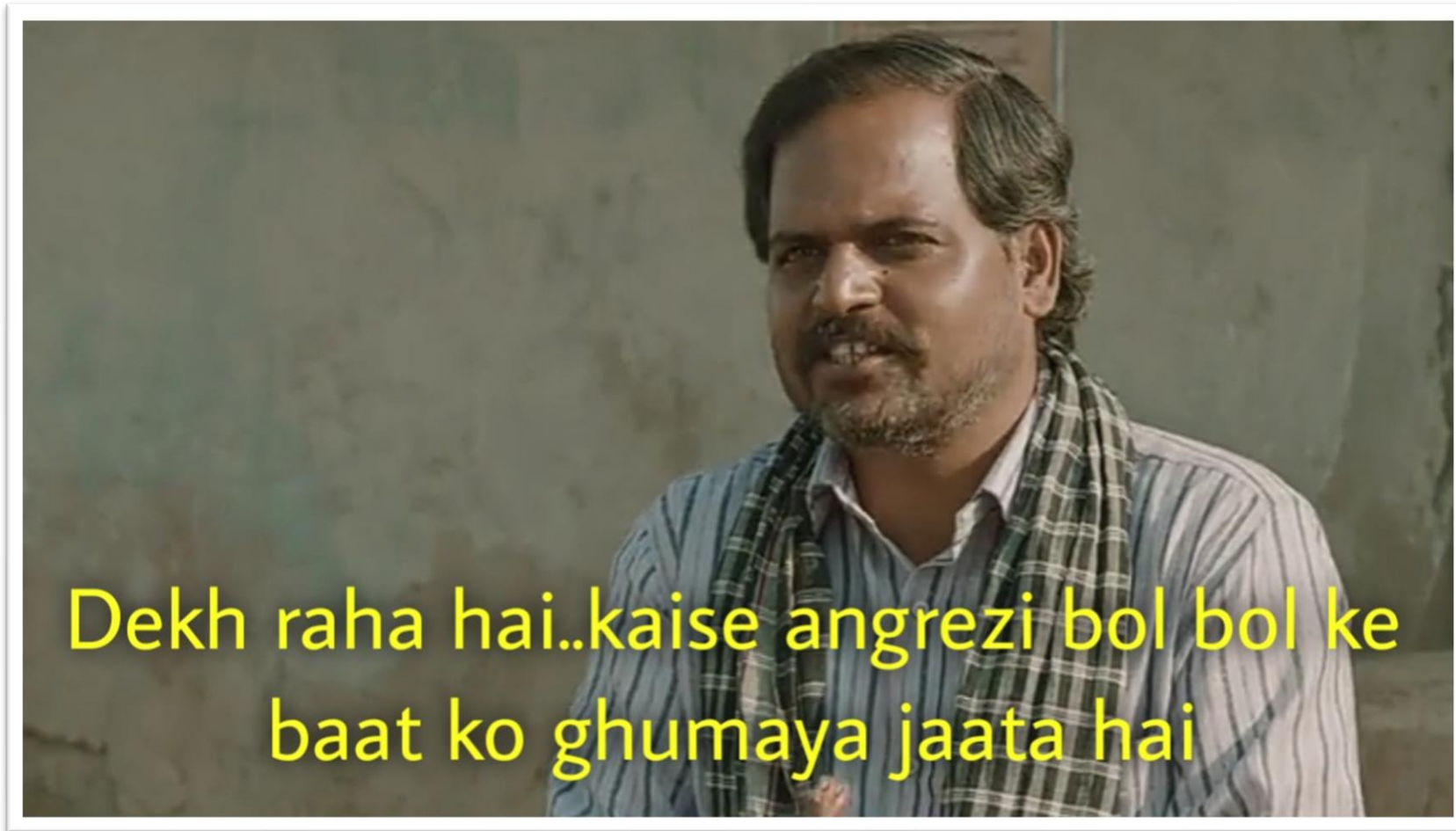


Vide Circular 184/2022 it is already clarified that **ITC is available!**



This may be beneficial for the exporters!

TAXPAYERS AFTER SEEING THIS CHANGE



2.2 LEVEL PLAYING FIELD FOR COMPOSITION TAXPAYERS IN ONLINE & OFFLINE SPACE



Currently, composition taxpayers cannot supply goods through ECO!



Now, composition taxpayers **can make supply of goods through ECO!**



However, service providers may not be eligible for the aforesaid amendment!

SERVICE PROVIDERS REACTION!



2.3 ECO RESPONSIBLE FOR NON-COMPLIANCES ON THEIR PLATFORM



Now, ECO could be held liable for specified offences such as allowing supply through un-registered persons, allowing inter-State supply to in-eligible persons or not furnishing correct details under section 52.



This amendment will lead to increase in compliance burden for ECO along with risk of penal provision!

ECO LOOKING AT THESE PROVISIONS BE LIKE



2.4 CHANGES RELATED TO OIDAR!



Currently, definition of 'Non-taxable online recipient' and 'OIDAR' is provided at Section 2 (16) and 2 (17)!



Now, aforesaid definitions are expanded!



This is introduced to reduce interpretation issues!

NEW PERSONS GETTING CLASSIFIED AS OIDAR



2.5 INCREASED REVERSAL OF ITC!



Supply of warehoused goods before clearance for home consumption will attract ITC reversal



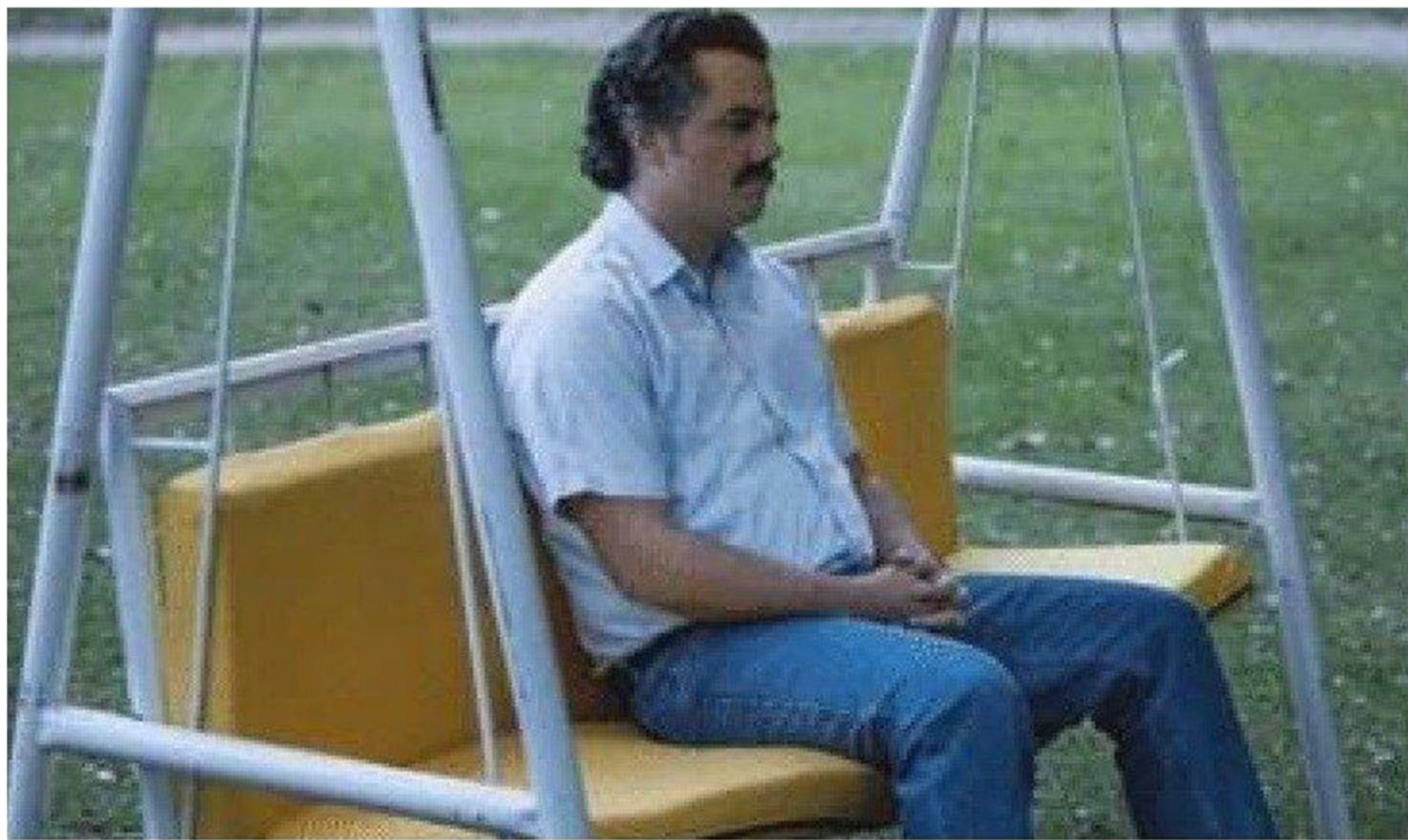
This amendment will effectively mean sale of goods at duty free shops (at arrival terminal) will attract ITC reversal!

BUYERS AFTER INCREASE IN PRICES AT DUTY FREE SHOPS!



Arey mujhe chakkar aane laga hai

TAXPAYERS WAITING FOR TRIBUNAL AND AMNESTY!



THANK YOU!



CA Pritam Mahure and
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Happy to Discuss!



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