

# GST | SYNOPSIS OF AMENDMENTS PROPOSED IN BUDGET 2024

CA Vaishali Kharde



## Synopsis of the amendments proposed in Budget 2024

The Finance Bill 2024 (FB Bill, 2024) has proposed two amendments in the CGST Act. The brief synopsis of the same is from the lance of GST is as under

<u>Clause of FB, 2024</u>	<u>Section of CGST Act</u>	<u>Proposed Amendments to the Section</u>	<u>Our Comment/ Remark/Impact</u>
<b><u>Amendments applicable from the date to be Notified</u></b>			
Clause 11	Section 2(61) of the	<p><b>Present Definition</b></p> <p><i>(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices issued under section 31</i></p>	Clause 11 of the Bill seeks to amend Section 2(61) of the CGST ACT so as to amend the definition of “Input Service

	CGST  Act	<p><i>towards the receipt of input services and issues a <u>prescribed document</u> for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office;</i></p> <p><b><i>Proposed Definition</i></b></p> <p><i>‘(61) “Input Service Distributor” means an office of the supplier of goods or services or both which</i></p>	Distributor” to include the self-invoices issued for RCM.
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*receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;’.*

**Amendment Proposed**

‘(61)- “Input Service Distributor” means an office of the -supplier of goods or services or both which

		<p>receives tax invoices <del>issued under section 31</del></p> <p>towards the receipt of input services <del>and issues a</del></p> <p><del>prescribed document for the purposes, including</del></p> <p><del>invoices in respect of distributing the credit of</del></p> <p><del>central tax, State tax, integrated tax or Union</del></p> <p><del>territory tax paid on the said services</del> <u>liable to a</u></p> <p><del>supplier</del> <u>tax under sub-section (3) or sub-section</u></p> <p><u>(4) of section 9, for or on behalf of taxable goods</u></p> <p><del>or services or both having the same Permanent</del></p> <p><del>Account Number as that</del> <u>distinct persons referred</u></p> <p><u>to in section 25, and liable to distribute the input</u></p>	
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		<u>tax credit in respect of <del>the said office</del>; such invoices in the manner provided in section 20;</u> '.	
Clause 12	Section 20	<p><b>Present Provisions</b></p> <p><b>Manner of distribution of credit by Input Service Distributor.</b></p> <p><i>20.(1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input</i></p>	<p>Clause 12 of the Bill seeks to amend Section 20 of the CGST ACT so as to amend section 20 of the CGST Act for Manner of distribution of credit by Input Service Distributor.</p> <p>As per the revised Section 20 which now it can be construed that ISD registration is</p>

		<p><i>tax credit being distributed in such manner <u>as may be prescribed</u>.</i></p> <p><i>(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—</i></p> <p><i>(a) the credit can be distributed to the recipients of credit against a document containing such details <u>as may be prescribed</u>;</i></p> <p><i>(b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;</i></p>	<p>mandatory in case of distribution of credit for an office who receives the invoice on behalf of distinct persons.</p> <p>Now, Cross Charge Vs ISD discussion will lead to confusion.</p>
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*(c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;*

*(d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient,*

		<p><i>during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;</i></p> <p><i>(e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union</i></p>	
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*territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period*

**Revised Provisions**

*20. (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of*

	<p><i>section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.</i></p> <p><i>(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid</i></p>	
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	<p><i>by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.</i></p> <p><i>(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”</i></p>	
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Clause 13	Insertion of New Section 122A	<i>“122A. (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to</i>	Clause 13 of the Bill seeks to insert Section 122A of the CGST ACT so as to insert to specify a penalty equal to an amount of one lakh rupees for failure to register certain machines used in manufacture of goods as per special procedure
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		<p><i>an amount of one lakh rupees for every machine not so registered.</i></p> <p><i>(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation: Provided that such machine shall not be confiscated where—</i></p> <p><i>(a) the penalty so imposed is paid, and</i></p> <p><i>(b) the registration of such machine is made in accordance with the special procedure within</i></p>	<p>As per Recent amendment registration of packing machines of specified goods like Pan Masala, Tobacco, Gutkha, etc under the GST legislation is mandatory.</p> <p>However, there were no consequence are prescribed under GST law for the non-compliance. Accordingly, new</p>
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		<i>three days of the receipt of communication of the order of penalty.”</i>	Section is now proposed to insert.
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**For feedback and queries please connect us :**

- [Email: cakhardevaishali@vbkconsultancy.com](mailto:cakhardevaishali@vbkconsultancy.com)
  - [Mobile: +919561005039](tel:+919561005039)

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