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BUDGET SPECIAL

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3 Changes in CGST Act, 2017 as proposed in Budget 2024-25.

Clause 11- 13 of the Finance Bill, 2024 chalks out the proposed changes in the CGST Act, 2017.

S. No.	Clause of Finance Bill, 2024	Proposed Amendment in CGST Act, 2017
1	11	Amendment in Section 2
2	12	Amendment in Section 20
3	13	Insertion of Section 122A

The same has been summarized below as:

1. Amendment of section 2(61):

Substitution has been made in the definition of "Input Service Distributor"

Existing Section 2(61)	Proposed Section 2(61)
"Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document 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.	"Input Service Distributor" means an 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 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.

2. Substitution of section 20 which deals with the Manner of distribution of credit by Input Service Distributor

Existing Section 20	Proposed Section 20
Please refer Lawgics No. 017 & 018	(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 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.

- (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 by a distinct person registered in same State as said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.
- (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.

3. Insertion of new section 122A regarding Penalty for failure to register certain machines used in manufacture of goods as per special procedure.

New Section 122A	Interpretation
<p>Section 122A</p> <p>(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 an amount of one lakh rupees for every machine not so registered.</p> <p>(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:</p> <p>Provided that such machine shall not be confiscated where—</p> <ol style="list-style-type: none">(a) the penalty so imposed is paid, and(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.	<p>As per Notification No.30/2023-CT dated 31.07.2023, the persons who are engaged in the manufacture of goods like Pan masala & Tobacco products etc. were required to follow special procedure relating to registration of machines as notified under section 148.</p> <p>Now, new penalty provision is proposed vide Section 122A for such persons. It is proposed that such persons who are required to register the machines shall be liable to pay a penalty equal to Rs.1 lakh rupees for every machine, in case of failure to register such machine. Additionally, every machine not so registered shall be liable for seizure and confiscation. Such machine shall not be confiscated if penalty so imposed is paid, and registration of such machine is made in accordance with the special procedure within 3 days of the receipt of communication of the order of penalty.</p>

These provisions shall come into force on such date appointed by Notification.

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