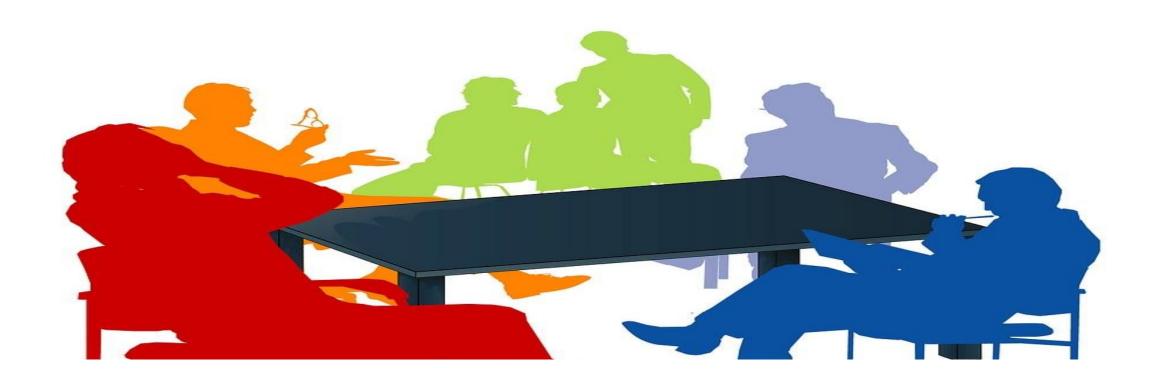
GST – SYNOPSIS OF THE PRESS RELEASE OF THE 53RD GST COUNCIL MEETING

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OVERVIEW



Synopsis of 53nd GST Council



Press Release Subject to Notifications to be issued



GST Council Meeting - Almost after 8 Months

KEY PROPOSED

AMENDMENT -

- 53ND GST

COUNCIL MEETING

Time limit for Section 16(4)

Monetary limit prescribed for an appeal by the Department

Conditional waiver of
interest or penalty or both
for demand Notice Issued
under Section 73

Reduction of the amount of pre-deposit for filing of appeals

KEY PROPOSED

AMENDMENT -

− 53ND GST

COUNCIL MEETING

No Interest on Electronic Cash
Ledger (ECL)

Changes in GST Rates – Goods

To provide for common time limit for issuance of demand notices and orders for Section 73 and 74 of the CGST Act.

Proposed to Exempt Supply of specified Goods

KEY PROPOSED

AMENDMENT -

− 53ND GST

COUNCIL MEETING

Proposed to Exempt Supply of Certain Services

Other Amendments
Proposed

Clarifications Proposed

Other Recommendation

TIME LIMIT FOR SECTION 16(4)



TIME LIMIT FOR SECTION 16(4)



What is Section 16(4) of the GST Act?



Time limit for availment of ITC prescribed – i.e.

The last date for avaiment of ITC prescribed was due date of furnishing of GSTR-3B of September of next year

TIME LIMIT FOR SECTION 16(4)

The time limit to avail ITC w.r.t. any invoice or debit note under Section 16(4) of CGST Act, through any GSTR 3B return filed up to 30.11.2021 for FY 2017-18, 2018-19, 2019-20 and 2020-21, may be deemed to be 30.11.2021

The amendment applies retrospectively.

KEY HIGHLIGHTS - TIME LIMIT FOR SECTION 16(4)

It will also benefit taxpayers who have filed GST returns under the Amnesty Scheme..

CONDITIONAL WAIVER OF
INTEREST OR PENALTY OR BOTH
FOR DEMAND NOTICE ISSUED
UNDER SECTION 73



CONDITIONAL WAIVER OF INTEREST OR PENALTY OR BOTH FOR DEMAND NOTICE ISSUED UNDER SECTION 73

Applicable to

Demand order u/s 73 of CGST Act, 2017 for the fiscal years 2017-18, 2018-19 and
 2019-20

Benefit under Scheme

Waiver of interest and penalties

Conditions if any

• Full tax demanded is paid up to 31.03.2025.

KEY HIGHLIGHTS - CONDITIONAL WAIVER OF INTEREST OR PENALTY OR BOTH FOR DEMAND NOTICE ISSUED UNDER SECTION 73

It may reduce litigation, but the litigation of demand notices issued under section 74 will still be uncertain.

How many taxpayers will be able to avail of the same benefit as full tax is required to be paid up to 31.03.2025?

MONETARY LIMIT PRESCRIBED FOR FILING AN APPEAL BY THE DEPARTMENT



MONETARY LIMIT PRESCRIBED FOR FILING AN APPEAL

Rs. 20 lakh GST Appellate Tribunal Rs. 1 crore • High Court Rs. 2 crore • Supreme Court

KEY HIGHLIGHTS - MONETARY LIMIT PRESCRIBED FOR FILING AN APPEAL

It will aid in reducing litigation.

What about previous appeals filed by the Department? Will the monetary limit also apply to them?

Will the monetary limit apply regardless of the issue involved?

REDUCTION OF THE AMOUNT OF PRE-DEPOSIT FOR FILING OF APPEALS



REDUCTION OF THE AMOUNT OF PRE-DEPOSIT FOR FILING OF APPEALS

Pre-deposit for Appeal GST Appellate Tribunal - At Present

 20% with a maximum amount of Rs. 50 crores CGST and Rs. 50 crores SGST to

Appeal GST Appellate Tribunal – Proposed

10 % with a maximum of Rs. 20 crores CGST and Rs. 20 crores SGST

NO INTEREST ON ELECTRONIC CASH LEDGER (ECL)



INTEREST AMENDMENT SAGA

2019	Proviso to Section 50 inserted in for levy of interest on net cash payable.
—	
14.03.2020	39th GST Council Meeting recommended amendment retrospectively
01.09.2020	Not. No. 63/2020-CT proviso become effective
•	
18.09.2020	Circular 20/01/08/2019 – Clarified amendment intended retrospectively
•	
Budget 2021	Now Proviso substituted to make said provision retrospectively
•	
01.06.021	Notification No. 16/2021- CT issued to notify the amendment of Budget 2022
Budget 2021	New sub section 3 inserted for levy of interest on wrongly availed and utilized (Retrospectively)
05-07-2022	Notification No. 9/2022-C.T, dated so the to notify the change w.r.t interest wrong availed and utlised

INTEREST ON ELECTRONIC CASH LEDGER (ECL)

Issue

• Interest was applicable even if there was a balance available in the cash ledger, if GSTR-3B not filed by the due date, regardless of fact that portal does not allow to file GSTR-3B payable or partly payable.

Recommendation

• Not levy interest u/s 50 of CGST Act on Interest Electronic Cash Ledger (ECL)

KEY HIGHLIGHTS - INTEREST ON ELECTRONIC CASH LEDGER (ECL)

Whether amendment will be prospective or retrospective?

Going forward also, GSTR-3B will continue to be required to be filed only after the full tax payment has been made.

TO PROVIDE FOR COMMON TIME LIMIT FOR ISSUANCE OF DEMAND NOTICES AND ORDERS FOR SECTION 73 AND 74 OF THE CGST ACT.



TO PROVIDE FOR COMMON TIME LIMIT FOR ISSUANCE OF DEMAND NOTICES AND ORDERS FOR SECTION 73 AND 74 OF THE CGST ACT

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 [For Section 74 of the CGST Act]

CHANGES IN GST RATES – GOODS



CHANGES IN GST RATES – GOODS

Recommendation 5% GST rate on

• 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.

CHANGES IN GST RATES – GOODS

Recommendation 12% GST rate on

- milk cans (steel, iron, aluminum) irrespective of use;
- Carton, Boxes And Cases of both corrugated and non-corrugated paper or paper-board
- Solar cookers whether single or dual energy source;
- sprinklers including fire water sprinklers.

OTHER AMENDMENTS PROPOSED



OTHER AMENDMENTS PROPOSED –INSURANCE

May be declared as no supply under Schedule III

- Co-insurance premium apportioned by lead insurer to the coinsurer for the supply of insurance service by lead and coinsurer to the insured in co-insurance agreements
- Transaction of ceding commission/re-insurance commission

OTHER AMENDMENTS PROPOSED –INSURANCE

Other – To issue clarification

 Retrocession is 're-insurance of re-insurance' therefore, eligible for the exemption under Sl. No. 36A of the notification No.12/2017-CTR dated 28.06.2017.



Review

Analyze

Proposed to Exempt Supply of specified Goods

To extend IGST exemption on imports of specified items for defence forces for a further period of five years till 30th June, 2029.

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.

Proposed to Exempt Supply of specified Goods

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

Proposed to Exempt Supply of Certain Services

Review

Analyze

Proposed to Exempt Supply of Certain Services

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.

Proposed to Exempt Supply of Certain Services

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.

To exempt GST on the services provided by 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.

Clarification – Applicability of Section 16(4) to the ITC for GST paid under RCM Review **Analyze**

Clarification – Applicability of Section 16(4) to the ITC for GST paid under RCM

Supplies received from unregistered suppliers, where GST has to be paid by the recipient under RCM, the relevant FY for calculation of time limit for availment of ITC under the provisions of section 16(4) of CGST Act is the FY in which the invoice has been issued by the recipient (i.e. Self Invoice)

Clarification - Valuation of supply of import of services

Review

Analyze

Clarification - Valuation of supply of import of services

In cases where the foreign affiliate is providing certain services to the related domestic entity, for which full ITC is available to the said related domestic entity deemed as Open Market Value

• Even, if the invoice is not issued, the value of such services may be deemed to be declared as Nil.

Clarifications Proposed to be issued –Valuation of Corporate

Guarantee

Review Analyze

Clarifications issued in 52th GST council meeting

No consideration – Personal guarantee

Value will be zero and no GST

No Consideration/with Consideration - Corporate Guarantee

- Inserted valuation rule 28(2)
- Value = 1% of the amount of such guarantee offered, or the actual consideration,
 whichever is higher. [irrespective of whether full ITC is available to the recipient of services or not]

Now Clarification Proposed

Applicability of rule 28(2) of CGST Rules retrospectively with effect from 26.10.2023 and

To clarify various issues regarding valuation of services of providing corporate guarantees between related parties. Like 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 ITC.

Clarification - Valuation of supply of import of services

Review

Analyze

Clarification - Valuation of supply of import of services

Recommended to clarify that ITC 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 Section 17 (5) of CGST Act

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

Other Clarifications Reason InvesProposed

Review

Analyze

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

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

Place of supply applicable for custodial services provided by banks s is determinable as per Section 13(2) of the IGST Act, 2017

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

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

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.

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

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.

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

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

Other Recommendation



Other Recommendations

To provide 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.

Other Recommendations

Change in due date for filing of return in FORM GSTR-4 for composition taxpayers from 30 April to 30 June for the financial year 2024-25 onwards.

Other Recommendations – GSTR- 9 and 9A

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.

Other Recommendations – Reporting of GSTR-1

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

Other Recommendations – GSTR-7

Form GSTR-7 is to be filed every month irrespective of whether any tax has been deducted during the said month or not.

No late fee may be payable for delayed filing of Nil FORM GSTR-7 return.

Invoice-wise details may be required to be furnished in the FORM GSTR-7 return

Other Recommendations – Refund of Export of Goods

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.

Other Recommendations – E-commerce Operators

Recommended to amend section 122(1B) of CGST Act retrospectively w.e.f. 01.10.2023, so as to clarify that 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

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),

Other Recommendations – Adjustment of Pre-deposit paid for Appeal

Recommended to amend 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 Recommendations – Aadhaar Authentication

Recommended to roll-out the biometric-based Aadhaar authentication of registration for applicants on pan-India basis in a phased manner.

Other Recommendations – Anti-Profiteering

To provide a sunset clause for anti-profiteering under GST

To provide for handling of anti-profiteering cases by

Principal bench of GST Appellate Tribunal (GSTAT).

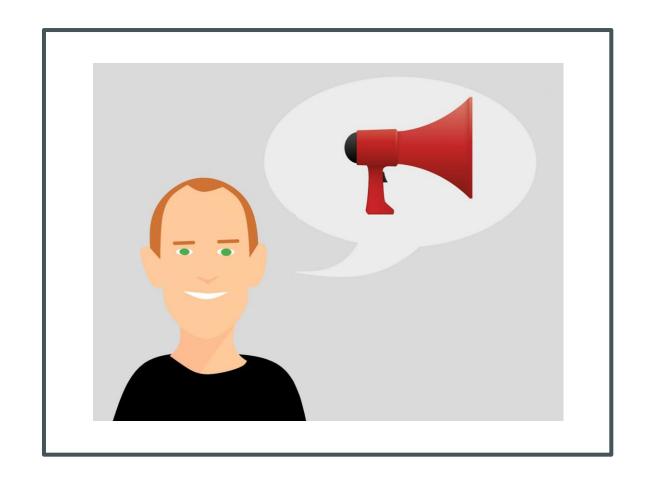
Other Recommendations – Extra Neutral Alcohol (ENA)

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.



Picture Abhi Baaki Hai Mere Dost

ATTENTION!



The amendments

discussed in the press

release will be subject to

a detailed notification!

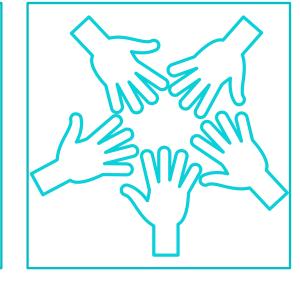


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