



THE GST INSIDER

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(1st Oct 24 to 15th Oct 24)

CA. SAMARPIT SHARMA

»»» PREFACE «««

Welcome to our latest issue of "**The GST Insider**" meticulously compiled by **CA Samarpit Sharma**. As we navigate through the ever-evolving landscape of the Goods and Services Tax (GST), our aim is to bring you the most recent and pertinent updates, including circulars, notifications, press releases, relevant case laws, advance rulings, and other essential documents.

This Newsletter is designed to serve as a comprehensive resource for enhancing your understanding of GST regulations. Each edition is carefully structured to present complex legal content in an accessible and engaging format. Through the use of explanatory visuals and simplified explanations, we strive to make the material not only easier to comprehend but also more interesting to read.

It is important to note that the information provided herein is intended solely for knowledge sharing purposes and should not be utilized as a basis for any form of professional advice. For specific GST-related advice, we recommend consulting with qualified experts.

By integrating visual aids and reformulating the legal text into reader-friendly formats, we hope to enrich your learning experience and keep you updated on significant GST developments. Enjoy the read, and may it spark both your interest and understanding of GST.

Thank you for trusting "The GST Insider" as your go-to source for GST updates. We hope you find this edition both informative and easy to comprehend.

Thank You!



CA. SAMARPIT
SHARMA

AUTHOR

“

Embrace the challenge, for it is the path to your greatest growth.

”

»»» NEWSLETTER «««

THE GST INSIDER



TOP NOTIFICATIONS AND CIRCULARS OF THE MONTH

PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A

NOTIFICATION NO. 20/2024 &
CIRCULAR NO. 238/32/2024



READ MORE

Section 128A of the CGST Act, 2017 introduces a scheme that allows taxpayers to seek a waiver of interest and penalties for tax demands related to the period 1st July 2017 to 31st March 2020 under Section 73. Taxpayers can avail of this benefit by settling their tax liabilities by 31st March 2025.

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READ MORE



Sections 16(5) and 16(6) of the CGST Act, 2017 have been enacted with retrospective effect from 1st July 17 to extend the limitation period for claiming ITC. This amendment allows ITC for invoices related to FY 17-18, 18-19, 19-20, and 20-21, if such credit is claimed in any return filed up to 30th November 21.

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RETROSPECTIVE AMENDMENT TO ITC PROVISIONS UNDER SECTIONS 16(5) & 16(6) OF THE CGST ACT, 2017.

NOTIFICATION NO. 22/2024

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NOTIFICATION NO. 20/2024 -CENTRAL TAX - GST DATED 08/10/24 & CIRCULAR NO. 238/32/2024-GST GST DATED 15/10/24. PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A

Section 128A of the CGST Act, 2017 introduces a scheme that allows taxpayers to seek a **waiver of interest and penalties** for tax demands related to the period **1st July 2017 to 31st March 2020** under **Section 73**, which covers **non-fraudulent cases**. The scheme becomes **effective on 1st November 2024**, and taxpayers can avail of this benefit by **settling their tax liabilities by 31st March 2025**. A special procedure has been prescribed under Rule 164 to govern the application process for the waiver, ensuring that eligible taxpayers can access this relief in a structured manner. Below is an expanded explanation of this special procedure, including its eligibility criteria, application process, and related timelines.

1. Eligibility and Application Process

Taxpayers eligible for the waiver need to apply electronically through specific forms. The application process is split based on whether the tax demand is raised via notices, statements, or orders:

- **For Notices/Statements:** If a tax demand is raised under a **notice or statement** issued under Section 73, the taxpayer can apply for the waiver by filing **FORM GST SPL-01**. The application must be accompanied by proof of the tax payments made, typically in **FORM GST DRC-03**.
- **For Orders:** In cases where the tax demand is raised under an **order** that has not yet been finalized through appellate or revisional proceedings, the taxpayer must file **FORM GST SPL-02**. The tax demand should be credited to the **Electronic Liability Register (ELR)** before applying for the waiver. If the tax was already paid using **FORM GST DRC-03**, the taxpayer must also file **FORM GST DRC-03A** to credit the payment before submitting the waiver application.

The process ensures that both types of taxpayers - those with unresolved notices/statements and those with pending orders - have access to the waiver benefits, provided they meet the criteria for eligibility.

2. Demands Involving Erroneous Refunds

The waiver scheme **does not apply** to cases where the tax demand arises from **erroneous refunds**. In situations where a notice, statement, or order includes a tax demand that relates to **both erroneous refunds and other reasons**, the taxpayer **must pay the full tax amount** before applying for a waiver. This exclusion ensures that only legitimate tax demands related to non-fraudulent errors are eligible for the waiver, while cases of wrongful refunds, which involve a misrepresentation of the taxpayer's actual liabilities, remain ineligible.



**NOTIFICATION NO. 20/2024 -CENTRAL TAX - GST DATED 08/10/24
& CIRCULAR NO. 238/32/2024-GST GST DATED 15/10/24.
PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR
DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A**

3. Demands for Multiple Tax Periods

In cases where the tax demand covers multiple tax periods, including both the period **eligible for the waiver (1st July 2017 to 31st March 2020)** and other periods, the taxpayer must **pay the full tax demand before filing the waiver application**. This requirement ensures that taxpayers cannot selectively pay for the waiver-eligible periods while leaving other tax liabilities unresolved. The taxpayer must settle the total tax due, including amounts owed for periods not covered by the waiver, to qualify for the interest and penalty relief.

4. Amount Payable Under the Scheme

The amount payable under the waiver scheme will be adjusted by deducting any amounts that are no longer payable due to retrospective amendments to **Sections 16(5) and 16(6) of the CGST Act**, which relate to the **eligibility of input tax credit (ITC)**. This adjustment ensures that taxpayers are only required to pay the net tax liability, taking into account any credits they are now entitled to due to changes in ITC eligibility rules. This provision is particularly important for taxpayers whose ITC was previously deemed ineligible but has since been clarified or adjusted through amendments.

5. Exclusion of Interest for Delayed Returns and Supplies

One key exclusion from the waiver scheme is interest demanded due to delayed filing of returns or delayed reporting of supplies in the returns. This interest relates to self-assessed tax liabilities, where the taxpayer has failed to meet their obligation to file or report on time. **Such interest is recoverable under Section 75(12) of the CGST Act** and does not pertain to a disputed tax demand. As a result, taxpayers who delay in fulfilling their compliance obligations cannot benefit from the interest waiver, which is intended to address non-fraudulent tax demands under Section 73.

6. Time Limits for Filing Applications

The waiver scheme imposes strict timelines for taxpayers to submit their applications. **Taxpayers must file their applications for the waiver within three months** of Section 128A becoming effective, which is from **1st November 2024. This gives taxpayers until 31st January 2025 to submit their applications for waiver.** However, in cases where the tax demand is redetermined under Section 73 by an appellate or revisional authority, the deadline for filing the waiver application is extended to **six months** from the date of communication of the redetermined tax order. This extension provides additional time for taxpayers who are awaiting final adjudication of their tax liabilities.



**NOTIFICATION NO. 20/2024 -CENTRAL TAX - GST DATED 08/10/24
& CIRCULAR NO. 238/32/2024-GST GST DATED 15/10/24.
PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR
DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A**

7. Documentation Requirements

When filing for the waiver, taxpayers are required to provide supporting documents to substantiate their eligibility. This includes **documents evidencing the withdrawal of any appeal or writ petition** filed before an appellate authority, tribunal, or court. If the taxpayer has filed for withdrawal but the order for withdrawal is still pending, the application must be accompanied by a copy of the withdrawal application, and the final order must be **submitted within one month of its issuance**. These requirements ensure that taxpayers are not simultaneously pursuing litigation while applying for the waiver, streamlining the dispute resolution process.

8. Adjudication of Applications

Upon receiving the waiver application, the proper officer is required to review the taxpayer's eligibility. **If the officer determines that the application is ineligible, they must issue a notice through FORM GST SPL-03 within three months of receiving the application.** The taxpayer is then allowed to **respond within one month using FORM GST SPL-04**. If the officer is **satisfied with the response**, they will issue an order in **FORM GST SPL-05**, concluding the proceedings. However, if the officer is not satisfied with the response, **the waiver application will be rejected in FORM GST SPL-07**. This process ensures that both the taxpayer and the tax authorities have clear timelines for resolving disputes related to waiver eligibility.

9. Time Limits for Issuing Orders

The proper officer is bound by specific time limits when processing waiver applications. If no rejection notice (FORM GST SPL-03) is issued, the officer **must issue an order within three months** of receiving the waiver application. In cases where a rejection notice is issued, the officer must pass the final order within three months of receiving the taxpayer's reply, or within four months from the issuance of the rejection notice if no reply is received. If the officer fails to issue an order within the prescribed timeframes, the waiver application will be deemed approved, providing automatic relief to the taxpayer.

10. Consequences of a Favorable Order

When the waiver application is approved, the **taxpayer's Electronic Liability Register (ELR)** will be updated to reflect the waived interest or penalties. **If the waiver is related to a notice or statement, there is no need for the officer to issue FORM GST DRC-07 (summary of the order)**. This streamlined process ensures that once the waiver is granted, the taxpayer's records are updated promptly, and no further action is required from the taxpayer.



**NOTIFICATION NO. 20/2024 -CENTRAL TAX - GST DATED 08/10/24
& CIRCULAR NO. 238/32/2024-GST GST DATED 15/10/24.
PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR
DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A**

11. Appellate Remedies

If the taxpayer's waiver application is **rejected**, they have the right to appeal the decision. If the appellate authority finds that the **waiver was wrongly denied, they will issue FORM GST SPL-06**, granting the waiver and concluding the proceedings. **However, if the appellate authority upholds the rejection, the taxpayer's original appeal (if previously withdrawn) will be restored.** To avail this benefit, the taxpayer must file an **undertaking in FORM GST SPL-08 within three months** of the appellate authority's order, ensuring that the taxpayer does not attempt to file a fresh appeal while simultaneously contesting the waiver denial.

12. Additional Amounts Payable

In cases where **additional tax liabilities** arise after the waiver has been granted, the taxpayer must settle these liabilities within the stipulated time period. Failure to pay any outstanding amounts within the specified deadline will render the **waiver void**. This provision ensures that taxpayers remain compliant with their tax obligations even after receiving relief from interest and penalties.

13. Voidance of Waiver

If the taxpayer is required to pay interest or penalties related to **erroneous refunds or periods outside the scheme and fails to make these payments within three months of the waiver order, the waiver will be voided.** This ensures that the taxpayer's relief is contingent on full compliance with all related tax obligations, including those outside the scope of the waiver.

14. Jurisdiction of the Proper Officer

The proper officer responsible for issuing the waiver order will vary depending on the type of demand. For demands raised through **notices or statements**, the proper officer will be the one designated under Section 73. For demands raised through orders, the responsible officer will be the one designated under Section 79, which deals with recovery proceedings. This distinction ensures that the appropriate officer handles each waiver application based on the specific nature of the demand.

Author's Comment :-

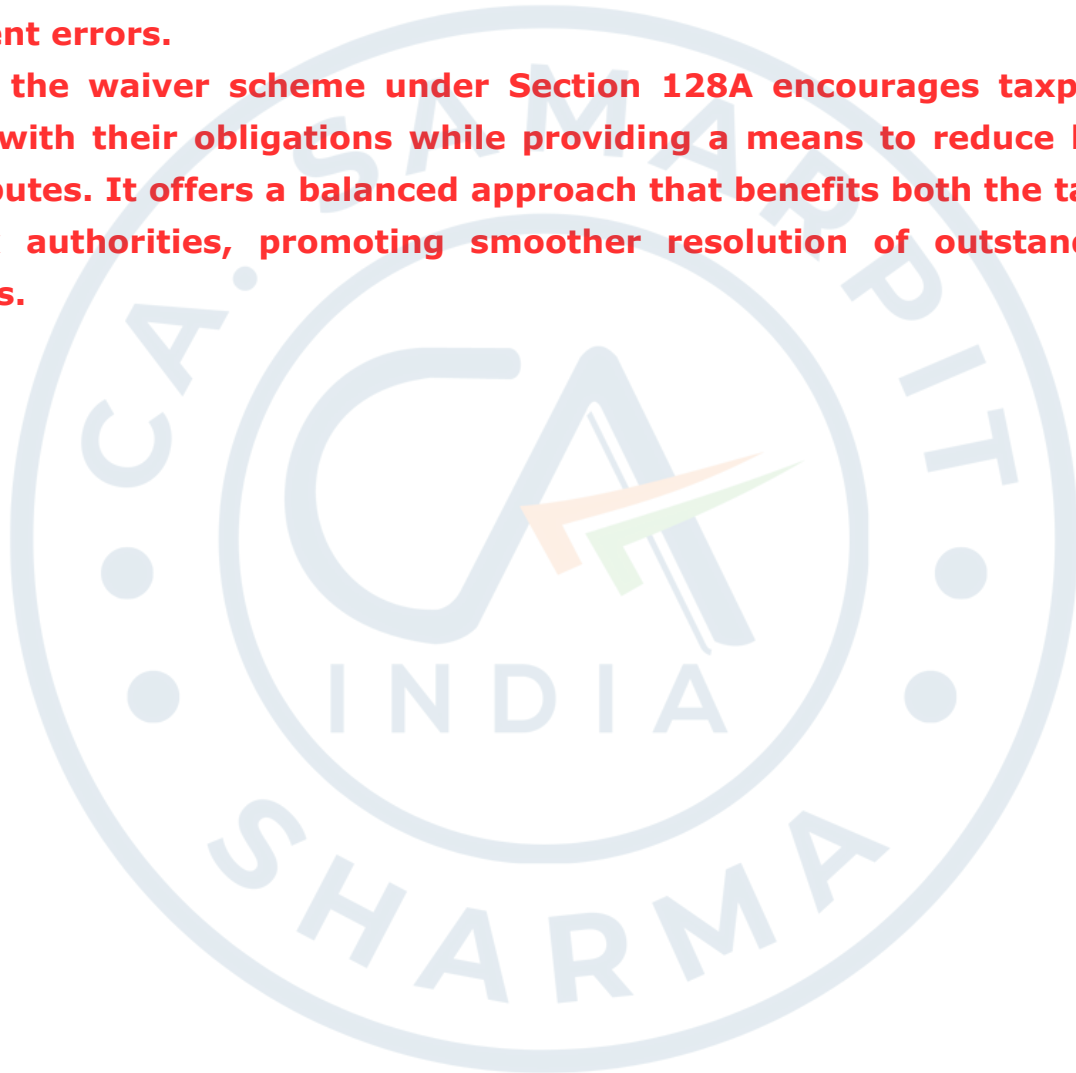
Rule 164 under Section 128A provides a practical and structured way for taxpayers to resolve non-fraudulent tax disputes by offering a waiver of interest and penalties. By adhering to the specific procedures and timelines, taxpayers can settle their outstanding tax liabilities for the period 1st July 2017 to 31st March 2020 without incurring additional financial burdens.



**NOTIFICATION NO. 20/2024 -CENTRAL TAX - GST DATED 08/10/24
& CIRCULAR NO. 238/32/2024-GST GST DATED 15/10/24.
PROCEDURE FOR AVAILING WAIVER OF INTEREST AND PENALTY FOR
DEMANDS RELATED TO SECTION 73 UNDER SECTION 128A**

The use of electronic forms and clear deadlines ensures an efficient and transparent process, while the provision of deemed approval protects taxpayers from administrative delays. However, it is important to note that the waiver does not apply to cases involving erroneous refunds or delayed filings, ensuring that the scheme is targeted towards genuine cases of non-fraudulent errors.

Overall, the waiver scheme under Section 128A encourages taxpayers to comply with their obligations while providing a means to reduce litigation and disputes. It offers a balanced approach that benefits both the taxpayers and tax authorities, promoting smoother resolution of outstanding tax demands.





NOTIFICATION NO. 21/2024 -CENTRAL TAX - GST DATED 08/10/24. DEADLINES FOR AVAILING WAIVER OF INTEREST AND PENALTIES UNDER SECTION 128A OF CGST ACT, 2017.

The notification issued under Section 128A of the CGST Act, 2017 specifies the deadlines for registered taxpayers to settle their tax liabilities in order to benefit from the waiver of interest, penalties, or both. The waiver is applicable to non-fraudulent cases where tax demands have been raised under Section 73 or later reclassified under Section 73 from Section 74 (fraud cases) by an appellate authority or court.

The notification outlines two categories of taxpayers and their respective deadlines for making payments to avail the waiver:

- 1. Registered persons who have received a notice, statement, or order under Section 128A(1)(a), (b), or (c):** These taxpayers must **make the full payment of tax as specified in the notice, statement, or order by 31st March 2025.** This category covers cases where tax demands are related to non-fraudulent under-reporting or misreporting of tax liabilities.
- 2. Registered persons who originally received a notice under Section 74 (which pertains to fraud cases) but had their case reclassified under Section 73 following a decision by an appellate authority, tribunal, or court:** These taxpayers must settle their **tax dues within six months from the date the proper officer issues an order redetermining their tax liability under Section 73.** This provision ensures that taxpayers whose cases were initially treated as fraud but later downgraded to non-fraudulent cases have sufficient time to pay their tax liabilities and benefit from the waiver.

The notification specifies that these provisions **will come into effect from 1st November 2024,** meaning taxpayers falling under these categories must adhere to the given deadlines to avoid penalties and interest.

In essence, this notification provides a clear timeframe for taxpayers with tax demands under Section 73 to resolve their liabilities while offering relief from additional financial burdens, provided they comply with the timelines set forth in the notification.

NOTIFICATION NO. 22/2024 -CENTRAL TAX - GST DATED 08/10/24. RETROSPECTIVE AMENDMENT TO ITC PROVISIONS UNDER SECTIONS 16(5) & 16(6) OF THE CGST ACT, 2017.

Sections 16(5) and 16(6) of the CGST Act, 2017 have been enacted with retrospective effect from 1st July 2017 to extend the limitation period for claiming Input Tax Credit (ITC). This amendment allows ITC for invoices related to FY 2017-18, 2018-19, 2019-20, and 2020-21, if such credit is claimed in any return filed up to 30th November 2021. Additionally, in **cases where registration is cancelled, ITC availed during the cancellation period will remain valid, provided the pending returns containing ITC are filed by 30th November following the relevant financial year or the submission of the annual return, whichever is earlier, or within 30 days from the date of revocation of registration cancellation, whichever is later.**

To address cases where tax demands were raised for wrong availment of ITC under Section 73, 74, 107, or 108 due to the **earlier provisions of Section 16(4)**, the government has now prescribed a **special rectification procedure**. This applies to cases where ITC is now allowed under the amended Section 16(5) or 16(6), and **no appeal has been filed** against the order confirming the demand for ITC.

Key Features of the Rectification Procedure:

1. Application Process:

The taxpayer **must file an application for rectification electronically** on the common portal **within six months from 8th October 2024**. This application is meant for orders issued under Section 73, 74, 107, or 108 that confirm a demand for wrongly availed ITC due to a violation of Section 16(4), but where the ITC is now available under Section 16(5) or 16(6). **This application can only be filed if no appeal has been lodged against the original order.**

2. Documentation:

Along with the rectification application, the taxpayer must upload the necessary information in the format provided in **Annexure A** (Proforma to be uploaded by the registered person along with the application for rectification of order under special procedure for rectification of order notified under section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) of the notification.

3. Action by the Officer:

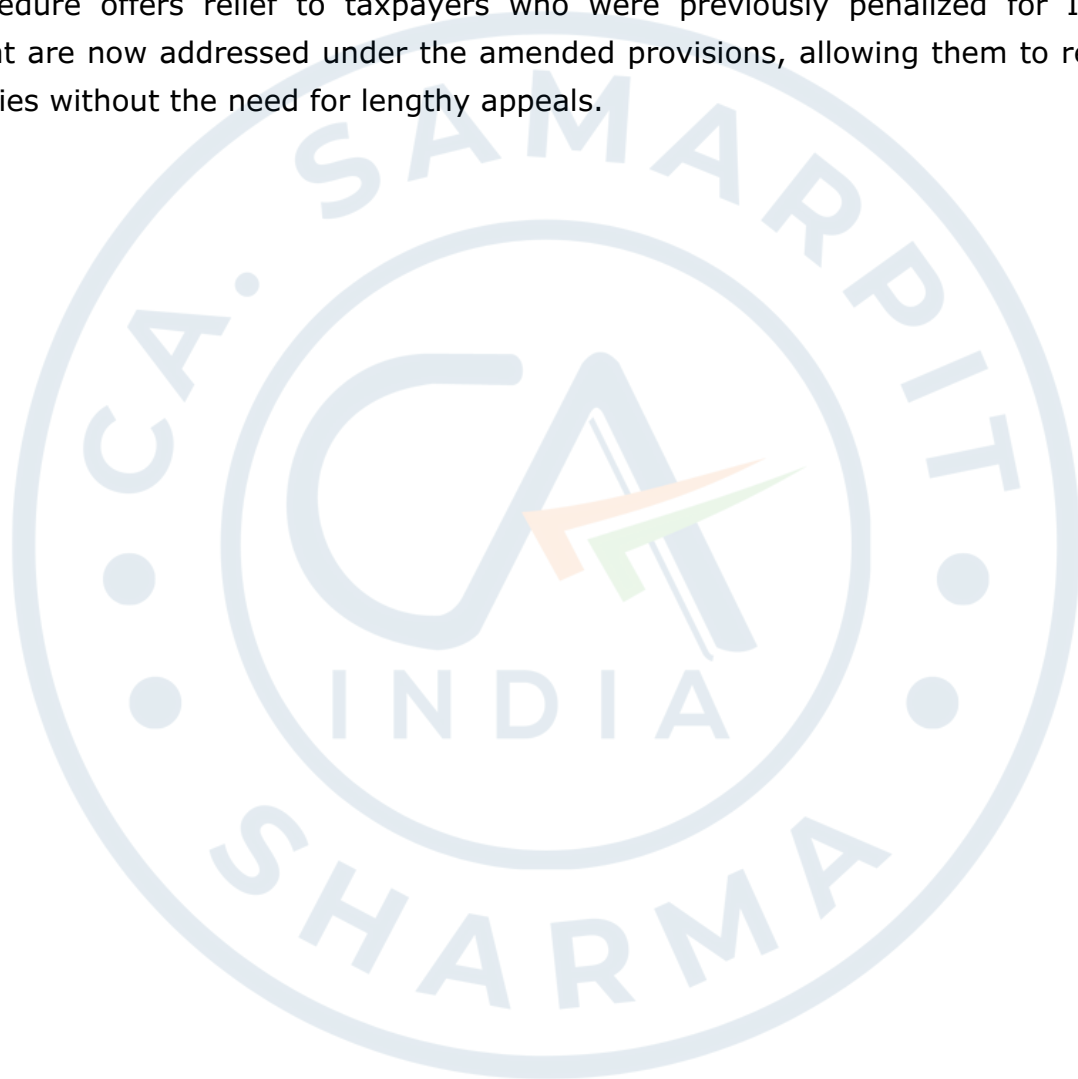
The officer responsible for rectifying the order is the same officer who issued the original order. The officer is required to make a decision and issue the rectified order within **three months from the date of the application**. The rectified order must be uploaded electronically in **FORM GST DRC-08** for orders issued under Section 73 or 74 or FORM GST APL-04 for orders issued under Section 107 or 108. The rectification will only apply to the demand for ITC that was originally deemed wrongly availed under Section 16(4) but is now available under the new provisions of Section 16(5) or 16(6).

**>>> NOTIFICATION NO. 22/2024 -CENTRAL TAX - GST DATED 08/10/24.
RETROSPECTIVE AMENDMENT TO ITC PROVISIONS UNDER SECTIONS
16(5) & 16(6) OF THE CGST ACT, 2017.**

4. Adjudication Process:

If the rectification process results in any adverse outcome for the taxpayer, the principles of natural justice must be followed by the officer. **This ensures that the taxpayer is given a fair hearing and an opportunity to present their case before any adverse action is taken.**

This procedure offers relief to taxpayers who were previously penalized for ITC-related issues that are now addressed under the amended provisions, allowing them to rectify their tax liabilities without the need for lengthy appeals.





NOTIFICATION NO. 23/2024 -CENTRAL TAX - GST DATED 08/10/24. WAIVER OF LATE FEE FOR GSTR-7 FILING.

This notification, issued under the powers conferred by Section 128 of the Central Goods and Services Tax (CGST) Act, 2017, supersedes an earlier notification (No. 22/2021-Central Tax, dated 1 June 2021, G.S.R. 366(E)), while ensuring that any actions taken or omissions made under the previous notification remain valid.

The new notification, **effective from 1st November 2024**, provides relief to **registered persons** who are required to **deduct tax at source (TDS) under Section 51** of the CGST Act but fail to submit their **FORM GSTR-7** return by the due date. FORM GSTR-7 is the return filed by entities who deduct tax at source.

Key Provisions:

1. Waiver of Late Fee:

- The late fee payable under Section 47 of the CGST Act for failure to furnish **FORM GSTR-7 by the due date**, for the month of June 2021 onwards, has been reduced. Instead of the **full late fee**, a **registered person will only be required to pay a late fee of Rs. 25 per day** for each day the failure continues.

2. Cap on Total Late Fee:

- The **total late fee payable** under Section 47 of the CGST Act for not filing FORM GSTR-7 by the due date is capped at **Rs. 1,000**. Any late fee in excess of this amount will be **waived**.

3. Nil TDS Filing:

- For months in which there is **no tax deducted at source (TDS)**, the late fee payable for failure to furnish FORM GSTR-7 **will be fully waived**. This applies when the TDS amount for the given month is nil.

Implementation:

This notification will come into effect on 1st November 2024, meaning that from this date onward, the reduced late fees and the capped waiver amounts will apply to any late filings of FORM GSTR-7 for the period starting from June 2021.

Conclusion:

This notification brings significant relief to registered taxpayers required to file **GSTR-7 for TDS deductions**. By capping late fees and waiving them entirely in cases of nil TDS, the government aims to encourage compliance without imposing heavy penalties on taxpayers who miss filing deadlines, **particularly for periods beginning in June 2021 and beyond**. The implementation of this waiver from 1st November 2024 will help reduce the compliance burden and promote timely filings.



NOTIFICATION NO. 24/2024 -CENTRAL TAX & NOTIFICATION NO. 06/2024 -CENTRAL TAX (RATE) - GST DATED 08/10/24. MANDATORY GST REGISTRATION FOR METAL SCRAP SUPPLIERS & RCM ON METAL SCRAP.

The Central Government, exercising its authority under Section 23(2) of the Central Goods and Services Tax (CGST) Act, 2017, and based on the recommendations of the GST Council, has **introduced amendments to the existing Notification No. 5/2017-Central Tax**, which was initially published on 19th June 2017 (G.S.R. 607(E)). This notification was part of a broader effort to implement provisions related to the registration and compliance requirements under the CGST Act. The new amendment adds a significant clarification regarding certain goods categories that will no longer benefit from the exemptions provided under the original notification.

Key Changes Introduced by the Amendment:

1. Scope of the Original Notification:

The original Notification No. 5/2017-Central Tax **exempted certain categories of suppliers from the requirement to register under the GST law**. This applied mainly to suppliers whose **aggregate turnover did not exceed a certain threshold**, offering them relief from GST registration and compliance obligations. The exemption under this notification allowed certain businesses to operate without registering for GST, thus simplifying the process for smaller and specific categories of businesses.

2. Addition of a New Proviso:

The amendment introduces a **new proviso to the original notification**, which specifies an exclusion for certain businesses. The newly inserted proviso states that the provisions of the **original notification will not apply to any person or entity engaged in the supply of metal scrap**. More specifically, the exclusion applies to metal scrap suppliers whose products fall under Chapters 72 to 81 of the First Schedule to the Customs Tariff Act, 1975. These chapters cover various metals, including iron, steel, copper, nickel, aluminum, lead, zinc, tin, and other base metals, along with their products and scrap.

3. Implication of the Amendment:

Suppliers of metal scrap falling under these chapters **are now required to register under GST, regardless of whether their turnover exceeds the exemption threshold defined in the original notification**. This means that individuals and businesses involved in the metal scrap trade - which includes a wide range of base metals like iron, steel, aluminum, and others - **can no longer claim exemption from GST registration based on their turnover alone**. The amendment aims to bring greater compliance and accountability within the metal scrap industry, which is often associated with informal trading practices. By removing the exemption for these suppliers, the government seeks to increase transparency and tax compliance in this sector.



NOTIFICATION NO. 24/2024 -CENTRAL TAX & NOTIFICATION NO. 06/2024 -CENTRAL TAX (RATE) - GST DATED 08/10/24.
MANDATORY GST REGISTRATION FOR METAL SCRAP SUPPLIERS & RCM ON METAL SCRAP.

4. Effect of the Amendment:

This amendment comes into effect **on 10th October 2024. From this date onward, any person or entity engaged in the supply of metal scrap that falls under the specified chapters of the Customs Tariff Act will be required to comply with GST registration requirements.** This includes registering for GST, collecting and remitting GST on their supplies, and maintaining proper documentation and filings as mandated by the GST law.

Conclusion:

This amendment to Notification No. 5/2017-Central Tax is a significant move by the government to tighten the compliance framework for metal scrap suppliers. By specifically excluding suppliers of metal scrap from the general GST exemption, the government is aiming to formalize this sector and ensure that it contributes to the GST tax base. **From 10th October 2024, all metal scrap suppliers must ensure they are GST registered and comply with all GST filing and payment obligations to avoid penalties and legal consequences.**

5. RCM/TDS on Procurement of Metal Scrap :-

Procurement from Unregistered Suppliers:

When a **registered buyer procures metal scrap** (falling under HSN Chapters 72 to 81, which includes metals like iron, steel, copper, aluminum, etc.) **from an unregistered supplier, the Reverse Charge Mechanism (RCM) becomes applicable.** Under RCM, the responsibility to pay the applicable GST shifts from the supplier to the buyer. In such cases, the buyer is required to account for and pay the GST on behalf of the unregistered supplier. **Furthermore, the buyer must issue a self-invoice for the purchase, which needs to be generated within 30 days from the date of receipt of the supply.** This self-invoice is a necessary step in ensuring compliance with GST regulations, as it serves as the basis for recording and paying tax under RCM.

6. TDS Provisions:

In transactions involving the **procurement of metal scrap from unregistered suppliers, Tax Deducted at Source (TDS) provisions under GST do not apply.** TDS is typically applicable when payments are made to registered suppliers, but since the supplier in this case is unregistered, the buyer is only required to comply with the RCM provisions and is exempt from the TDS requirements. This simplifies the process for the buyer, who only needs to focus on fulfilling the RCM obligations.



NOTIFICATION NO. 25/2024 -CENTRAL TAX - GST DATED 08/10/24. AMENDMENT TO GST NOTIFICATION NO. 5/2017: MANDATORY GST REGISTRATION FOR METAL SCRAP SUPPLIERS.

When procuring **metal scrap (covered under HSN Chapters 72 to 81)** from registered suppliers, the following conditions and compliance requirements apply:

1. Condition – Deduction of TDS:

Tax Deducted at Source (**TDS**) is required to be deducted by the **recipient on purchases of metal scrap from registered suppliers**. This ensures that the tax is withheld at the time of transaction and reported in accordance with GST regulations.

2. Rate of TDS:

The TDS on such transactions is to be deducted at the rate of **2% of the total value of the supply**.

3. Time of Deduction:

The TDS must be deducted at the **time of payment** to the supplier or when the **amount is credited** to the supplier's account, **whichever is earlier**. This aligns with the general principle of tax deduction at the point of transaction to ensure timely tax compliance.

4. Contract Value Threshold:

TDS is applicable only if the **total value of the contract, including GST, exceeds Rs. 250,000**. If the contract value surpasses this threshold, TDS is required. However, there may be disputes regarding whether each invoice should be treated as a separate contract or whether the entire value of the agreement with the supplier should be considered. This ambiguity can lead to different interpretations of how TDS is applied.

5. Compliance Requirements for Recipients:

When procuring **metal scrap from registered suppliers**, the recipient is required to register for a **GST TDS Registration Number using Form GST REG-07** for each state from where the TDS is to be deducted. This registration is necessary to comply with TDS provisions under GST. The recipient must deduct TDS at 2% before making the payment or crediting the amount to the supplier's account. After deducting TDS, the recipient must **deposit the TDS amount using the electronic cash ledger and file GSTR-7 by the 10th day of the following month**. This form is used to report the TDS deducted and ensures that the deducted amount is reflected in the GST system. **The supplier (deductee) must accept the TDS credited to their account, enabling the balance to reflect in their electronic cash ledger. Once reflected, the supplier can use this balance to offset their GST liabilities or claim a refund if applicable.**

**NOTIFICATION NO. 05/2024 -CENTRAL TAX (RATE) - GST DATED
08/10/24.**



**AMENDMENT TO GST RATE NOTIFICATION: REVISED TAX STRUCTURE
FOR PHARMACEUTICALS, FOOD ITEMS, AND SEATING PRODUCTS.**

The Central Government, exercising its powers under Section 9(1) and Section 15(5) of the Central Goods and Services Tax (CGST) Act, 2017, and based on the recommendations of the GST Council, has introduced amendments to Notification No. 1/2017-Central Tax (Rate), originally published in the Gazette of India on 28th June 2017 (G.S.R. 673(E)). These amendments revise the GST rate schedules for certain goods, including pharmaceutical products, food items, and seating products.

In **Schedule I**, which pertains to the **2.5% GST rate**, three new pharmaceutical items have been added: **Trastuzumab Deruxtecan, Osimertinib, and Durvalumab**. These additions ensure that these life-saving drugs benefit from the lower GST rate.

In **Schedule II**, which carries a **6% GST rate**, a new entry under HSN Code 1905 90 30 has been inserted. This entry covers "**Extruded or expanded products, savoury or salted (other than un-fried or uncooked snack pellets, manufactured through the process of extrusion)**," broadening the scope of items subject to this GST rate.

For **Schedule III**, which involves a **9% GST rate**, there are two key changes. First, the **wording of S. No. 16** has been updated to include "**extruded or expanded products, savoury or salted**" alongside the previously mentioned **un-fried or un-cooked snack pellets**, expanding the description of items in this category. **Second, S. No. 435A** has been replaced with a new entry that covers "**Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof, other than seats used in aircraft or motor vehicles**," ensuring that specific types of seating fall under this rate.

In **Schedule IV**, which applies a **14% GST rate**, a new entry 210A has been introduced to include **HSN Code 9401 20 00**, covering "**Seats of a kind used for motor vehicles.**"

These amendments come into **effect on 10th October 2024**, adjusting the tax structure for the listed goods and aligning their tax treatment with the market needs and categorization. The changes aim to ensure that goods like life-saving drugs and specific seating products are taxed appropriately, providing clarity and consistency in their treatment under GST.

08/10/24.



INCLUSION OF HELICOPTER SEAT-SHARING SERVICES AND CLARIFICATION OF INPUT TAX CREDIT CONDITIONS.

In exercise of the powers conferred by Section 9(1), 9(3), and 9(4), Section 11(1), Section 15(5), Section 16(1), and Section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, upon the recommendations of the GST Council, has introduced further amendments to Notification No. 11/2017-Central Tax (Rate), originally published on 28th June 2017 (G.S.R. 690(E)). These amendments reflect the government's intention to update the GST rates and treatment for specific services, particularly transportation services, in the interest of improving compliance and ensuring that the tax structure aligns with market needs.

One of the key amendments introduces item (ivb) under serial number 8 of the notification's Table, which **adds the transportation of passengers by air in a helicopter on a seat-sharing basis, with or without accompanied baggage.** This new service category now falls under a **2.5% GST rate, provided that the input tax credit (ITC) on goods used in providing the service has not been claimed.** This restriction on claiming ITC ensures that only the core service of transportation is taxed at this concessional rate, without additional deductions for the materials or goods consumed in providing the service. For further clarity, the explanation for this ITC provision can be found in paragraph 4, clause (iv) of the original notification.

Additionally, in item (vii), the earlier reference to item (iva) has now been expanded to include the newly inserted item (ivb). **This ensures that the provisions that previously applied to other air transportation services, such as the conditions or exemptions, will now also apply to helicopter services provided on a seat-sharing basis.** This alignment simplifies the process and ensures uniform tax treatment across similar types of services.

This amendment is scheduled to come into effect on 10th October 2024, ensuring that from this date onward, any helicopter seat-sharing services provided will attract a 2.5% GST rate, provided the supplier has not claimed ITC on goods used in providing the service. This change brings greater clarity and structure to the taxation of transportation services, particularly for niche services like helicopter travel, aligning the tax treatment with broader GST principles while offering a specific rate that reflects the nature of the service.

Overall, these changes highlight the government's ongoing efforts to ensure that the GST framework remains relevant and responsive to the evolving marketplace, making it easier for both businesses and consumers to navigate the tax regime in a consistent and transparent manner.

NOTIFICATION NO. 08/2024 -CENTRAL TAX (RATE) - GST DATED 08/10/24.



UPDATES ON SERVICES RELATED TO ELECTRICITY, EDUCATION, RESEARCH, AND SKILL DEVELOPMENT.

Based on the recommendations of the GST Council, has made further amendments to Notification No. 12/2017-Central Tax (Rate), originally published on 28th June 2017 (G.S.R. 691(E)).

Key Amendments:

1. Insertion of New Services:

- After serial number 25, a **new entry 25A** has been added. This covers the supply of **services related to metering equipment, including renting, testing, releasing electricity connections**, and other incidental or ancillary services provided by electricity transmission and distribution utilities. These services are **exempt from GST**, with a Nil rate for both tax and input tax credit.
- After serial number 44, a **new entry 44A** has been inserted. This includes **research and development services provided by a Government Entity or a research association, university, college**, or other institution notified under clauses (ii) or (iii) of Section 35(1) of the Income Tax Act, 1961. These services are **exempt from GST**, provided the entity is notified at the time of the supply of the service.
- After serial number 66, a **new entry 66A** has been added. This entry exempts **services of affiliation provided by a Central or State Educational Board to schools established, owned**, or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority, or Government entity. These services are also **exempt from GST**.

2. Substitution of Serial Number 69:

- The existing entry 69 has been substituted with a more detailed version. It now covers **services provided by the National Skill Development Corporation, the National Council for Vocational Education and Training, recognized Awarding Bodies, Assessment Agencies, and Training Bodies accredited with the awarding bodies**. These services include any programs related to the National Skill Development Programme, vocational skill development courses under the National Skill Certification and Monetary Reward Scheme, and services aligned with the National Skill Qualification Framework. These services continue to be **exempt from GST**.

3. Terminology Change:

- The name "National Council for Vocational Training" has been replaced with "**National Council for Vocational Education and Training**" under serial number 71, ensuring consistency in terminology across the notification. In paragraph 2, under item (h), the term "National Council for Vocational Training" has been replaced with "National Council for Vocational Education and Training" in both sub-items (i) and (ii).



NOTIFICATION NO. 09/2024 -CENTRAL TAX (RATE) - GST DATED 08/10/24.

RCM ON RENTING OF COMMERCIAL PROPERTY.

For businesses with rental expenses, here's how GST works depending on the type of property:

Commercial Properties (Non-residential properties):

- **Unregistered Landlord:** **If your landlord is not registered under GST, you as the tenant are responsible for paying GST under the Reverse Charge Mechanism (RCM).**
- **Registered Landlord:** If the landlord is registered under GST, they must pay the GST under the Forward Charge Mechanism, regardless of whether the tenant is registered for GST or not.

These provisions have been introduced under Notification No. 09/2024-Central Tax (Rate), dated 8th October 2024, and **take effect from 10th October 2024.**

Residential Dwelling:

- Generally, **rent for residential properties is exempt from GST.**
- However, if a **registered person** (such as a sole proprietor renting for business purposes) is the tenant, they are required to pay **GST under the Reverse Charge Mechanism (RCM).**

This provision was introduced under Notification No. 05/2022-Central Tax (Rate), dated 13th July 2022, effective from 18th July 2022.

This breakdown ensures that tenants understand their GST obligations based on the type of property and the registration status of their landlord.

Author's Comment:- As per Notification No. 09/2024- Central Tax (Rate), commercial property rentals where the landlord is not registered under GST, but the tenant is. In such cases, the tenant is now required to pay GST under the Reverse Charge Mechanism (RCM).

This marks a considerable shift in the GST landscape for commercial rentals. Previously, the GST responsibility primarily fell on the landlord, provided they were registered. Now, with this change, tenants who are GST-registered need to take on the tax burden when renting from an unregistered landlord. This means tenants will have to be more vigilant about the GST status of their landlords and prepare for additional compliance requirements, including calculating and paying GST on their rental expenses.

For landlords who are currently unregistered under GST, this update offers



**NOTIFICATION NO. 09/2024 -CENTRAL TAX (RATE) - GST DATED
08/10/24.**

RCM ON RENTING OF COMMERCIAL PROPERTY.

a way to avoid direct tax collection responsibilities, effectively transferring that duty to the tenant. However, it also underscores the importance for tenants to keep track of rental transactions and ensure they fulfill their new tax obligations promptly. This adjustment could potentially alter the dynamics of commercial leasing agreements, as landlords and tenants reassess their contractual terms to adapt to the new GST regulations.

Overall, this change is poised to bring greater compliance and transparency in commercial property rentals, but it also means businesses need to stay informed and prepared for these new GST obligations.

Particulars	Supplier	Recipient	Taxability
Renting of residential property	Registered	Registered (Sole proprietor for business use)	RCM
	Registered	Registered (Sole proprietor for personal use)	Exempt
	Registered	Unregistered	Exempt
	Unregistered	Unregistered	Exempt
	Unregistered	Registered (Sole proprietor for business use)	RCM
	Unregistered	Registered (Sole proprietor for personal use)	Exempt
Renting of commercial property	Registered	Registered	FCM
	Registered	Unregistered	FCM
	Unregistered	Unregistered	Not Taxable
	Unregistered	Registered	RCM



CIRCULAR NO. 234/28/2024 - GST DATED 11/10/24. CLARIFICATIONS ON GST APPLICABILITY FOR VARIOUS SERVICES.

The Ministry of Finance, Department of Revenue, issued clarifications regarding the applicability of GST on various services following the recommendations of the GST Council during its 54th meeting held on 9th September 2024. These clarifications were issued under Section 168(1) of the CGST Act, 2017. Here are the key points:

1. GST on Affiliation Services by Universities to Colleges:

It was clarified that **affiliation services** provided by universities to colleges do not fall under the exemption for educational institutions as defined in Notification No. 12/2017-CT(R). Therefore, such services are **subject to GST at the rate of 18%**. This clarification brings clarity to universities offering affiliation services and ensures the appropriate application of tax rates.

2. GST on Affiliation Services by Educational Boards to Schools:

Affiliation services provided by Central and State educational boards to schools are also **taxable at 18%**. However, when such services are provided to **government-controlled schools** (schools established, owned, or controlled by the Central Government or State Government), they are **exempt from GST** effective from 10th October 2024, as per Notification No. 08/2024-Central Tax (Rate). GST paid on such services for the period between 01.07.2017 and 17.06.2021 has been regularized, providing relief to schools and boards.

3. GST on Flying Training Courses by DGCA-approved Flying Training Organizations (FTOs):

Flying training courses provided by DGCA-approved Flying Training Organizations (FTOs) are **exempt from GST**. This is because these courses lead to qualifications recognized by law, thereby falling under the educational services exemption outlined in Notification No. 12/2017-CT(R). This clarification benefits aspiring pilots and FTOs, offering clarity on tax exemptions for these essential courses.

4. GST on Passenger Transport by Helicopter:

The GST rate on the **transport of passengers by air in a helicopter**, when provided on a seat-sharing basis, has been **set at 5%**, effective from 10th October 2024, under Notification No. 07/2024-Central Tax (Rate). **However, helicopter charter services will continue to be taxed at 18%**. Additionally, any GST liability for helicopter passenger transport services rendered between 01.07.2017 and 09.10.2024 has been regularized, providing relief to service providers in the aviation sector.

5. GST on Incidental/Ancillary Services Related to Goods Transport by Road:

Incidental services such as **loading, unloading, packing, unpacking, and temporary warehousing provided in connection with the transportation of goods by road**



CIRCULAR NO. 234/28/2024 - GST DATED 11/10/24. CLARIFICATIONS ON GST APPLICABILITY FOR VARIOUS SERVICES.

are considered **composite supplies of Goods Transport Agency (GTA)** services. Consequently, these services will be taxed as part of the overall GTA service, unless they are billed separately for non-transport-related services. This clarification simplifies tax compliance for logistics companies, ensuring the consistent application of GST.

6. GST on Import of Services by Foreign Airline Establishments:

Services imported by foreign airline establishments in India from their related entities outside India, when provided without consideration, are **exempt from GST**, effective from 10th October 2024, under Notification No. 08/2024-Integrated Tax (Rate). The exemption also regularizes any GST liability for such services provided between 01.07.2017 and 09.10.2024. This clarification provides relief to foreign airlines operating in India by exempting intra-group services from tax.

7. GST on Preferential Location Charges (PLC) for Property Sales:

Preferential Location Charges (PLC) collected for the sale or transfer of residential or commercial properties before the issuance of a completion certificate are **considered part of the composite supply of construction services**. Consequently, PLC will attract the **same GST rate as the construction service itself**. This clarification ensures uniform treatment of such charges in the real estate sector, preventing ambiguity in tax applications.

8. GST on Support Services by Electricity Distribution Utilities:

Services provided by **electricity transmission and distribution utilities**, such as metering equipment rentals, meter testing, and the shifting of service lines, are **exempt from GST** starting from 10th October 2024. Additionally, GST liability for these services provided between 01.07.2017 and 09.10.2024 has been regularized, providing relief to both service providers and consumers in the utility sector.

9. GST on Film Distribution Services (2017-2021):

For transactions where **distributors grant theatrical rights to exhibition centers (such as cinemas)**, the **GST is applicable at 18%**. This tax is relevant for transactions between 01.07.2017 and 30.09.2021. This clarification provides a consistent tax rate for transactions between film distributors and exhibitors, streamlining the GST process in the entertainment industry.



CIRCULAR NO. 235/29/2024 - GST DATED 11/10/24.

CLARIFICATION ON GST RATES FOR EXTRUDED FOOD PRODUCTS, RAILWAY AC UNITS, AND VEHICLE SEATS.

The Ministry of Finance, Department of Revenue, issued Circular No. 235/29/2024-GST to clarify the GST rates and classification of goods based on the recommendations of the GST Council in its 54th meeting held on 9th September 2024. The circular aims to provide uniformity in the application of GST rates. The key clarifications are as follows:

1. GST on Extruded/Expanded Savoury Food Products:

The circular clarifies that **extruded or expanded savoury or salted products**, excluding un-fried or un-cooked snack pellets, manufactured through the process of extrusion, will attract a **12% GST rate under HS code 1905 90 30**, effective from 10th October 2024. It was also noted that un-fried or un-cooked snack pellets will continue to be taxed at 5% GST. For the period before this notification, such products were subject to 18% GST, and the change in the rate aligns with the recommendations made by the GST Council. This clarification ensures proper classification and taxation of these food products moving forward.

2. GST on Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways:

Roof Mounted Package Unit (RMPU) Air Conditioning Machines used for railways will now be classified under **HS code 8415** and attract a **28% GST rate**. This classification ensures that these machines are not incorrectly categorized under parts for railways (HS 8607), which would attract a lower GST rate. By providing this clarification, the circular aims to ensure that these air conditioning units, specifically designed for use in railway coaches, are subject to the appropriate GST rate, reflecting their classification as machinery.

3. GST on Car and Motorcycle Seats:

Seats designed for two-wheelers will be classified under HS code 8714, with a 28% GST rate. Similarly, **seats for four-wheeled cars are classified under HS code 9401.** While these seats initially attracted 18% GST, the **GST rate has been revised to 28%, effective** from 10th October 2024, to bring them in line with the GST applicable to motorcycle seats. This revision ensures parity in the taxation of seats used in different types of vehicles and reflects the Council's decision to standardize the rate across the automobile sector.

The circular provides clarity on these product classifications and their respective GST rates, ensuring uniform compliance and addressing any ambiguity in the tax treatment of these goods.

➤➤➤ CLARIFICATION ON GST REGULARIZATION UNDER THE "AS IS, WHERE IS BASIS" FOR DISPUTED TAX RATES.

The Ministry of Finance, Department of Revenue, issued Circular No. 236/30/2024-GST to clarify the use of the term **"as is" or "as is, where is basis" in the context of regularizing GST liabilities**, especially in situations where taxpayers may have paid GST at varying rates due to differing interpretations of applicable tax rates or exemptions. The clarification was based on the recommendations made by the GST Council during its 54th meeting held on 9th September 2024.

Key Clarifications:

1. Concept of "As Is" or "As Is, Where Is Basis": The circular addresses the issue of how GST non-payments, short payments, or overpayments will be regularized when there have been differing interpretations of GST rates or exemptions. This clarification is significant as it provides a framework for handling past periods where some taxpayers may have paid a lower rate (or even claimed an exemption) while others paid a higher rate, leading to inconsistencies in GST collection.

According to the circular, when discrepancies arise due to rate confusion or exemption claims, the lower GST rate paid will be accepted as the full discharge of liability. Importantly, **no refund will be provided to those taxpayers who might have paid a higher rate of GST during the same period**, thereby avoiding any additional complexity for the GST authorities in processing refund claims.

2. Situations Addressed by the Circular: The circular explains how the "as is" approach will be applied in specific situations where there has been ambiguity over the correct GST rate. Here are a few examples to illustrate the approach:

- **Example 1:** Some taxpayers paid GST at 5%, while others paid GST at 12%, and later, the GST Council reduced the rate to 5%. In this case, the payment of 5% GST will be considered as fully satisfying the tax liability for the past period. No additional payments or refunds will be required, and taxpayers who paid 12% will not receive any refunds.
- **Example 2:** In cases where taxpayers claimed an exemption and paid no GST, while others paid 5%, the exemption will be considered valid, and the nonpayment of GST will be treated as fully satisfying the tax liability. The authorities will not demand additional GST payment from those who claimed exemptions.
- **Example 3:** In situations where some taxpayers paid GST at 5%, others paid at 12%, and some paid nothing due to confusion over rates, the 5% GST payment will be accepted as fully discharging the liability. Those who paid 12% will not be entitled to a refund, but taxpayers who did not pay GST will be required to settle the tax liability at the applicable rate, which may be 12% in such cases.

3. Applicability of Regularization Process: The circular highlights that this regularization

➤➤➤ CLARIFICATION ON GST REGULARIZATION UNDER THE "AS IS, WHERE IS BASIS" FOR DISPUTED TAX RATES.

process under the "as is" or "as is, where is basis" is designed to bring clarity and finality to disputes over GST rates for past periods. It ensures that:

- **No additional tax liability will be imposed on those who have paid a lower rate, provided it aligns with the reduced or final applicable rate.**
- **No refunds will be issued to those who have paid a higher rate of GST for the same transactions.**
- **For those who have not paid GST at all, the applicable rate of tax will still be required to be settled based on the correct classification and rate.**

This approach aims to simplify the resolution of rate disputes by offering relief to taxpayers who paid at the lower rate and finalizing the past period liabilities without the burden of additional taxes or processing of refunds for overpayments.

4. Importance of the Circular: This clarification by the GST authorities plays a crucial role in **reducing litigation and providing certainty to businesses regarding past tax liabilities.** It is especially important for industries and sectors where there have been ongoing debates over the correct GST rate, as it provides a pragmatic solution to rate discrepancies, reduces administrative complexity for both taxpayers and authorities, and closes the door on potential refund claims for overpaid taxes.

Conclusion:

The issuance of Circular No. 236/30/2024-GST is a significant step toward simplifying GST compliance and regularizing past tax liabilities where there was ambiguity or dispute over the applicable tax rates. The "as is" or "as is, where is basis" approach offers a practical solution by ensuring that past payments made at lower GST rates will be accepted as full discharge of liability, and no refunds will be provided for overpayments. This brings clarity, finality, and uniformity to GST compliance, reducing the burden on both taxpayers and tax authorities while ensuring proper closure of past periods where rate disputes existed.

➤➤➤ CLARIFYING ON IMPLEMENTATION OF PROVISIONS OF SUB-SECTION (5) AND SUB-SECTION (6) IN SECTION 16 OF CGST ACT, 2017.

This circular provides detailed clarifications regarding the retrospective implementation of sub-sections (5) and (6) of section 16 of the Central Goods and Services Tax (CGST) Act, 2017, which extend the time limits for availing input tax credit (ITC) for certain periods and situations. These amendments were introduced under section 118 of the Finance (No. 2) Act, 2024, and apply retrospectively from 1st July 2017. The main objective is to ensure that the new provisions are uniformly implemented by both taxpayers and tax authorities.

Key Provisions and Clarifications:

1. Applicability of Sub-sections (5) and (6) of Section 16:

The circular provides much-needed clarification on the extended timeframes for claiming ITC:

- **Sub-section (5)** allows taxpayers to claim ITC for invoices or debit notes related to the **financial years 2017-18 to 2020-21**, provided these claims are made in any return filed up to **30th November 2021**. This extension benefits those who missed the original deadlines for ITC claims.
- **Sub-section (6)** applies to cases where the **taxpayer's registration was cancelled but subsequently revoked**. In such cases, the taxpayer may still claim ITC on invoices or debit notes related to the period before cancellation, **provided the return is filed within 30 days of the revocation order, or by 30th November following the relevant financial year, whichever is later**. This allows businesses more flexibility in rectifying their tax positions even after registration issues.

2. Clarification on Refunds:

One of the critical points in the circular is that under section 150 of the Finance (No. 2) Act, 2024, **no refunds will be provided for any taxes already paid or ITC that was reversed under the previous provisions of section 16(4)**. This ensures that the benefits of the retrospective extension only apply to those taxpayers who had not already settled their tax dues. The purpose of this rule is to prevent overcompensation, ensuring that the extension is used to rectify past errors without creating an additional burden on tax authorities to process refund claims.

3. Procedures for Tax Authorities and Taxpayers:

The circular outlines the various situations in which the retrospective amendments can be applied and how tax authorities and taxpayers should handle these scenarios:

a. Cases with No Demand Notices Issued:

Where no demand notice under section 73 or 74 has been issued for wrong ITC claims, the authorities must consider the extended ITC provisions and take no further action if the ITC

➤➤➤ CLARIFYING ON IMPLEMENTATION OF PROVISIONS OF SUB-SECTION (5) AND SUB-SECTION (6) IN SECTION 16 OF CGST ACT, 2017.

claimed is now permissible under sub-sections (5) or (6).

b. Cases with Demand Notices But No Final Order:

If a demand notice has been issued but no final order has been passed, the adjudicating officer must take the new provisions into account before issuing any orders. This ensures that taxpayers are not penalized for ITC claims that are now considered valid.

c. Cases Pending Appeal:

For cases where appeals have been filed but no final order has been passed by the appellate authority, the appeal process should incorporate the retrospective amendments to section 16. This allows the appellate body to pass an appropriate order based on the current, more favorable provisions.

d. Revisional Authority Cases:

In cases where revisional proceedings are underway, but no final order has been issued, the revisional authority must consider the extended ITC timelines before concluding the case.

e. Cases Where Final Orders Have Been Issued:

If final orders under sections 73, 74, 107, or 108 have already been passed, taxpayers may apply for rectification under the special procedure provided by Notification No. 22/2024-Central Tax, dated 08.10.2024. Taxpayers must file their rectification applications within six months of the notification date.'

4. Filing Rectification Applications:

The circular provides detailed guidance on how taxpayers can rectify previously issued orders to avail the benefits of the extended ITC timeline. Taxpayers can log into the GST portal, submit a rectification application, and provide documentation to support the claim that the ITC previously deemed ineligible is now allowable under sub-sections (5) and (6). This is a significant relief for taxpayers who were penalized for delayed ITC claims under the old rules but can now correct their mistakes.

The rectification process must be completed within three months from the date the rectification application is submitted. If the rectification adversely affects the taxpayer, the authorities are required to follow the principles of natural justice, giving the taxpayer an opportunity to be heard.

5. Rectification Orders and Appeals:

Any rectified order issued by the tax authority can still be appealed under sections 107 or 112 of the CGST Act, ensuring that taxpayers have the right to challenge rectification decisions if they disagree with the outcome.



IMPORTANT CHANGES IN GST PORTAL. GST ITC REVERSAL AUTO-POPULATED UNDER RULE 37A

Rule 37A mandates that recipients must reverse input tax credit (ITC) if the supplier fails to file GSTR-3B for the relevant tax period by 30th September of the following financial year. The ITC reversal must occur by 30th November (i.e., by the due date for GSTR-3B of October) to avoid interest. Once the supplier files their GSTR-3B, the ITC can be reclaimed by the recipient.

Update in GSTR-2B on the Portal:

The GSTR-2B portal now auto-populates ITC reversals under Rule 37A, streamlining the compliance process and simplifying tracking for taxpayers.

Steps to Ensure Compliance:

1. Identify the list of suppliers who have not filed GSTR-3B by checking the September 2024 GSTR-2B.
2. Follow up with those suppliers to ensure they file their GSTR-3B for the relevant tax periods before you file your October 2024 GSTR-3B.
3. If suppliers have not filed GSTR-3B by the time you file your October 2024 GSTR-3B, the ITC reflected in GSTR-2B must be temporarily reversed in Table 4B(2) of your October GSTR-3B.
4. Once the suppliers file GSTR-3B, you can reclaim the ITC in future tax periods by reporting it in Table 4A(5) and declaring it in Table 4D(1).

This automated feature helps taxpayers comply with ITC reversal requirements efficiently and ensures proper alignment with Rule 37A.

SUMMARY [ALL TABLES](#) View Advisory

[ITC available](#) [ITC Not Available](#) [ITC Reversal](#) HELP ?

S.NO.	Heading [Collapse All ^]	GSTR-3B table	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	Cess (₹)
Part A	ITC Reversed - Others					
I	ITC Reversal on account of Rule 37A ^	4(B)(2) i	0.00	0.00	0.00	0.00
	B2B - Invoices		0.00	0.00	0.00	0.00
	B2B - Debit notes		0.00	0.00	0.00	0.00
	B2B - Invoices (Amendment)		0.00	0.00	0.00	0.00
	B2B - Debit notes (Amendment)		0.00	0.00	0.00	0.00

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The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

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