



AMENDMENTS

For MAY '2025 EXAMS

CA Intermediate

Paper - 3B

Goods and Services Tax

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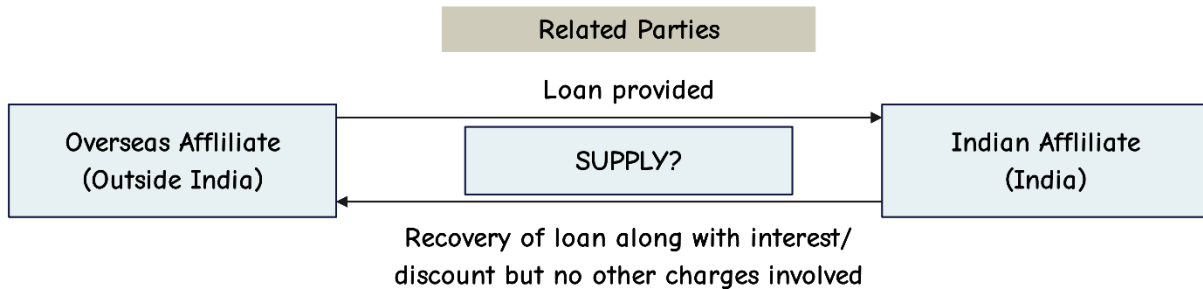
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SEGMENT - 2

SUPPLY, COMPOSITE & MIXED SUPPLY

CLARIFICATION REGARDING TAXABILITY OF THE TRANSACTION OF PROVIDING LOAN BY AN OVERSEAS AFFILIATE TO ITS INDIAN AFFILIATE OR BY A PERSON IN INDIA TO A RELATED PERSON – CBIC CIRCULAR¹:



- ▲ The loan between related parties, such as an Indian affiliate receiving a loan from an overseas affiliate, where the consideration is only in the form of interest or discount, will not be treated as a deemed supply of service under Section 7(1)(c) of the CGST Act, even though this section generally covers transactions between related parties.
- ▲ Since there are no processing fees or administrative charges, there is no need to determine an open market value as per Rule 28 of the CGST Rules, 2017.
- ▲ However, if any fees such as processing fees, administrative charges, or service fees are charged in addition to interest or discount, these fees will be treated as the consideration for a supply of service, which will attract GST and the value determined in terms of Rule 28 of CGST Rules, 2017 and in such case, GST is payable under RCM, being import of services.

CLARIFICATION ON TAXABILITY OF SALVAGE/ WRECK VALUE EARMARKED IN THE CLAIM ASSESSMENT OF THE DAMAGE CAUSED TO THE MOTOR VEHICLE – CBIC CIRCULAR²

Insurance companies offer services to insure motor vehicles against damages. When a motor vehicle is damaged, the insurance company is responsible for either repairing the vehicle or compensating the insured based on the insurance policy's terms. The compensation provided by the insurance company can be subject to deductibles, which are pre-agreed amounts that reduce the final claim payment.

GST Liability on Salvage Value: The circular addresses whether the insurance company is liable to pay GST on the salvage or wreckage value when assessing a claim for damage to a motor vehicle.

When Salvage Remains with the Insured:

- **Situation:** In some cases, according to the contract terms, the insurance company deducts the salvage value from the final claim amount. This means that the salvage or wreckage remains the property of the insured person (the vehicle owner), and the insurance company simply reduces the payout by the salvage value.

¹ Circular No.218/12/2024 - GST dt. 26.06.2024

² Circular No.-215/9/2024-GST dated 26.06.2024

- **GST Implication:** In this scenario, since the insurance company does not take ownership of the salvage, it is not considered a supply made by the insurance company. Therefore, the insurance company is **not liable** to discharge GST on the salvage value. The ownership and responsibility of the salvage remain with the insured.

When Salvage Becomes Property of the Insurance Company:

- **Situation:** In other cases, the insurance company settles the full claim amount without deducting the salvage value, meaning the salvage or wreckage becomes the property of the insurance company. The insurance company may then sell the salvage to a salvage buyer.
- **GST Implication:** When the insurance company takes ownership of the salvage and subsequently sells it, this transaction is considered a supply under GST law. Therefore, the insurance company **must discharge GST** on the sale of the salvage, as it is now a taxable supply made by the insurance company to the salvage buyer.



SEGMENT - 3

LIABILITY OF PAY GST

CLARIFICATION ON THE TAXABILITY OF ESOP/ESPP/RSU PROVIDED BY A COMPANY TO ITS EMPLOYEES THROUGH ITS OVERSEAS HOLDING COMPANY – CBIC CIRCULAR³

This circular clarifies the GST implications on transactions related to the allotment of securities or shares (such as Employee Stock Purchase Plans (ESPP), Employee Stock Option Plans (ESOP), or Restricted Stock Units (RSU)) from a foreign holding company to the employees of its domestic subsidiary company.

Employee Stock Plans (ESPP/ESOP/RSU)⁴:

Companies often incentivize their employees by allotting securities or shares as part of their compensation package. These schemes are commonly referred to as ESPP, ESOP, or RSU, depending on the specific terms agreed upon between the employer and the employee.

No Supply of Service in Cost-to-Cost Reimbursement:

- The circular clarifies that when a foreign holding company issues ESOPs, ESPPs, or RSUs to the employees of its domestic subsidiary, and the domestic subsidiary reimburses the cost of these securities or shares to the foreign holding company on a **cost-to-cost basis**, no supply of service is deemed to have taken place between the foreign holding company and the domestic subsidiary.
- As a result, in such scenarios, there is **no GST liability** on the reimbursement amount because it is considered merely a reimbursement of the actual cost of the securities/shares, with no profit element or additional charge involved.

GST on Additional Charges:

- However, if the foreign holding company charges an amount **over and above** the cost of the securities/shares from the domestic subsidiary, by whatever name it is called (such as fees for facilitating or arranging the transaction), this additional amount is considered a supply of services.
- GST would be levied on this additional amount as it is treated as consideration for the supply of services by the foreign holding company to the domestic subsidiary.

Reverse Charge Mechanism:

- In cases where GST is applicable on the additional amount charged by the foreign holding company, the GST must be paid by the domestic subsidiary company under the **reverse charge mechanism**.
- The domestic subsidiary is required to pay GST on the import of services, which in this case is the additional amount charged for facilitating the ESOP/ESPP/RSU transaction.

³ Circular No.-213/07/2024-GST dated 26.06.2024

⁴ **ESPP** allows employees to buy company stock at a discount, often through payroll deductions.

ESOP grants employees the option to purchase stock at a set price after a vesting period, incentivizing long-term employment.

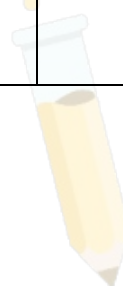
RSU provides employees with shares that vest over time or based on performance, with the employee owning the shares outright once vested.

RENTING OF PROPERTY COVERED UNDER RCM⁵ – SEC. 9(3) READ WITH NOTIFICATION NO. 13/2017:

- Earlier renting of residential property to a registered person was covered under RCM.
- Now a new entry is made under RCM, where service by way of renting of any property other than residential dwelling by any unregistered person to any registered person is covered under RCM.

Notified service	Exemptions	Condition for RCM	Non applicability of RCM
R = Renting of property			
Residential	<ul style="list-style-type: none"> • Renting of residential property for residential purpose to an URP • Renting of residential property to a registered Individual for his family stay 	Recipient = RP (Whether renting is residential purpose or commercial purpose)	Renting of residential property for commercial purpose to an unregistered person
Commercial	Accommodation services for a minimum period of 90 days where the value of supply \leq ₹20,000 per person per month	Supplier = URP Recipient = RP	If supplier is RP

BRAINERY



⁵ Notification No. 09/2024-CT(Rate) dated 08.10.2024 (W.e.f 10.10.2024)

SEGMENT - 4

EXEMPTIONS UNDER GST

POWER NOT TO RECOVER GOODS AND SERVICES TAX NOT LEVIED OR SHORT-LEVIED AS A RESULT OF GENERAL PRACTICE – SEC. 11A OF CGST ACT/SEC. 6A OF IGST ACT – FINANCE ACT, 2024:

Notwithstanding anything contained in this Act, if the Government is satisfied that-

- (a) a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and
- (b) such supplies were, or are, liable to, -
 - (i) central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or
 - (ii) a higher amount of central tax than what was, or is being, levied, in accordance with the said practice, the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice

Example,

A few years ago, **restaurant services** were charging a **service charge** as part of their bill, but they were not applying GST to it because of a common industry practice. The CBIC later clarified that GST should be levied on the entire bill, including service charges. Using this provision, the government could issue a notification that, as a general practice, as the restaurant are not charging GST on service charges, the GST on such service charges may be exempted.

GST EXEMPTION ON THE OUTWARD SUPPLIES MADE BY MINISTRY OF RAILWAYS (INDIAN RAILWAYS)⁶

Services provided by Ministry of Railways (Indian Railways) to individuals by way of -

- (a) sale of platform tickets;
- (b) facility of retiring rooms/waiting rooms;
- (c) cloak room services.
- (d) battery operated car services.

Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).

⁶ Notification No. 04/2024-CT(R) dated 12.07.2024. (w.e.f 15/07/2024)

GST EXEMPTION ON THE TRANSACTIONS BETWEEN SPECIAL PURPOSE VEHICLES (SPVS) AND MINISTRY OF RAILWAYS (INDIAN RAILWAYS)⁷

Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration

Services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.

AMENDMENTS TO RENTING OF RESIDENTIAL DWELLING FOR USE AS RESIDENCE⁸

<p>Entry No. 12</p>	<p>Services by way of renting of residential dwelling for use as residence.</p> <p><u>Explanation – 1:</u> For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, (i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and (ii) such renting is on his own account and not that of the proprietorship concern.</p> <p><u>Explanation – 2: (Newly added)</u> Nothing contained in this entry shall apply to- (a) accommodation services for students in student residences; (b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.</p>
<p>Entry No. 12A (Newly added)</p>	<p>Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.</p>

WHETHER GST IS PAYABLE ON STATUTORY COLLECTIONS MADE BY THE REAL ESTATE REGULATORY AUTHORITY (RERA) IN ACCORDANCE WITH THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016. – CBIC CIRCULAR⁹

- Services provided by Governmental authority by way of any activity in relation to any function entrusted to a municipality/panchayat under article 243W/243G of the Constitution is exempted. (However, this exemption is not available to a Government entity)
- "Governmental Authority" means an authority or a board or any other body, (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with 90 per cent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution. Eg: Chennai Metropolitan Development Authority (CMDA), National Highway Authority of India (NHAI), Greater Hyderabad Municipal Corporation (GMHC).

⁷ Notification No. 04/2024-CT(R) dated 12.07.2024. (w.e.f 15/07/2024)

⁸ Notification No. 04/2024-CT(R) dated 12.07.2024. (w.e.f 15/07/2024)

⁹ Circular No. 228/22/2024-GST dated 15.07.2024

- Real Estate Regulatory Authority (RERA) is a Governmental authority, and the statutory collections made by RERA shall be covered under the exemption.

APPLICABILITY OF GST ON RETROCESSION SERVICES – CBIC CIRCULAR¹⁰

- **Retrocession** refers to a reinsurance transaction where a part of the assumed reinsured risk is further ceded to another Indian insurer or a **Cross Border Re-insurer (CBR)**. This essentially involves **reinsurers transferring risk** to another reinsurer, which is a common practice in the insurance industry to spread risk further.
- Certain specified **general insurance** and **life insurance schemes** (e.g., schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana) are exempt from GST.
- **Reinsurance** for these exempted insurance schemes was also **exempted from GST**
- This Circular has now confirmed that the term '**reinsurance**' mentioned in the **exemption notification**, includes **retrocession services**. This means that **retrocession** services, which involve the reinsurer ceding a portion of their risk to another reinsurer, are **exempt from GST** under the same provisions that apply to **reinsurance** of specified insurance schemes.

EXEMPTION W.R.TO NOTIFIED SERVICES PROVIDED BY ELECTRICITY TRANSMISSION AND DISTRIBUTION UTILITIES¹¹:

Supply of services by way of -

- providing metering equipment on rent,
- testing for meters/transformers/capacitors etc.,
- releasing electricity connection,
- shifting of meters/service lines, issuing duplicate bills etc.,

which are incidental or ancillary to the supply of transmission and distribution of electricity provided by electricity transmission and distribution utilities to their consumers, are exempted.

EXEMPTION W.R.TO RESEARCH AND DEVELOPMENT SERVICES¹²:

Research and development services against consideration received in the form of grants supplied by -

- (i) a Government Entity; or
- (ii) a research association, university, college or other institution, notified under Sec. 35(1)(ii)/(iii) of Income Tax Act, 1961¹³.

Provided that the research association, university, college or other institution is so notified at the time of supply of the research and development service.

¹⁰ Circular No. 228/22/2024-GST dated 15.07.2024

¹¹ Notification No. 08/2024-CT (Rate) dated 08.10.2024 (W.e.f 10.10.2024)

¹² Notification No. 08/2024-CT (Rate) dated 08.10.2024 (W.e.f 10.10.2024)

¹³ Contribution to Research association/college/university/other institution for scientific research & Contribution to Research association/College/university/other institution for statistical/social science – In both the cases 100% expenditure is allowed as deduction.

EXEMPTION W.R.TO AFFILIATION SERVICES BY EDUCATIONAL BOARD¹⁴:

Services of affiliation provided

- BY a Central or State Educational Board or Council or any other similar body, by whatever name called,
- TO a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity is exempted.

AMENDMENT TO EXEMPTION W.R.TO SERVICES PROVIDED BY SKILL BODIES¹⁵:

Any services provided by –

- a) the National Skill Development Corporation set up by the Government of India.
- b) the National Council for Vocational Education and Training.
- c) an Awarding Body recognized by the National Council for Vocational Education and Training.
- d) an Assessment Agency recognized by the National Council for Vocational Education and Training.
- e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training.

In relation to -

- (i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or
- (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
- (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.

Note: "National Council for Vocational Training" is replaced with "National council for Education and Training"

EXEMPTION W.R.TO IMPORT OF SERVICES BY AN AIRLINE COMPANY¹⁶:

The exemption applies to import of services by an establishment of a foreign airline company in India from a related person or from any of its other foreign establishments, provided there is no consideration involved.

Conditions for Exemption to Apply:

- **Condition (a):** The Indian establishment of the foreign airline company must pay GST at applicable rates for the transport of goods or passengers, as applicable, which means that regular taxable supplies like air travel services or cargo services continue to be subject to GST.
- **Condition (b):** The Ministry of Civil Aviation must certify that the Indian establishment of the foreign airline is indeed part of an airline company designated by the foreign government under a bilateral air services agreement with India. This confirms the reciprocal nature of the agreement between India and the foreign country.

¹⁴ Notification No. 08/2024-CT (Rate) dated 08.10.2024 (W.e.f 10.10.2024)

¹⁵ Notification No. 08/2024-CT (Rate) dated 08.10.2024 (W.e.f 10.10.2024)

¹⁶ Notification No. 08/2024 – Integrated tax (Rate) dt: 08.10.2024 (w.e.f 10.08.2024)

- Condition (c): The Ministry of Civil Aviation must also certify that the foreign government does not levy similar taxes on Indian airlines in its jurisdiction for the same services. This ensures reciprocity, where foreign airlines in India enjoy tax relief if Indian airlines are exempt from similar levies abroad.

Note: For the purposes of this exemption, a foreign company is defined as per Section 2(42) of the Companies Act, 2013. This includes any company or body corporate incorporated outside India but with a place of business within India.



SEGMENT - 5

TIME OF SUPPLY

TIME OF SUPPLY IN RESPECT OF SUPPLY OF SERVICES OF CONSTRUCTION OF ROAD AND MAINTENANCE THEREOF OF NATIONAL HIGHWAY PROJECTS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA (NHAI) IN HYBRID ANNUITY MODE (HAM) MODEL - CBIC CIRCULAR¹⁷

This circular provides clarification on the GST implications for Hybrid Annuity Model (HAM) contracts, which involve the construction, operation, and maintenance of highways.

Hybrid Annuity Model (HAM): A HAM contract is a single, integrated contract where the concessionaire (the contractor) is responsible for both the construction of a highway and its operation and maintenance (O&M) over a specified period.

Continuous Supply of Services: Given that the concessionaire is required to perform services over an extended period, with payments made in instalments, the contract is treated as a "continuous supply of services" under section 2(33) of the CGST Act.

Due date of invoice: As per Sec. 31(5) of the CGST Act

- If due date of instalment is ascertainable from the contract, then the due date of such instalment.
- If payment is linked to completion of event, then date of completion of such event.
- In the absence of above, then the date on which such instalment is received.

Time of Supply of Services: Determined as per Sec. 13(2) of CGST Act, 2017

- ▲ Invoice date or payment date, whichever is earlier, if invoice is issued within the due date
- ▲ Completion date or payment date, whichever is earlier, if invoice not issued within the due date

Inclusion of Interest in Taxable Value: The instalments or annuities paid by the National Highways Authority of India (NHAI) to the concessionaire may include an interest component. As per section 15(2)(d) of the CGST Act, any interest amount included in the instalments or annuities is also considered part of the taxable value for GST purposes. Therefore, GST must be paid on the entire instalment amount, including the interest component.

¹⁷ Circular No. 221/15/2024- GST dt. 26.06.2024

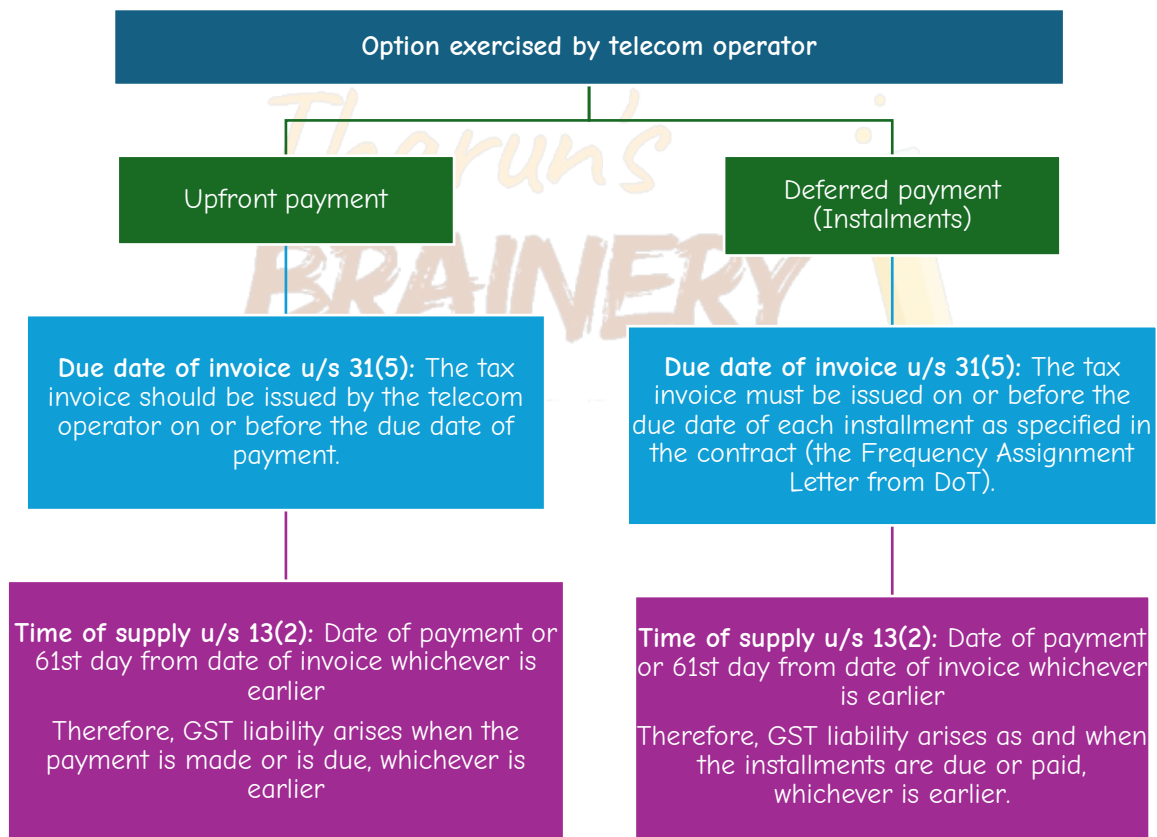
CLARIFICATION ON TIME OF SUPPLY OF SERVICES OF SPECTRUM USAGE AND OTHER SIMILAR SERVICES UNDER GST – CBIC CIRCULAR¹⁸

This circular provides clarification on the GST implications for the allocation of spectrum (and similar natural resources) by the Government of India, specifically the Department of Telecommunications (DoT), to telecom operators.

Spectrum Allocation Model: The Government, through DoT, allocates spectrum to telecom operators. The telecom operators secure the right to use the spectrum by bidding for it, and they may choose to pay for the spectrum either upfront or in installments over a specified period.

Continuous Supply of Services: The supply of spectrum is considered a "continuous supply of services" as defined under section 2(33) of the CGST Act because it involves an agreement for the Government to provide the spectrum usage continuously over a period exceeding three months, with periodic payment obligations.

Reverse Charge Mechanism: The GST liability on the spectrum allocation services provided by the Government (DoT) to the telecom operators is to be discharged by the telecom operators under the reverse charge mechanism. This means that the telecom operator (the recipient of the service) is responsible for paying the GST, not the Government.



Extension to Other Resources: Similar treatment applies to other natural resources allocated by the Government.

¹⁸ Circular No.-222/16/2024-GST dated 26.06.2024

SEGMENT - 6

PLACE OF SUPPLY

CLARIFICATION REGARDING PLACE OF SUPPLY OF GOODS TO UNREGISTERED PERSONS – CBIC CIRCULAR¹⁹:

Clause (ca) of Section 10(1) of the Integrated Goods and Services Tax (IGST) Act, 2017, was inserted with effect from 1st October 2023. This clause specifically deals with the determination of the place of supply of goods when the supply is made to an unregistered person, such as in e-commerce transactions. The clause serves as a non-obstante provision, meaning it overrides the general provisions related to the place of supply of goods as stated in clauses (a) and (c) of Section 10(1) of the IGST Act.

Determination of Place of Supply:

- When goods are supplied to a person other than a registered person (typically an unregistered individual or consumer), the place of supply is generally determined based on the location of recipient in the records of supplier. In the absence of such details, POS shall be location of supplier.
- **Clarification provided:**
 - **Billing Address and Delivery Address Match:** If the billing address and delivery address match, the place of supply is determined as per the address recorded on the invoice.
 - **Different Billing and Delivery Addresses:** If the billing address and the delivery address are different, the place of supply is determined by the delivery address recorded on the invoice.

Explanation of Recording the Address:

- The clause clarifies that recording the name of the State of the unregistered person on the invoice is sufficient for it to be considered as recording the address of the recipient.

Scenario:

Mr. A, an unregistered person located in State X, places an order on an e-commerce platform for a mobile phone, which is to be delivered to an address in State Y. Mr. A provides a billing address in State X when placing the order.

Question: What would be the place of supply for this transaction—the billing address (State X) or the delivery address (State Y)?

Clarification:

- **Place of Supply:** In this scenario, since the delivery address is different from the billing address, the place of supply, according to Clause (ca) of Section 10(1), will be the location where the goods are delivered, i.e., State Y.
- **Invoice Requirement:** The supplier (the e-commerce platform or seller) may record the delivery address (State Y) as the address of the recipient on the invoice to determine the correct place of supply.

¹⁹ Circular No. 209/3/2024- GST dated 26.06.2024

Practical Implications:

- **GST Liability:** The GST will be applied based on the place of supply, which in this case is State Y. This is crucial for determining whether Central GST (CGST) and State GST (SGST) or Integrated GST (IGST) should be levied.
- **Compliance for E-commerce Platforms:** E-commerce platforms need to ensure that their billing systems correctly capture the delivery address as the place of supply when it differs from the billing address to apply the correct GST



SEGMENT - 7

VALUATION UNDER GST

MECHANISM FOR PROVIDING EVIDENCE OF COMPLIANCE OF CONDITIONS OF POST SUPPLY DISCOUNT – CBIC CIRCULAR²⁰

Section 15(3)(b) specifies that the value of supply shall exclude the 'post-supply discount,' provided that the recipient has reversed the ITC proportionate to the discount value. However, currently there is no mechanism to verify such reversal.

With the above backdrop, the Circular clarifies the mechanism for suppliers to demonstrate compliance with Section 15(3)(b)(ii) of the CGST Act, 2017, regarding discounts via credit notes after supply.

Conditions for Excluding Discounts from Taxable Value:

Discounts can be excluded from the taxable value if:

- Established by an agreement at or before the time of supply.
- Specifically linked to relevant invoices.
- ITC attributable to the discount is reversed by the recipient.

Interim Solution: (Till the time a functionality is enabled in the portal, below mentioned provisions are applicable)

- ▲ **For tax amounts exceeding ₹5 lakhs:** Supplier shall obtain a certificate from the recipient's CA/CMA certifying ITC reversal
- ▲ **For tax amounts not exceeding ₹5 lakhs:** Supplier shall obtain an undertaking or certificate from the recipient.
- ▲ Certificates should detail credit notes, relevant invoices, ITC reversal amounts, and supporting documents like FORM GST DRC-03/Return etc.
- ▲ CA/CMA certificates must include a UDIN, verifiable on ICAI or ICMAI websites.
- ▲ This procedure shall also apply to past periods.
- ▲ Tax amount shall include CGST, SGST, IGST, and compensation cess

APPLICABILITY OF GST ON THE INCENTIVE AMOUNT SHARED BY ACQUIRING BANKS WITH OTHER STAKEHOLDERS IN THE DIGITAL PAYMENT ECOSYSTEM – CBIC CIRCULAR²¹

The clarification on the applicability of GST on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem was addressed in the 53rd GST Council meeting and reiterated the nature of these incentives, especially under the MeitY incentive scheme for the promotion of RuPay Debit Cards and low-value BHIM-UPI transactions.

Here are the key points from this clarification:

1. Incentives Paid by MeitY to Acquiring Banks:

- The Ministry of Electronics and Information Technology (MeitY) provides incentives to acquiring banks to promote RuPay Debit Cards and low-value BHIM-UPI transactions.
- As per Circular No. 190/02/2023-GST, dated 13th January 2023, these incentives were clarified as subsidies, which means they are not taxable under GST.

²⁰ Circular No. 212/6/2024 GST dated 26.06.2024

²¹ Circular No. 228/22/2024-GST dated 15.07.2024

2. **Further Sharing of Incentives:**

- The acquiring banks often share this incentive with other stakeholders within the digital payment ecosystem, such as payment service providers, aggregators, and other participants.
- It has now been clarified that this further sharing of the incentive—up to the point where it is distributed in the manner decided by NPCI (National Payments Corporation of India) in consultation with the participating banks—is also considered a subsidy.
- Subsidies are not taxable under GST, meaning that the further distribution of these incentives between stakeholders within the payment ecosystem will not attract GST.



SEGMENT - 8

INPUT TAX CREDIT

CLARIFICATION ON TIME LIMIT UNDER SECTION 16(4) FOR AVAILING ITC IN CASE OF SUPPLIES RECEIVED FROM UNREGISTERED SUPPLIERS IN RESPECT OF RCM SUPPLIES – CBIC CIRCULAR²²:

This circular clarifies the application of the time limit for availing Input Tax Credit (ITC) under the Central Goods and Services Tax (CGST) Act, particularly in cases where the recipient of supplies is required to pay tax under the Reverse Charge Mechanism (RCM).

- When the supplier is unregistered and recipient is registered, in case of supply of goods or services, covered under RCM, recipient shall issue invoice to supplier under Sec. 31(3)(f).
- Invoice shall be issued by recipient to supplier on the date of receipt of such goods or services.

When can recipient claim ITC?

- ⤴ Ascertain the financial year in which invoice is issued for such inward supply.
- ⤴ Time limit u/s 16(4): 30th November of the succeeding financial year or date of filing annual return whichever is earlier.

What is the implication of delayed invoicing?

- ⤴ If the recipient issues the invoice after the time of supply and pays the tax accordingly, interest on the delayed payment of tax will be applicable.
- ⤴ Additionally, the recipient may also face penalty under Section 122 of the CGST Act for the delayed issuance of the invoice.

CLARIFICATION IN RESPECT OF GST LIABILITY AND INPUT TAX CREDIT (ITC) AVAILABILITY IN CASES INVOLVING WARRANTY/ EXTENDED WARRANTY – CBIC CIRCULARS

Integrated Explanation of Circulars No. 195/07/2023-GST and 216/10/2024-GST:

These two circulars provide detailed guidance on GST implications related to warranties, particularly focusing on the replacement of goods or parts under warranty, the role of distributors, and the tax treatment of extended warranties. Let's integrate the key points from both circulars.

Replacement of Goods or Parts Under Warranty:

Circular No. 195/07/2023-GST:

- **Initial Clarification:** Circular No. 195/07/2023-GST clarified that when parts are replaced under warranty by the manufacturer, no additional GST is applicable because the replacement is part of the original supply of goods, for which GST has already been paid. The manufacturer is not required to reverse Input Tax Credit (ITC) for these replacements.

²² Circular No. 211/5/2024-GST dated 26.06.2024

Extension in Circular No. 216/10/2024-GST:

- **Inclusion of Full Goods Replacement:** Circular No. 216/10/2024-GST extends this clarification to include cases where entire goods, not just parts, are replaced under warranty. The same principles apply—no additional GST is charged on the replacement of goods, and no ITC reversal is required. This means that whether a part or the entire product is replaced, the GST treatment remains the same as clarified earlier.

Replenishment of Goods or Parts by Manufacturer to Distributor:**Situation Clarified:**

- **Distributor Replacement:** Often, distributors replace defective parts or goods for customers under warranty, using their own stock. Later, the manufacturer replenishes the distributor's stock.
- **GST Treatment:** When the manufacturer replenishes the stock provided to the distributor via a delivery challan without charging any consideration, no GST is payable on this replenishment. Additionally, the manufacturer does not need to reverse ITC on these goods or parts.

Nature of Supply of Extended Warranty at the Time of Original Supply:**Circular No. 195/07/2023-GST:**

- **Composite Supply:** If an extended warranty is purchased at the same time as the original goods, and from the same supplier, it is considered part of a composite supply. The principal supply being the goods, the GST rate applicable to the goods also applies to the extended warranty.

Circular No. 216/10/2024-GST:

- **Separate Supply by Different Supplier:** If the extended warranty is provided by a different supplier than the one who supplied the goods, it is treated as a separate supply of services. GST would then be charged as a service, distinct from the original supply of goods.

Nature of Supply of Extended Warranty Made After Original Supply:**Consistent Clarification:**

- **Separate Supply of Services:** Whether the extended warranty is purchased at the time of the original sale or later, if purchased separately from a different supplier or after the original supply, it is treated as a distinct supply of services. The supplier of the extended warranty is liable to charge GST on this service.

ENTITLEMENT OF ITC BY THE INSURANCE COMPANIES ON THE EXPENSES INCURRED FOR REPAIR OF MOTOR VEHICLES IN CASE OF REIMBURSEMENT MODE OF INSURANCE CLAIM SETTLEMENT – CBIC CIRCULAR²³

This circular provides clarifications on the availability of Input Tax Credit (ITC) to insurance companies in relation to motor vehicle repair services under different modes of claim settlement—Cashless and Reimbursement. Here's a breakdown of the key points:

ITC Availability in Reimbursement Mode of Claim Settlement:

- **Scenario:** In the reimbursement mode, the insured initially pays the repair charges to the garage, and the insurance company later reimburses the insured for the approved repair costs.

²³ Circular No. 217/11/2024-GST dated 26.06.2024

- **Clarification:**

- The insurance company is considered the "recipient" of the repair service to the extent of the approved claim cost, even though the initial payment was made by the insured. This is because the liability to pay for the repair service ultimately lies with the insurance company.
- **ITC Availability:** The insurance company can avail of ITC on the GST paid for the repair services, as these services are directly related to their outward supply of insurance services. The circular confirms that ITC is **not barred** under Section 17(5) of the CGST Act for motor vehicle repair services in this context.

ITC Availability When the Invoice Includes Amount Beyond Approved Claim Cost:

- **Scenario:** When the repair invoice issued by the garage includes an amount that exceeds the approved claim cost, and the insurance company only reimburses the approved portion:
 - **Two Separate Invoices:** If the garage issues one invoice to the insurance company for the approved claim cost and another invoice to the customer for the excess amount, the insurance company can claim ITC on the GST paid on the invoice issued to it, as long as it reimburses the corresponding amount.
 - **Single Invoice for Full Amount:** If a single invoice is issued to the insurance company for the full repair amount, but the insurance company only reimburses the insured for the approved claim cost, ITC is available only to the extent of the reimbursement amount. The insurance company cannot claim ITC on the portion of the invoice that exceeds the reimbursement.

ITC Availability When the Invoice is Not in the Name of the Insurance Company:

- **Scenario:** If the garage issues the repair invoice in the name of the insured (customer) rather than the insurance company:
 - **Condition of Section 16(2)(a) and (aa) of the CGST Act:** These sections require that the invoice must be in the name of the person claiming ITC.
 - **Clarification:** Since the invoice is not in the name of the insurance company, the company cannot satisfy the conditions of Section 16(2)(a) and (aa), and therefore, ITC is **not available** to the insurance company in this situation.

CLARIFICATION ON AVAILABILITY OF INPUT TAX CREDIT ON DUCTS AND MANHOLES USED IN NETWORK OF OPTICAL FIBRE CABLES (OFCS) IN TERMS OF SECTION 17(5) OF THE CGST ACT, 2017 – CBIC CIRCULAR²⁴

This circular provides clarification on the eligibility of Input Tax Credit (ITC) for ducts and manholes used in the network of Optical Fiber Cables (OFCs) under the Central Goods and Services Tax (CGST) Act, 2017.

Definition of "Plant and Machinery":

- **Context of OFC Network:** Ducts and manholes are essential components of the Optical Fiber Cable (OFC) network, which is crucial for providing telecommunication services. The OFC network is typically laid within PVC ducts, and manholes serve as nodes for connectivity, upkeep, and maintenance of the network.
- **Plant and Machinery under CGST Act:** According to the Explanation in Section 17 of the CGST Act, "plant and machinery" includes apparatus, equipment, and machinery used for making outward supplies. The definition specifically excludes certain items like land,

²⁴ Circular No. 219/13/2024- GST dt. 26.06.2024

buildings, civil structures, telecommunication towers, and pipelines laid outside the factory premises.

- **Clarification on Ducts and Manholes:** The circular clarifies that ducts and manholes, which are integral to the OFC network, qualify as "plant and machinery." These components are not specifically excluded from the definition because:
 - They are not in the nature of land, buildings, or civil structures.
 - They are not telecommunication towers or pipelines laid outside the factory premises.

Input Tax Credit (ITC) Eligibility:

- **General Rule:** Under Section 17(5) of the CGST Act, ITC is restricted for certain goods and services, particularly those related to motor vehicles, construction services, and telecommunication towers, among others.
- **Application to Ducts and Manholes:**
 - **Not Restricted:** The circular clarifies that the availment of ITC is **not restricted** for ducts and manholes used in the OFC network. This means that companies laying OFCs and using these components can claim ITC on the GST paid for their procurement.
 - **Supporting Clause:** Since ducts and manholes are considered "plant and machinery" and are used in the business of providing telecommunication services, they do not fall under the exclusions listed in Section 17(5)(c) and (d) of the CGST Act.

ITC IN CASE OF REVOCATION OF CANCELLED REGISTRATION - NEW SEC. 16(6) OF CGST ACT INSERTED VIDE FINANCE ACT, 2024:

- If a person's **GST registration** was cancelled and later **revoked** (either under **Section 30** or by an **Appellate Authority, Tribunal, or Court**), and the time limit for availment of ITC under Sec. 16(4) has not expired as on the date of order of cancellation of registration, they may still be entitled to claim ITC.
- The registered person can claim ITC on such invoices or debit notes, in any return filed within:
 - a) Regular time limit for such invoice or debit notes under Sec. 16(4) (or)
 - b) 30 days from the date of order of revocation of cancellation of registration,**whichever is later.**

CLARIFICATION ON AVAILABILITY OF INPUT TAX CREDIT (ITC) IN RESPECT OF DEMO VEHICLES²⁵:

This circular addresses the eligibility of **Input Tax Credit (ITC)** on **demo vehicles** used by authorized motor vehicle dealers for showcasing and test driving to potential customers. The primary objective is to clarify when ITC on demo vehicles is allowed and when it is blocked under **Section 17(5)(a) of the CGST Act**.

Availability of ITC on Demo Vehicles for Sale:	Scenarios Where ITC Is Blocked:
Demo Vehicles Used for Further Supply: <ul style="list-style-type: none"> • Authorized motor vehicle dealers use demo vehicles for promoting the sale of similar 	Vehicles Used for Other Purposes: When demo vehicles are used for purposes other than for making further

²⁵ Circular No. 231/25/2024-GST Dated 10.09.2024

<p>vehicles. These demo vehicles are considered to be used for the further supply of motor vehicles, even though they are not directly sold immediately.</p> <ul style="list-style-type: none"> • Under Section 17(5)(a)(A) of the CGST Act, ITC is not blocked on such demo vehicles as they are being used in the course of business to promote sales. Therefore, ITC can be availed by authorized dealers for demo vehicles. 	<p>supply (e.g., for employee transportation or management), ITC is blocked under Section 17(5)(a). These vehicles are not used for further supply, so ITC cannot be claimed.</p>
<p>Capitalization of Demo Vehicles:</p> <ul style="list-style-type: none"> • Demo vehicles capitalized in the dealer's books as capital goods under Section 2(19) of the CGST Act are eligible for ITC, subject to the general provisions of Section 16(1). However, if depreciation is claimed on the tax component of the vehicle's cost under the Income Tax Act, 1961, ITC on the tax portion is disallowed as per Section 16(3) of the CGST Act. • If the demo vehicle is later sold, the dealer must comply with the Section 18(6) i.e., a) ITC availed – 5% for every quarter or part thereof from the date of purchase till the date of sale (or) GST on sale value of said goods, whichever is higher. 	<p>Marketing Services by Dealers on Behalf of Manufacturers:</p> <p>If the dealer is merely providing marketing services for the vehicle manufacturer and not directly involved in the purchase or sale of the vehicle, the demo vehicle cannot be considered as being used for further supply. In this scenario, ITC is not available.</p>

Conclusion:

- ITC is available on demo vehicles if they are used for promoting the **further supply** of vehicles.
- If demo vehicles are **capitalized** as **capital goods**, ITC is available unless depreciation is claimed on the tax component.
- If the demo vehicles are used for non-business purposes or as part of **marketing services** for the manufacturer, ITC is **blocked**.

SEGMENT - 9

COMPOSITION SCHEME

NO AMENDMENTS IN THIS CHAPTER



SEGMENT - 10

TAX INVOICE, DEBIT NOTES AND CREDIT NOTES

REQUIREMENT OF ISSUING CONSOLIDATED INVOICES IN CASE OF RCM U/S 9(4) IS OMITTED²⁶ – RULE 46 OF CGST RULES, 2017:

“Provided further that where an invoice is required to be issued under clause (f) of sub-section (3) of section 31, a registered person may issue a consolidated invoice at the end of a month for supplies covered under sub-section (4) of section 9, the aggregate value of such supplies exceeds rupees five thousand in a day from any or all the suppliers”

- ▲ The above proviso stands omitted as Sec. 9(4) is now restricted only to inward supplies of promoter or builder from an unregistered person.
- ▲ In such case, for inward supplies from an unregistered person covered under RCM u/s 9(3) or 9(4), invoice time limit is notified under Rule 47A of CGST Rules, 2017.
- ▲ **Time limit for issuing tax invoice (Rule 47A):** Invoice shall be issued within a period of **30 days** from the date of receipt of the said supply of goods or services.



²⁶ Notification No. 20/2024 – CT dated 08.10.2024 (w.e.f. 01.11.2024)

SEGMENT - 11

REGISTRATION UNDER GST

EXEMPTION FROM REGISTRATION NOT APPLICABLE TO A SUPPLIER ENGAGED IN SUPPLY OF METAL SCRAP²⁷ – SEC. 23 OF CGST ACT, 2017:

- ▲ Supply of metal scrap falling under heading 72 to 81 by a registered person to another registered person is covered under RCM u/s 9(3) read with Notification No. 4/2017
- ▲ A person engaged exclusively in taxable supply of goods or services covered under RCM u/s 9(3) is exempted from registration as per Notification No. 5/2017
- ▲ However, such exemption is not applicable to a person engaged in supply of metal scrap to a registered person.
- ▲ Therefore, a person engaged in exclusive supply of metal scrap to a registered person has only RCM liability and even then, they are not exempted from registration and cannot cancel their registration.

COMPLIANCE TO BE FOLLOWED BY A PERSON WHO HAS NOT OPTED FOR AADHAR AUTHENTICATION²⁸ – SECOND PROVISO TO RULE 8(4A) OF CGST RULES, 2017

A second proviso shall be inserted in rule 8 after sub-rule (4A) which lays down that every registration application filed by a person, who has **not opted for authentication** of Aadhar number, shall be followed by taking photograph of the applicant along with verification of the original copy of the documents uploaded with the application in Form GST REG-01 at any of the notified Facilitation Centers to complete the application process

NEW CLAUSE IN CONTRAVENTION OF PROVISIONS FOR CANCELLATION OF REGISTRATION²⁹ – RULE 21 OF CGST RULES, 2017:

A new clause (ga) has been inserted after clause (g) to provide that registration can be cancelled where a person violates 3rd or 4th proviso to rule 23(1) i.e., registration will be cancelled again if a person fails to file all the returns due for the period **from the date of the order of cancellation of registration (prospective cancellation)/ effective date of cancellation of registration (Retrospective cancellation) till the date of the order of revocation of cancellation of registration within 30 days from the date of revocation order.**

Contravention of provisions resulting in cancellation of registration – Rule 21 of CGST Rules, 2017:

F	Fraudulently obtaining registration
R	Returns not filed for continuous 6 months or 2 quarters
A	Annual return by composition scheme not filed within 3 months after due date
N	No longer liable to be registered
T	Transfer or discontinuance of business
I	Invoice without supply (or) Incorrect invoice
C	Change in constitution of business
	Violation of -

²⁷ Notification No. 24/2024 – CT dated 09.10.2024 (W.e.f. 10.10.2024)

²⁸ Notification No. 12/2024 – CT dated 10.07.2024 (W.e.f. date yet to be notified)

²⁹ Notification No. 12/2024 – CT dated 10.07.2024 (W.e.f. 10.07.2024)

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B	Bank details to be furnished within time
A	Anti-profiteering order
I	Input tax credit availment
L	Liability in GSTR 1 > Liability in GSTR 3B
E	Electronic Cash Ledger 1% payment
R	Return not filed within 30 days after revocation order

APPLICABILITY OF BIOMETRIC BASED AADHAAR AUTHENTICATION EXTENDED TO ALL OVER INDIA³⁰:

- ▲ By virtue of Notification No. 27/2022-CT dt. 26.12.2022, the provisions of rule 8(4A) of the CGST Rules, 2017 relating to biometric based Aadhaar authentication had been made applicable only to the States of Gujarat, Andhra Pradesh, and Puducherry.
- ▲ However, now with rescinding of Notification No. 27/2022-CT dt. 26.12.2022, the same have been made applicable to all the States and Union territories for the purpose of completion of registration application.



³⁰ Notification No. 13/2024-CT dt. 10.07.2024

SEGMENT - 13

GST PAYMENT PROCESS

SUPPLY OF METAL SCRAP NOTIFIED FOR TDS U/S 51 OF CGST ACT, 2017³¹.

As per Notification No. 50/2018-CT as amended by Notification No. 25/2024, following are the notified recipients to whom the provisions of TDS is applicable:

- (a) an authority or a board or any other body set up by an Act of Parliament or a State Legislature; or established by any Government,
- (b) society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860
- (c) public sector undertakings
- (d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person**

- ⬆ Sale of metal scrap (Falling under chapter 72 to 81) by any registered person to another registered person is covered under TDS u/s 51.
- ⬆ Metal scrap can be scrap of iron, steel, copper, Nickel, Aluminum, Lead, Zinc, Tin and other base metals.
- ⬆ Recipient is required to deduct TDS @ 2% on the amount remitted.

Provided that with respect to persons specified under clause (a) of sub-section (1) of section 51 of the Act, nothing in this notification shall apply to the authorities under the Ministry of Defence, other than the authorities specified in the Annexure A and their offices, with effect from the 1st day of October, 2018

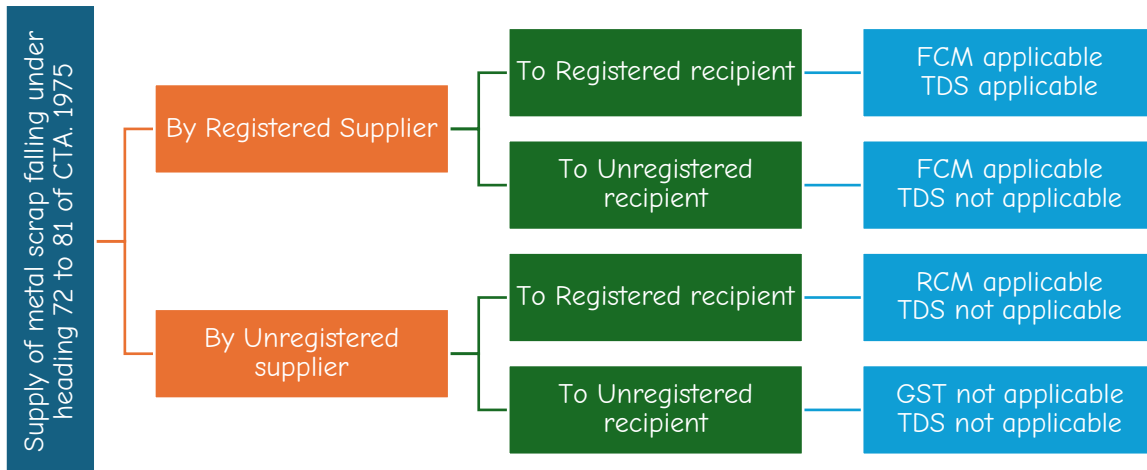
Provided further that nothing in this notification shall apply to the supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person, with effect from the 1st day of October, 2018

Provided also that nothing in this notification shall apply to the supply of goods or services or both, which takes place between one person to another person specified under clauses (a), (b), (c) and (d) of sub-section (1) of Section 51 of the said Act, except the person referred to in clause (d) of this notification

- ⬆ TDS is not applicable in case of supply of goods or services between notified persons u/s 51 of CGST Act, 2017.
- ⬆ However, if notified persons u/s 51, is making supply of metal scrap to a registered person, then the above relaxation is not applicable and consequently the registered recipient is required to deduct TDS.
- ⬆ Also, if a registered person is making supply of metal scrap to other notified persons u/s 51, TDS is applicable.

³¹ Notification No. 25/2024-CT dt. 09.10.2024

Note: RCM and TDS on Supply of metal scrap – A convergence



REDUCTION OF RATE OF TAX TO BE COLLECTED AT SOURCE BY ELECTRONIC COMMERCE OPERATOR³² - SEC. 52 OF CGST ACT, 2017:

- Every electronic commerce operator, not being an agent, shall collect an amount calculated at a rate of 0.25% of the net value of intra-State taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the said operator.
- Therefore, the effective rate of TCS under GST will be 0.5% [0.25% CGST + 0.25% SGST/UTGST].

Note: However, the TDS rate under Sec. 51 of CGST Act, 2017 remains same i.e., 2% [1% CGST + 1% SGST/UTGST]

INTEREST NOT PAYABLE ON ACCOUNT OF DELAY IF FILING GSTR-3B, IF SUFFICIENT BALANCE IS MAINTAINED IN ELECTRONIC CASH LEDGER AS ON THE DUE DATE OF GSTR-3B – AMENDMEN TO RULE 88B³³:

A proviso has been inserted after sub-rule (1) in rule 88B which lays down that where any amount has been credited in the electronic cash ledger as per section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.

³² Notification No. 15/2024 - CT dt. 10.07.2024

³³ Notification No. 12/2024 – CT dated 10.07.2024 (w.e.f. 10.07.2024)

SEGMENT - 14

RETURNS UNDER GST

FORM AND MANNER OF FURNISHING DETAILS OF OUTWARD SUPPLIES (FORM GSTR-1 & FORM GSTR-1A)³⁴ – RULE 59 OF CGST RULES, 2017:

(1) Every registered person, other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), required to furnish the details of outward supplies of goods or services or both under section 37, shall furnish such details in **FORM GSTR-1** for the month or the quarter, as the case may be, electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner:

Provided that the said person may, after furnishing the details of outward supplies of goods or service or both in **FORM GSTR-1** for a tax period but before filing of return in **FORM GSTR-3B** for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in **FORM GSTR-1A** for the said tax period electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner.

(2) The registered persons required to furnish return for every quarter under proviso to sub-section (1) of section 39 may furnish the details of such outward supplies of goods or services or both to a registered person, as he may consider necessary, for the first and second months of a quarter, up to a cumulative value of fifty lakh rupees in each of the months,—using invoice furnishing facility (hereafter in this notification referred to as the "IFF") electronically on the common portal, duly authenticated in the manner prescribed under rule 26, from the 1st day of the month succeeding such month till the 13th day of the said month:

(3) The details of outward supplies furnished using the IFF, for the first and second months of a quarter, shall not be furnished in **FORM GSTR-1** for the said quarter.

(4) The details of outward supplies of goods or services or both furnished in **FORM GSTR-1** shall include the—

(a)	invoice wise details of all—
(i)	inter-State and intra-State supplies made to the registered persons; and
(ii)	inter-State supplies with invoice value more than one lakh rupees made to the unregistered persons;
(b)	consolidated details of all—
(i)	intra-State supplies made to unregistered persons for each rate of tax; and
(ii)	State wise inter-State supplies with invoice value upto one lakh rupees made to unregistered persons for each rate of tax;
(c)	debit and credit notes, if any, issued during the month for invoices issued previously.

(4A) The additional details or the amendments of the details of outward supplies of goods or services or both furnished in **FORM GSTR-1A** may, as per the requirement of the registered person, include the -

(a)	invoice wise details of -
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³⁴ Notification No. 12/2024 – CT dated 10.07.2024 (w.e.f. 10.07.2024)

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	(i)	inter-State and intra-State supplies made to the registered persons; and
	(ii)	inter-State supplies with invoice value more than one lakh rupees made to the unregistered persons;
(b)	consolidated details of -	
	(i)	intra-State supplies made to unregistered persons for each rate of tax; and
	(ii)	State wise inter-State supplies with invoice value upto one lakh rupees made to unregistered persons for each rate of tax;
(c)	debit and credit notes, if any, issued during the month for invoices issued previously.	

(5) The details of outward supplies of goods or services or both furnished using the IFF shall include the—

(a)	invoice wise details of inter-State and intra-State supplies made to the registered persons;
(b)	debit and credit notes, if any, issued during the month for such invoices issued previously.

(6) Notwithstanding anything contained in this rule,—

(a)	a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 , if he has not furnished the return in FORM GSTR-3B for the preceding month;
(b)	a registered person, required to furnish return for every quarter under the proviso to sub-section (1) of section 39, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period;
(c)	a registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of ninety nine per cent of such tax liability under rule 86B, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR 1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR 3B for preceding tax period.
(d)	a registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88C in respect of a tax period, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of sub-rule (2) of rule 88C;
(e)	a registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88D in respect of a tax period or periods, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either paid the amount equal to the excess input tax credit as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess input tax credit that still remains to be paid, as required under the provisions of sub-rule (2) of rule 88D;
(f)	a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice

furnishing facility, if he has not furnished the details of the bank account as per the provisions of rule 10A.

FAQ's on above:**1. What is GSTR-1, and who is required to file it?**

GSTR-1 is a form used by registered taxpayers to report their **outward supplies** of goods or services (sales) for a tax period. Every registered person, except those falling under **Section 14 of the IGST Act**, must file GSTR-1 either monthly or quarterly, based on their chosen filing frequency.

2. Can I amend the details in GSTR-1 after submitting it?

Yes, taxpayers can amend the details in GSTR-1 using **GSTR-1A**. Amendments or additional details can be added in GSTR-1A before filing **GSTR-3B** for the same period. Tax payers can file GSTR-1A in the following scenario:

- a. To add new records which taxpayer missed out while filing in form GSTR-1, and/or
- b. To amend records which were already reported in same period in form GSTR-1.

However, earlier tax periods data cannot be amended using GSTR-1A and for that GSTR-1 amendment tables only should be used.

E.g. GSTR 1 for the month of August 2024 has been furnished by the taxpayer on 10th of September 2024. Taxpayer committed a mistake in 2 records and missed to report one record in its GSTR 1. Now GSTR 1A shall be opened for him/her on 10th of September or due date of GSTR 1 (i.e. 11th of September) whichever is later. The Taxpayer will be able to amend the incorrect record and shall also be able to add the missed record in Form GSTR 1A. The correct value shall be auto populated in its GSTR 3B.

3. Can GSTR-1A be filed after filing GSTR-3B of such tax period?

No, taxpayer cannot file GSTR-1A once GSTR-3B is filed for the same tax period. However, the functionality of amending records reported in previously filed GSTR-1 in subsequent GSTR 1 will be continued as it is.

4. Can Recipient's GSTIN be amended in GSTR-1A

No, GSTIN of the recipient cannot be amended through GSTR1A. Same can be done only through GSTR 1 of the following tax periods.

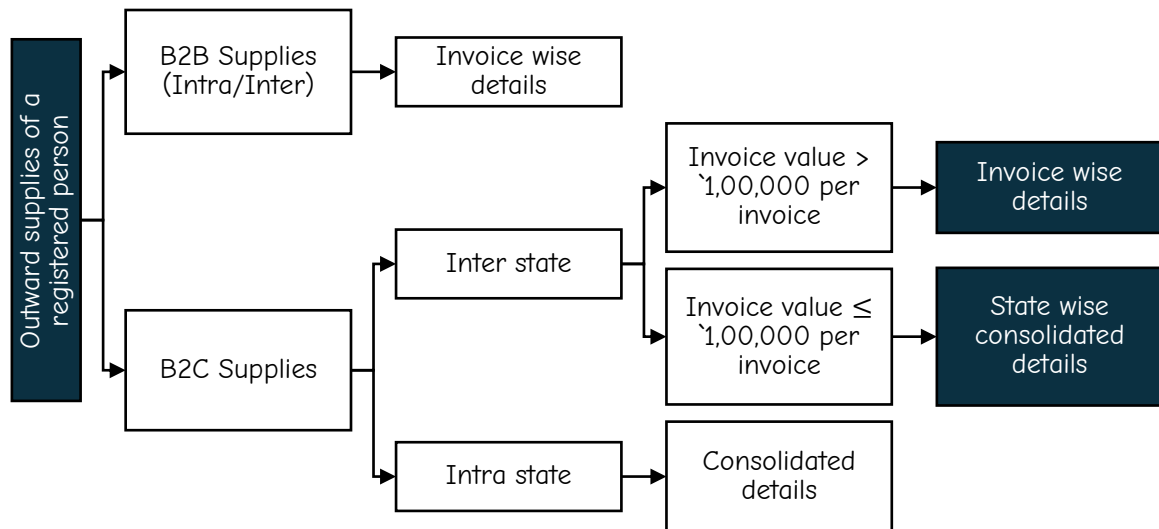
5. When will such details amended in GSTR-1A be reflected in GSTR-2B of recipient?

As per Rule 60, Form GSTR-2B, for every month, shall consist of, inter alia, additional details or amendments in details of outward supplies furnished in Form GSTR-1A filed between the day immediately after the due date of furnishing of GSTR-1 for the previous tax period to the due date of furnishing of Form GSTR -1 for the current tax period. Thus, supplies declared or amended in Form GSTR-1A shall be made available in the next open Form GSTR-2B

6. What is the Invoice Furnishing Facility (IFF), and who can use it?

The **Invoice Furnishing Facility (IFF)** is available to taxpayers who file quarterly returns (It is optional). It allows them to submit details of outward supplies for the first and second months of a quarter. They can report supplies up to a cumulative value of **₹50 lakh** per month. The IFF helps ensure that recipients can claim Input Tax Credit (ITC) promptly.

7. How the details must be included in GSTR-1/GSTR-1A?



Note: Debit Notes and Credit notes to B2B as well B2C should also be reported.

8. What are the situations where filing GSTR-1/IFF shall be blocked (or) restricted?

- ▲ GSTR – 3B not filed for preceding month (Normal Scheme)
- ▲ GSTR – 3B not filed for preceding quarter (QRMP Scheme)
- ▲ Intimation under Rule 88C issued (Liability in GSTR-1 > Liability in GSTR-3B) but neither reply to such intimation nor differential amount along with interest is paid.
- ▲ Intimation under Rule 88D issued (ITC in GSTR-3B > ITC in GSTR-2B) but neither reply to such intimation nor differential amount along with interest is paid.
- ▲ Not furnished bank details within the time limit under Rule 10A (i.e., within 30 days from the date of registration certificate or date of filing first GSTR-1/IFF, whichever is earlier)

CHANGE IN TIME LIMIT FOR FILING GSTR-4³⁵:

- ▲ GSTR-4 is an annual return to be filed by a person opting for composition scheme.
- ▲ Earlier, the time limit for filing such return was 30th April of the succeeding financial year.
- ▲ A proviso has been inserted in rule 62 to lay down that the return in Form GSTR-4 for a financial year from FY 2024-25 onwards shall be furnished by the registered person till 30th June of the following financial year.

³⁵ Notification No. 12/2024 – CT dated 10.07.2024 (w.e.f. 10.07.2024)

SEGMENT - 15

ACCOUNTS AND RECORDS, E-WAY BILL

NO AMENDMENTS IN THIS CHAPTER

