



Overview of Union Budget 2023-24

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Detailed analysis of **GST** Proposals and
Amendments

Key highlights – GST

- ⊗ Input Tax Credit relating to goods or services procured for fulfilling obligations under corporate social responsibility (CSR) is denied
- ⊗ For determining the place of supply for Transportation of goods to a place outside India, where supplier and receiver are in India, the proviso providing the place of destination of goods is removed. Therefore, irrespective of destination of goods, place of supply shall be either location of registered recipient or where goods are handed over in case of unregistered recipient
- ⊗ Amendments have been made in the provisions pertaining to minimum threshold limits for launching of prosecution in case of certain offences
- ⊗ Maximum period of 3 years has been prescribed for filing of GSTR-1, GSTR-3B, Annual Return and Statement of Tax Collection at Source from its due date
- ⊗ Registered suppliers supplying goods through e-commerce operators are eligible to opt for composition scheme even in cases where TCS is collected
- ⊗ Retrospective amendment made for treating certain supplies such as high seas sales, out and out supply as no-supply. No refund will be granted for GST already paid on these transactions

Enlargement of benefits of Composition Scheme

Background

- 🕒 Sec. 10 provides for eligibility and conditions for opting Composition Levy Scheme

Current Scenario

- 🕒 Sec. 10(2) prescribes certain conditions for registered persons for availing the Scheme wherein clause (d) provides that he is not engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source U/s. 52

Change in Law

- 🕒 The above condition in respect of supplier of goods has been done away with

WEF

- 🕒 The date to be notified by CG

Impact

- 🕒 Due to this amendment, registered persons supplying goods through electronic commerce operator shall now be eligible to opt for Composition Levy Scheme even if they are liable to TCS

Non-payment to supplier within 180 days

- Background** ☑ Sec. 16 provides for eligibility and conditions for availment of ITC
- Current Scenario** ☑ In cases where recipient fails to pay amount of invoice along with tax to the supplier within 180 days from the date of issue of invoice, the same is added to his output tax liability
- Change in Law** ☑ It is proposed that in such cases now such non payment related ITC will not be added to output tax liability but the same will be required to be paid along with interest as an amount other than output tax liability
- WEF** ☑ The date to be notified by CG
- Impact** ☑ Due to the above amendment, consequences of non-payment of output tax liability will not get triggered even if ITC along with interest has not been paid to CG on failure of making payment to supplier within 180 days.

Value of exempt supplies for ITC reversal

Background

- 🕒 Sec. 17 provides for reversal of ITC in cases where goods or services are used partly for effecting taxable supplies and partly for exempt supplies. It also provides for the value of exempt supplies

Current Scenario

- 🕒 Currently, value of exempt supplies excludes all Schedule III items except activities pertaining to sale of land and building

Change in Law

- 🕒 It is proposed to include Supply of warehoused goods to any person before clearance for home consumption in addition to sale of land and building

WEF

- 🕒 The date to be notified by CG

Impact

- 🕒 Due to the above amendment, ITC entitlement of persons engaged in making supplies of warehoused goods (as per Section 57/58/58A of Customs Act, 1962) will get reduced

Widening the scope of Blocked Credits

Background

- ☑ Sec. 17 also provides for credits which are not eligible

Current Scenario

- ☑ Currently, there are prescribed supplies of which ITC is not eligible

Change in Law

- ☑ Sec. 17(5) amended to include supplies received for fulfilling obligations under Corporate Social Responsibility (CSR), to disallow the credit on the same

WEF

- ☑ The date to be notified by CG

Impact

- ☑ This is one more step of CG to curtail ITC entitlement to corporates

Registration

- Background** ☑ Sec. 23 deals with the cases where registration is not required
- Current Scenario** ☑ Currently, Sec. 24 requires compulsory registration in certain cases even if threshold limit as prescribed in Sec. 22 is not crossed. There is widespread confusion whether Sec. 23 will override Sec. 24 or vice versa
- Change in Law** ☑ Sec. 23 has retrospectively amended with effect from 01.07.2017 to provide overriding effect over Sec. 24 and Sec. 22
- WEF** ☑ From 01.07.2017
- Impact** ☑ This will remove the long pending confusion over the cases where the registration is not required. Many suppliers engaged exclusively in exempt supplies and agriculturist will be relieved from the burden of registration and consequent compliances

Details of outward supplies

- Background** ☑ Sec. 37 provides for furnishing details of outward supplies
- Current Scenario** ☑ Presently, there is no time limit to furnish details of outward supplies pertaining to previous periods
- Change in Law** ☑ It is proposed to introduce a maximum time limit of three years to furnish details of outward supplies in the subsequent statements of outward supplies (GSTR 1)
- WEF** ☑ The date to be notified by CG
- Impact** ☑ Now, suppliers will not be permitted to furnish any details in subsequent statements beyond 3 years from its due date

Furnishing of Returns

Background

- ⌚ Sec. 39 provides for furnishing the returns

Current Scenario

- ⌚ Presently, there is no time limit to furnish returns filed to pertaining to previous periods

Change in Law

- ⌚ It is proposed to introduce a maximum time limit of three years to furnish returns (GSTR 3B)

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ As a result of such amendment, suppliers will not be permitted to furnish returns beyond three years from its due date
- ⌚ Similar amendments have been made for annual return under Sec. 44 and statement under Sec. 52 for TCS

Refunds

Background

- ⌚ Sec. 54 deals with refunds

Current Scenario

- ⌚ In existing scenario, ninety percent refund is granted on provisional basis for zero-rated supplies after excluding the amount of ITC provisionally accepted

Change in Law

- ⌚ It is proposed to provide that refund of ninety percent on provisional basis shall be granted on the entire amount

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ Currently, ITC is anyways not available on provisional basis, this amendment may not have a major impact

Interest on delayed payment of refund

Background

- ☑ Sec. 56 deals with interest on delayed payment of refund

Current Scenario

- ☑ Currently, there is no specific manner, conditions or restrictions for granting interest on delayed refunds

Change in Law

- ☑ Sec. 56 is amended to empower CG to prescribe the manner of calculating interest as well as to impose conditions and restrictions for granting interest

WEF

- ☑ The date to be notified by CG

Impact

- ☑ Depending upon the manner to be prescribed and conditions/restrictions to be imposed by CG in the times to come, the amount of interest may get reduced

Penalties for certain offences

- Background** Sec. 122 provides penalties for various offences

- Current scenario** There are twenty plus offences prescribed under the current provision

- Change in law** Penalty is prescribed for electronic commerce operators in respect of following offences:
 - allows supply by unregistered person
 - allows inter supply by a person who is not eligible
 - Fails to furnish correct details in the TCS statement person exempted from obtaining registration

- WEF** The date to be notified by CG

- Impact** Penalty payable by ECO will increase

Punishment for certain offences...

Background

- ☑ Sec. 132 prescribes imprisonment for certain offences

Current Scenario

- ☑ Presently, any offence other than prescribed twelve categories of offences involving amount of Rs. one crore or more may trigger imprisonment

Change in Law

- ☑ It is proposed to enforce imprisonment only in cases of issuance of invoice without supply leading to wrongful ITC

WEF

- ☑ The date to be notified by CG

Impact

- ☑ This clarifies that imprisonment will not be invoked in any other case. Therefore, will increase the ease of business

...Punishment for certain offences

- Background** ☑ Sec. 132 prescribes imprisonment for certain offences
- Current scenario** ☑ Presently, there are twelve categories of offences which may trigger imprisonment where amount involved is more than one crore
- Change in law** ☑ Now following three such offences will not be punishable with imprisonment:
- ☑ Obstructs or prevents any officer in discharge of his duties
 - ☑ Tamperers or destroys material evidence/documents
 - ☑ Fails to supply information or supplies false information
- WEF** ☑ The date to be notified by CG
- Impact** ☑ This will reduce the rigors of the assesseees

Compounding of offences...

Background

- ⌚ Sec. 138 deals with compounding of offences

Current scenario

- ⌚ Currently, there are seven offences for which compounding is allowed only once

Change in Law

- ⌚ Now it is proposed to introduce following two more offences in the list:
 - ⌚ Knowingly deals with goods which are liable for confiscation
 - ⌚ Knowingly deals with services which are supplied in contravention of law

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ Compounding has been restricted only one time for two more offences

...Compounding of offences

Background

- ⌚ Sec. 138 provides for amount of composition

Current scenario

- ⌚ Currently, the amount prescribed a range between higher of 10,000 or 50% of tax and higher of 30,000 or 150% of tax

Change in Law

- ⌚ Now it is proposed to amend the range of 25% to 100% of tax involved

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ Due to reduction of composition money, litigation may reduce

No Supply

Background

- ☒ Schedule III deals with supplies which are outside the scope of GST

Current scenario

- ☒ Previously, there were six supplies in this category. Following supplies were brought in this list from 01.02.2019 prospectively:
 - ☒ Supply of goods of from non-taxable territory to another non-taxable territory without entering into India
 - ☒ Supply of warehoused goods before home consumption
 - ☒ Supply of goods by endorsement of title document after they are dispatched from outside India before clearance for home consumption

Change in Law

- ☒ Now it is clarified that such supplies shall be part of Schedule III no supply retrospectively

WEF

- ☒ From 01.07.2017

Impact

- ☒ Confusion regarding taxability of such supplies for period prior to 01.02.2019 would be resolved and thus reduce unwanted litigation

Place of Supply of Services

Background

- ⌚ Sec. 12 of IGST Act provides for place of supply of services where both service provider and recipient are located in India

Current scenario

- ⌚ Currently, place of supply in cases where goods are transported outside India is the destination of such goods

Change in Law

- ⌚ Now it is proposed to amend place of supply in such cases as:
 - ⌚ location of such person (registered person)
 - ⌚ location where goods are handed over for transportation (unregistered person)

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ This change has brought in uniformity in determining place of supply irrespective of destination of goods.

Sharing of Information

Change in Law

- ⌚ It is proposed to empower CG to share the information submitted by assessee over GSTN portal be allowed to be shared with other systems such as:
 - ⌚ Details of registration
 - ⌚ Details of returns
 - ⌚ Details of outward supplies
- ⌚ Details will be shared after obtaining the consent of supplier and also of recipient where such details include identity details of the recipient

WEF

- ⌚ The date to be notified by CG

Abbreviations...

WEF	With Effect From
FY	Financial Year
FTP	Foreign Trade Policy
Govt.	Government
GST	Goods and Service tax
Sec.	Section
T/o	Turnover
TCS	Tax collected at source
SEZ	Special economic zone
CGST	Central goods and service tax
IGST	Integrated goods and service tax
FEMA	Foreign Exchange Management Act

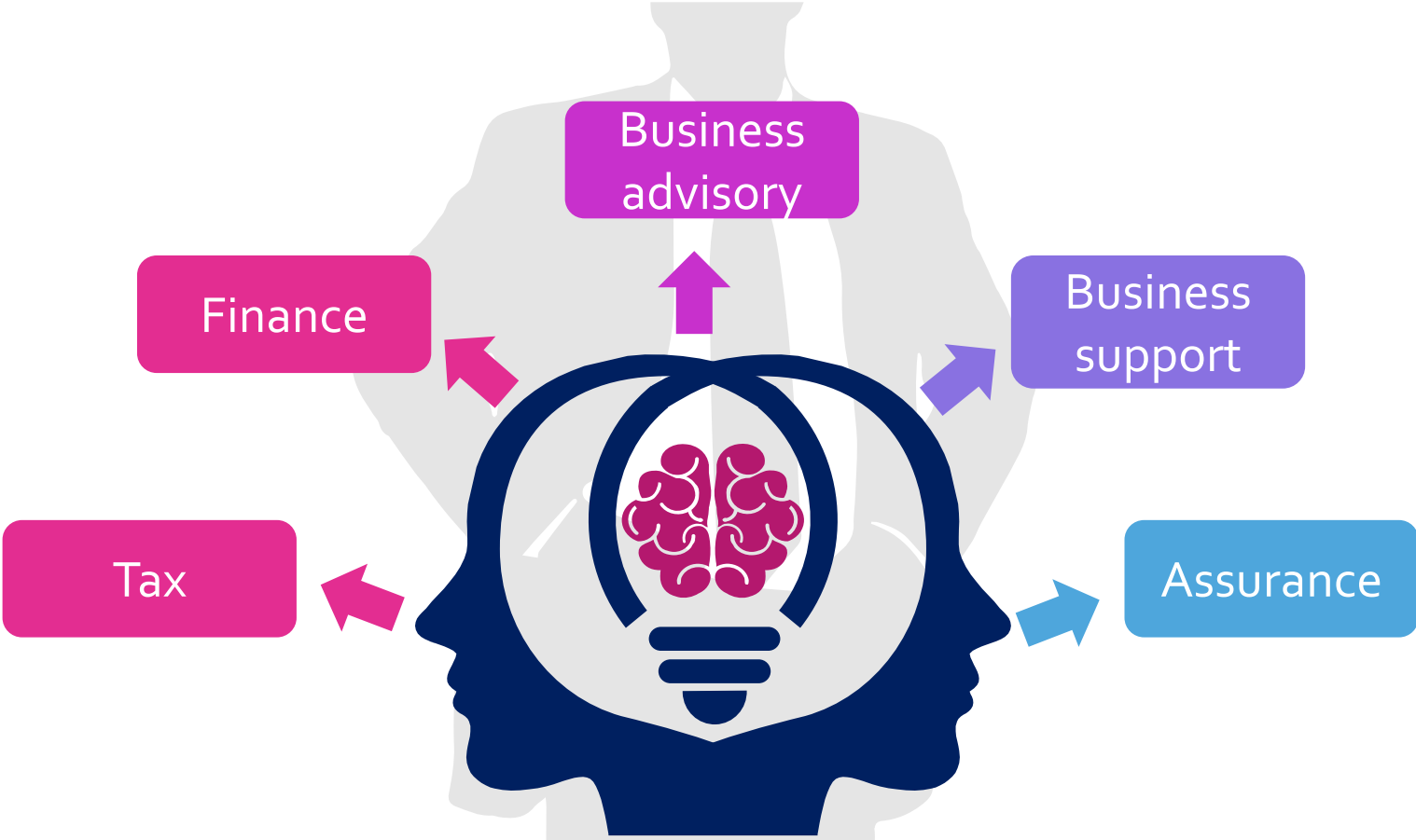
...Abbreviations...

GOI	Government of India
AIDC	Agriculture Infrastructure and Development Cess
FA	Finance Act, 1994
Not.	Notification
TRU	Tax Research Unit
WEF	With Effect From
BCD	Basic Customs Duty
CBIC	Central Board of Indirect Taxes and Customs
BOE	Bill of entry
CVD	Countervailing Duty
ADD	Anti-dumping duty
EOU	Export Oriented Unit

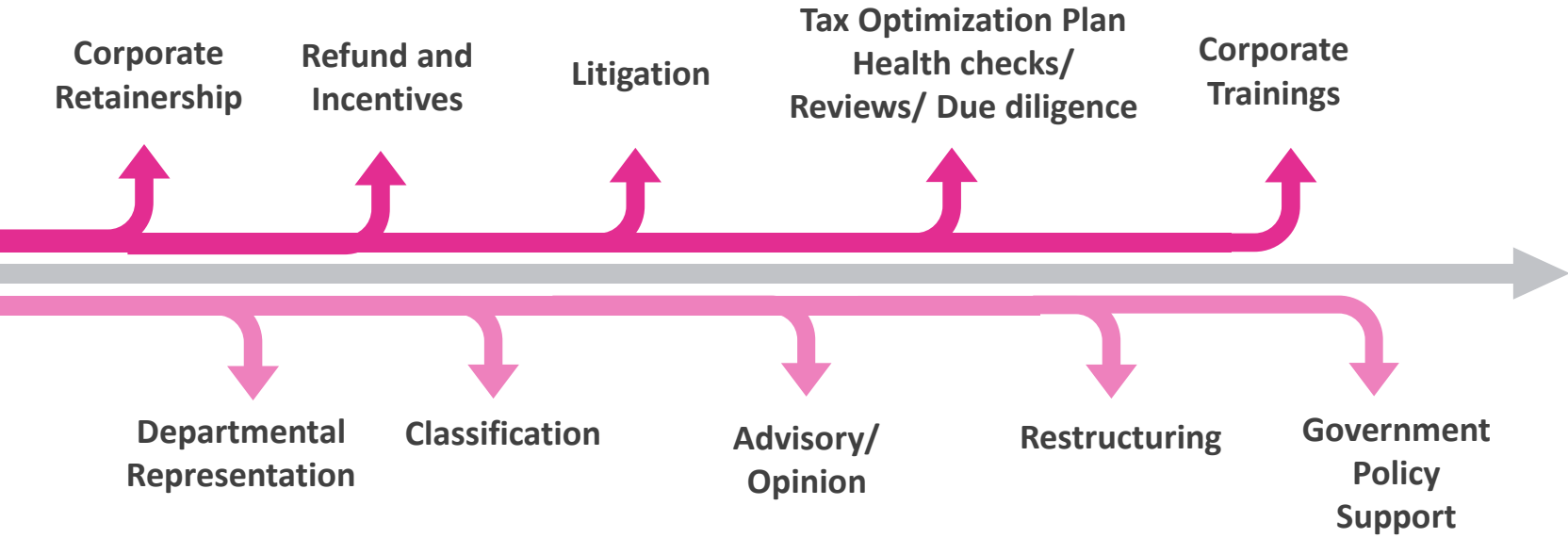
...Abbreviations

CG	Central Government
DTA	Domestic Tariff Area
SWS	Social Welfare Surcharge
Cr.	Rupees in Crores
ITC	Input Tax Credit
SB	Shipping Bill
U/s	Under Section

What do we do?...



... What do we do?



Disclaimer

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Reach Us

West Region

6th Level, Kaledonia
-A,
Sahar Road,
Andheri East,
Mumbai - 400 069

North Region

A-36, First Floor,
Ring Road,
Adjacent to Raja
Garden Flyover,
Rajouri Garden,
New Delhi - 110 027

East Region

406A - 406B,
4th Floor,
Todi Chamber,
2, Lal Bazar Street,
Kolkata - 700 001

South Region

64, Thirumalai Pillai
Road, T. Nagar,
Chennai - 600 017



www.gscintime.com

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+91 22 4612 5600



info@gscintime.com