



Overview of Union Budget 2024-25

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Detailed analysis of **GST** Proposals and
Amendments

- ⌚ Un-denatured Extra neutral alcohol (ENA)/ Rectified Spirit used in the production of alcoholic liquor intended for human consumption will not be leviable to tax
- ⌚ Extending the deadline to 30.11.2021 for claiming ITC for invoices or debit notes pertaining to FY 2017-18 to FY 2020-21
- ⌚ Penalty provisions on E-commerce operators simplified
- ⌚ Waiving interest and penalty for demand notices issued u/s 73, where full tax has been paid by date to be notified
- ⌚ Empower the government to regularize past discrepancies in tax practices by issuing a notification, ensuring that businesses are not unduly penalized for following a generally accepted but incorrect tax practice

- ⌚ Allow transitional credit for service invoices received by the ISD before or after 01.07.2017
- ⌚ To restrict refunds for goods subject to export duty including those exported or supplied to SEZ, with or without payment of tax
- ⌚ Registered Person who is required to deduct TDS u/s 51 needs to file return every month even if no tax deductions are being made in such particular month
- ⌚ Introduction of a sunset clause for Anti-Profiteering measures and align these cases to the GSTAT
- ⌚ Reducing the amount of pre-deposit required to be paid for filing of appeal under GST before Tribunal from 20% to 10%

ENA/ Rectified Spirit taken out of GST net

Background

- ⌚ Sec. 9 is the charging section of GST on supply of goods and services (corresponding changes have been proposed in IGST Act, UTGST Act)

Current Scenario

- ⌚ Sec. 9(1) provides for levy of GST on supply of goods and services. Currently, supply of alcoholic liquor for human consumption is being excluded from the purview of GST

Change in Law

- ⌚ Now, apart from alcoholic liquor, un-denatured extra neutral alcohol (ENA)/ rectified spirit used for manufacture of alcoholic liquor is also been excluded and kept out of the levy of GST

WEF

- ⌚ The date to be notified by CG

Impact

- ⌚ Due to this amendment, GST will not be applicable on ENA/ rectified spirit used for manufacturing alcoholic liquor

Provision incorporated for providing relief in case of industry practice

Background

- ⊙ Heavy pitch demand raised by tax authorities wherein almost entire trade/ industry gets impacted [Corresponding changes have been proposed in IGST Act, UTGST Act and GST (Compensation to States) Act]

Current Scenario

- ⊙ There is no provision in GST Law to provide for blanket exemption in cases where there is an industry practice of not collecting/ discharging GST

Change in Law

- ⊙ A new Sec. 11A is proposed to be incorporated. This will empower Govt. on recommendations from Council, to forgo such non-levy or short levy of tax where it is satisfied that such non-levy or short levy was a result of general practice. In such cases, tax payable if any, would not be required to be paid

WEF

- ⊙ The date to be notified by CG

Impact

- ⊙ Notifications to be issued under Sec. 11A will provide a great relief in cases of tax disputes involving industry practice

Time of supply of inward services on which tax is payable under RCM

Background

- 🕒 Sec. 13 deals with provisions for time of supply of services

Current Scenario

- 🕒 Currently, there is no provision related to Time of supply of inward services for invoices issued by the recipient

Change in Law

- 🕒 The time of supply of services in cases where payment is not made in advance to the supplier and tax is paid under RCM shall be earlier of :
 - 🕒 Date of payment entered in the books of accounts or amount debited from bank A/c, whichever is earlier or;
 - 🕒 60 days from the issue of invoice by Supplier or;
 - 🕒 Date of issue of invoice by Recipient in case where invoice is required to be issued by Recipient (Newly Added Condition)

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- 🕒 The date to be notified by CG

Impact

- 🕒 The new condition for determining Time of supply has been included

Time Limit for availment of ITC extended

Background

- 🕒 Sec. 16 deals with eligibility and conditions for taking input tax credit

Current Scenario

- 🕒 Sec. 16(4) provides for time limit for availment of ITC for a financial year which is upto 30th November of next FY (For FY 2017-18 to 2020-21, time limit to avail ITC was the due date for filing of GSTR-3B of September month i.e. 20th October of next FY)

Change in Law

- 🕒 For the FY 2017-18 to FY 2020-21, time limit for claiming ITC has been extended till 30.11.2021

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- 🕒 The date to be notified by CG

Impact

- 🕒 ITC claimed after the expiry of time limit as provided under Sec 16(4) gets extended to 30.11.2021 for the FY 2017-18 to FY 2020-21

Time limit for availing ITC extended on Invoices issued by RC Cancelled Suppliers

Background

- ☑ Sec. 16 deals with eligibility and conditions for taking input tax credit

Current Scenario

- ☑ Tax authorities have disputed ITC availed relating to invoices issued by RC cancelled suppliers

Change in Law

- ☑ Time limit for availing ITC in respect of invoices issued by supplier whose registration is cancelled would be:
 - ☑ 30th November of the next F.Y. or
 - ☑ 30 days from the order of revocation of cancellation of registration; whichever is later

WEF

- ☑ The date to be notified by CG

Impact

- ☑ Time limit for availing ITC is being extended on Invoices issued by RC Cancelled Suppliers during the period of cancellation

ITC allowed on violations made in respect of movement of goods

Background

- ☑ Sec. 17(5) deals with items where ITC is blocked/ ineligible under the GST regime

Current Scenario

- ☑ ITC is blocked in respect of any tax which is paid under Sec. 74, 129 and 130

Change in Law

- ☑ Restriction in ITC availment removed for violations of movement of goods (i.e. E-way Bill)
- ☑ In view of introduction of separate Sec. 74A, ITC denial for tax payment under Sec. 74 made effective from FY 2017-18 to FY 2023-24

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- ☑ The date to be notified by CG

Impact

- ☑ If tax is paid in accordance with Sec. 129 or 130, then still ITC would not be blocked on such violations made in respect of movement of goods

Time limit prescribed for issuance of tax invoice on supplies on which tax is payable under RCM

Background

- Sec. 31 deals with the time limit to issue tax invoices for supplies of goods or services or both under GST Regime

Current Scenario

- Presently, Sec. 31 does not provide any time limit regarding the issuance of invoices by recipient in case of a supplier is not registered and tax is payable under RCM

Change in Law

- The time limit for issuing Invoice by Recipient shall be prescribed
- Also, Recipient is required to issue invoice where supplier is solely registered for deducting TDS U/s 51 and for which time limit shall be prescribed

WEF

- The date to be notified by CG

Impact

- Time limit prescribed for issuance of tax invoice would be prescribed by the Government

Mandatory Filing of Monthly Return by Tax Deductor

Background

- ☺ Sec. 39 deals with the time limit to furnish various return and accordingly pay taxes and claim eligible ITC

Current Scenario

- ☺ Presently, as per Sec. 39(3), a person who is required to deduct TDS u/s 51 needs to furnish a return electronically for a particular month in which deductions have been made for such month

Change in Law

- ☺ A tax deductor needs to furnish a return within a prescribed time for every month irrespective of the fact that whether there are any deductions being made or not made in that particular month.

WEF

- ☺ The date to be notified by CG

Impact

- ☺ Increase in compliance burden on tax deductor

Change in refund mechanism for supplies attracting export duty...

Background

- 🕒 Sec. 54 deals with the provisions of refund of tax

Current Scenario

- 🕒 Presently, no refund of unutilized ITC is allowed in case of export of goods which are subjected to export duty






Change in Law

- 🕒 No refund of unutilized ITC will be allowed in case of zero-rated supply of goods which are subjected to export duty
- 🕒 If the goods, subjected to export duty, are exported with payment of IGST, then too refund of IGST would not be allowed
- 🕒 Corresponding changes have been proposed in Sec 16 of IGST Act
- 🕒 IGST Act is also amended to allow supplies to SEZ on payment of GST and claim refund thereof
- 🕒 The date to be notified by CG

Impact

- ⊗ Now, in case of export of goods or supply of goods to SEZ Units or Developers, which are subject to export duty, GST refund for export with or without payment of GST is proposed to be disallowed
- ⊗ Though supplies to SEZ were allowed to be made on payment of GST through notification issued already, now, the amendment is made in IGST Act to give express powers to Central Government to issue such notification

Authorized Representative can now attend in summons proceedings

- Background**  Sec. 70 empowers officers to summon person to give evidence and produce documentation
- Current Scenario**  Currently, there is no provision for a representative to attend on behalf of person to whom summon is issued
- Change in Law**  Sec. 70(1A) is introduced to enable an authorised representative to appear on behalf of person to whom summon is issued
- WEF**  The date to be notified by CG
- Impact**  This will ease the requirements of physical presence, specially where person summoned resides in one location and called upon to appear at another location

Current Provisions for Determination of Tax made valid till FY 2023-24

Background

- Sec. 73 & 74 deals with determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for various reasons

Current Scenario

- Any notice or order can be issued under Sec. 73 or 74 by the proper officer

Change in Law

- The provisions of the above sections made applicable upto FY 2023-24.

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- The date to be notified by CG

Impact

- Existing Sec. 73 and 74 for the period applicable till FY 2023-24

Consolidation of Provisions dealing with determination of Tax

- Background** Single section has been drafted to cover all cases whether it involves fraud or not
- Current Scenario** Till now, separate sections have been prescribed for initiation of a case not involving suppression, fraud and involving suppression, fraud
- Change in Law** New Sec. 74A has been proposed and would be made effective from FY 2024-25 onwards
 - Uniform time limit of 42 months prescribed for issuance of notice
 - This section in a way is a consolidation of provisions of Sec. 73 and 74
- WEF** The date to be notified by CG
- Impact** This Sec. 74A would be applicable for the period FY 2024-25 and onwards

Requantification of Penalty

Background

- Sec. 75 deals with general provisions relating to determination of tax

Current Scenario

- Any Appellate Authority or Appellate Tribunal or Court concludes that penalty charged under Sec. 74 is not sustainable due to absence of reasons for suppression of facts or fraud etc., and in such cases, tax shall be determined in accordance with Sec. 73

Change in Law

- Penalty imposed for the reasons of suppression, fraud etc. can be re-quantified by the Appellate Authority or Appellate Tribunal or Court if no reasons for suppression of facts or fraud has been established and penalty in such cases would be 10% of tax or Rs. 10,000/- whichever is higher






WEF

- The date to be notified by CG

Impact

- Under current provisions, if the charge for suppression, fraud fails; then the tax would be re-computed (for 3 years instead of 5 years)
- Under proposed provisions, since there is a single time limit prescribed under Sec. 74A, hence there would not be any changes in tax payable but penalty would change accordingly

Reduction in the maximum amount of pre-deposit for filing Appeal

- Background**  Sec. 107 deals with filing of Appeals to Appellate Authority
- Current Scenario**  No appeal would be admitted if Appellant fails to pay 10% of tax in dispute or Rs. 25 Crores whichever is lower
- Change in Law**  The maximum amount of pre-deposit for filing Appeal from Rs. 25 Crores has been reduced to Rs. 20 Crores
- WEF**  The date to be notified by CG
- Impact**  The maximum amount of pre-deposit for filing Appeal has been reduced to Rs. 20 Crores

Principal Bench of GST Tribunal to examine/adjudicate cases pertaining to Anti Profiteering violations

- Background** ☑ Sec. 109 deals with constitution of Appellate Tribunal and Benches.
- Current Scenario** ☑ Anti-Profiteering matters are currently dealt by the Competition Commission of India (CCI)
- Change in Law** ☑ The Appellate Tribunal is empowered to examine the matters or adjudicate the cases pertaining to violations of Anti-Profiteering
- ☑ Such matters are proposed to be examined or adjudicated only by the Principal Bench
- WEF** ☑ The date to be notified by CG
- Impact** ☑ Pending cases would be assigned to Principal Bench of Tribunal

Reduction in Pre-deposit amount for filing Appeal before Appellate Tribunal

- Background** 🕒 Sec. 112 deals with Appeals to Appellate Tribunal
- Current Scenario** 🕒 In absence of constitution of Tribunal, further appeals have not yet been filed
- Change in Law** 🕒 Govt. will notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals
 - 🕒 Appellate Tribunal will permit filing of appeals by the department within 3 months after the expiry of the specified time limit of 6 months
 - 🕒 It is proposed that Appellate Tribunal would admit appeals if Appellant pays 10% of tax in dispute or Rs. 20 Crores whichever is lower as pre-deposit
- WEF** 🕒 The date of filing appeal before Appellate Tribunal is notified to be 01.08.2024
 - 🕒 Rest of the provisions will be applicable from the date to be notified by CG
- Impact** 🕒 Reduction in financial burden due to lower pre-deposit percentage

Penalty removed for ECO which are not required to collect TCS

- Background**
 - ☑ Sec. 122 (1B) prescribes penalty for electronic commerce operators (ECO)

- Current scenario**
 - ☑ Penalty prescribed for ECO 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

- Change in law**
 - ☑ Penalty prescribed under Sec. 122(1B) would be imposed only on those ECO who are required to collect TCS under Sec. 52 of CGST Act

- WEF**
 - ☑ 01.10.2023

- Impact**
 - ☑ Instances of imposition of penalties on ECO not required to collect TCS, would get reduced

Waiver of interest and penalty relating to demands issued u/s 73

Background

- ⌚ Sec. 128A specifies the benefit of waiver of interest and penalty relating to demands pertaining to FY 2017-18 to 2019-20 U/s 73

Current Scenario

- ⌚ Currently, there is no provision prescribed for the waiver of interest and penalty demanded U/s 73 for FY 2017-18 to 2019-20

Change in Law

- ⌚ One time amnesty benefit made available to taxpayer in respect of notices/orders issued under Sec. 73, if tax payment is made on or before the notified date for FY 2017-18 to 2019-20

WEF

- ⌚ From the date to be notified by CG

Impact

- ⌚ This being a welcome measure, will reduce the litigations pertaining to initial phase of introduction of GST

Invoices received by ISD pertaining to Pre GST period are made eligible for TRAN credit

- Background**
 - ☑ Sec. 140(7) deals with transitional credit can be claimed as ITC by ISD
- Current Scenario**
 - ☑ Presently, transitional credit on any services received prior to appointed day (01.07.2017) by ISD would be eligible for distribution as ITC under GST regime for invoices which are received after 01.07.2017.
- Change in Law**
 - ☑ Transitional credit on services received prior to 01.07.2017 would be eligible for distribution as ITC on all invoices whether received prior to or after 01.07.2017.
- WEF**
 - ☑ The date to be notified by CG
- Impact**
 - ☑ Now, it has been clarified that transitional credit in respect of service received by ISD prior to 01.07.2017 would be eligible for distribution of ITC under GST regime irrespective of date of issuance of invoices for the said services

Last date for filing complaints for Anti-Profiteering provisions shall be notified

Background

- ☑ Sec. 171 deals with the violations of Anti-Profiteering provisions

Current Scenario

- ☑ There is no cut-off period prescribed for entertaining complaints filed for violations of Anti-Profiteering provisions

Change in Law

- ☑ It is proposed to empower Govt. to notify the date from which the Anti-Profiteering Authority would not accept any complaints
- ☑ Moreover, Appellate Tribunal when it comes into force, would be considered as an Authority to look into anti-profiteering matters

WEF

- ☑ The date to be notified by CG

Impact

- ☑ Pending cases would get transferred to the Principal Bench of Appellate Tribunal

Scope of Schedule III widened to cover Insurance Sector

Background

- ☑ Schedule III deals with supplies which are outside the purview of GST

Current Scenario

- ☑ Presently, 8 activities or transactions are treated neither as supply of goods nor supply of services

Change in Law

- ☑ Following activities are proposed to be added in this list:
 - ☑ Apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services supplied jointly to insured shall be considered as neither supply of goods nor services only if lead insurer had paid tax on the premium received from the insured.
 - ☑ Insurer providing reinsurance services to re-insurer for which ceding/reinsurance commission is deducted from the total gross reinsurance premium shall be treated as neither supply of goods nor services only if insurer had paid tax on whole gross insurance premium.

WEF

- ☑ The date to be notified by CG

Impact

- ☑ It is a welcome change for the insurance industry

Reduction in the maximum amount prescribed for Pre-Deposit under IGST Act

- Background** ☑ Sec. 20 of IGST Act contains the maximum ceiling of pre-deposit
- Current Scenario** ☑ Currently, maximum amount of pre-deposit payable for filing appeal before the Appellate Authority is Rs. 50 Crore and Appellate Tribunal is Rs. 100 Crore.
- Change in Law** ☑ It is proposed to reduce maximum amount of pre-deposit for filing an appeal before the Appellate Authority from Rs. 50 Crore to Rs. 40 Crore and for the Appellate Tribunal from Rs. 100 Crore to Rs. 40 Crore of IGST
- WEF** ☑ The date to be notified by CG
- Impact** ☑ Lower financial burden on the taxpayers

Sections which are amended to incorporate a reference to proposed new Section 74A of CGST Act...

Section 10(5)	Composition Levy
Section 21	Manner of Recovery of Credit distributed in excess
Section 35(6)	Accounts and Other Records
Section 49(8)	Payment of Tax, Interest, Penalty and other Amounts
Section 50(1)	Interest on delayed payment of tax
Section 51(7)	Tax deduction at source
Section 61(3)	Scrutiny of Returns
Section 62(1)	Assessment of non-filers of returns

...Sections which are amended to incorporate a reference to proposed new Section 74A of CGST Act

Section 63	Assessment of unregistered persons
Section 64(2)	Summary Assessment in certain special cases
Section 65(7)	Audit by Tax Authorities
Section 66(6)	Special Audit
Section 75	General Provisions relating to Determination of Tax
Section 104 (1)	Advance Ruling to be void in certain circumstances
Section 107(11)	Appeals to Appellate Authority
Section 127	Power to impose penalty in certain cases

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
UTGST	Union Territory Goods and Service Tax
CGST	Central Goods and Service Tax
IGST	Integrated Goods and Service Tax
TDS	Tax Deducted at Source

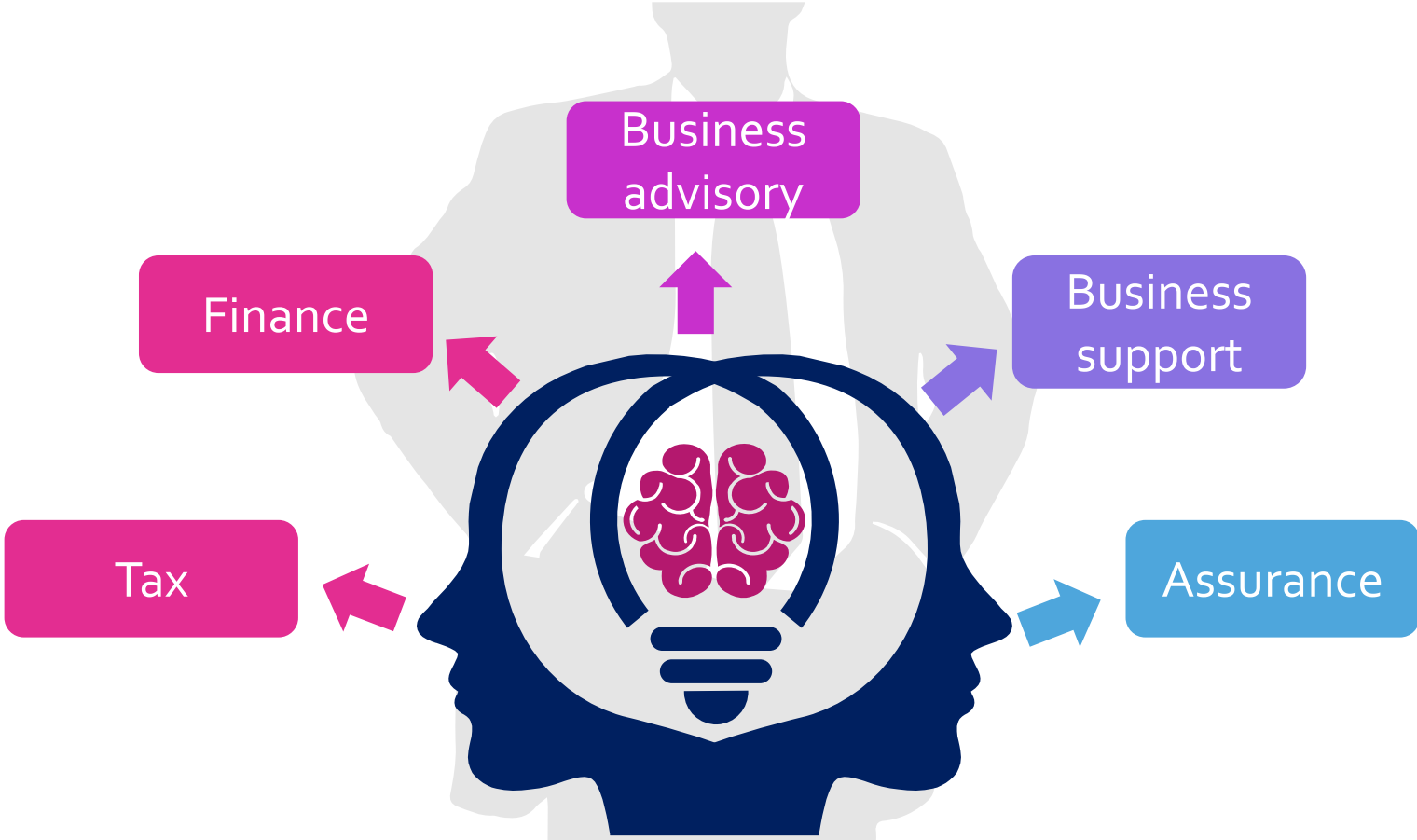
...Abbreviations...

GOI	Government of India
RC	Registration Certificate
FA	Finance Act, 1994
Not.	Notification
ISD	Input Service Distributor
WEF	With Effect From
BCD	Basic Customs Duty
CBIC	Central Board of Indirect Taxes and Customs
SEZ	Special Economic Zone
TRAN	Transitional Credit
GSTAT	Goods and Service Tax Appellate Tribunal
ECO	E-Commerce Operator

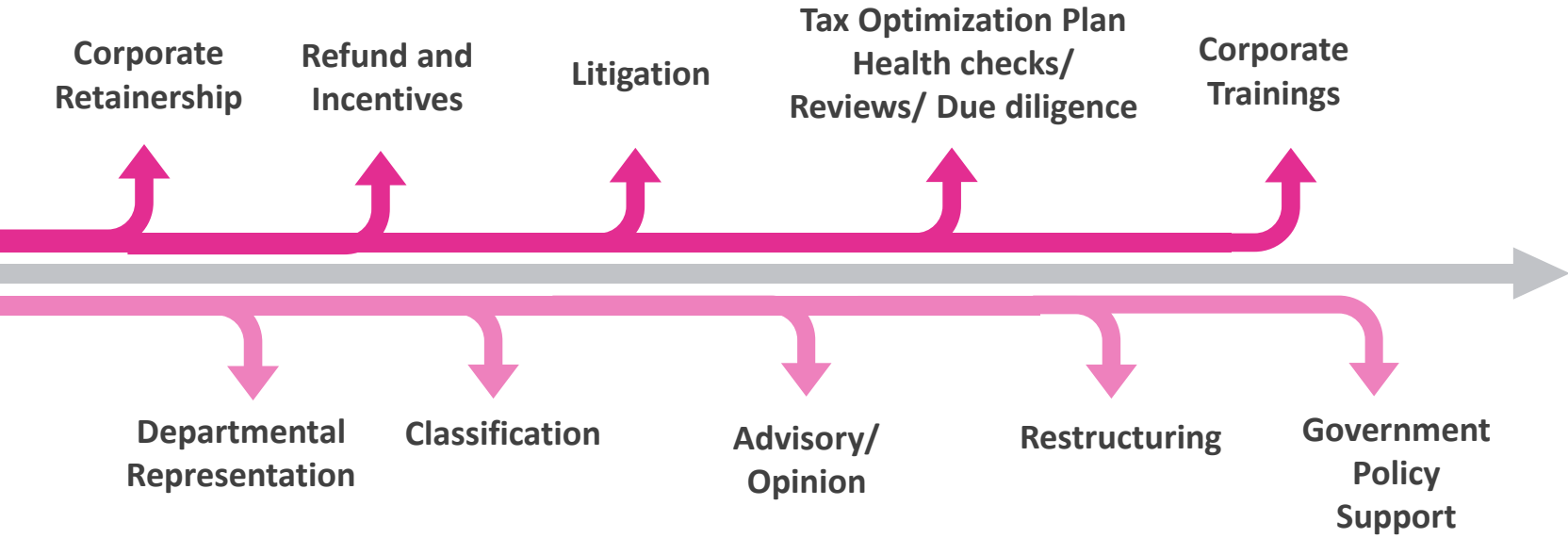
...Abbreviations

CG	Central Government
DTA	Domestic Tariff Area
SWS	Social Welfare Surcharge
ITC	Input Tax Credit
Rs.	Rupees
U/s	Under Section

What do we do?...



... What do we do?



Disclaimer

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