

Key Updates

A. Trade facilitation measures

	Recommendation	Impact
1.	<p>Section 128A to be inserted to the CGST Act, 2017, to waive interest and penalties on tax demands raised under Section 73 (i.e. cases not involving fraud, suppression or willful misstatement):</p> <ul style="list-style-type: none"> • Period covered: FY 2017-18, FY 2018-19 and FY 2019-20 • Condition: If full tax is paid by 31st March 2025. • However, this waiver will not apply to demand for erroneous refund. 	<p>This recommendation could provide significant relief to taxpayers facing demands for the period covered in the waiver. To avail of this waiver, taxpayers must ensure full payment of the tax amount by 31st March 2025.</p>
2.	<p>Fixing monetary limits for filing appeals by the GST Department:</p> <ul style="list-style-type: none"> • INR 20 lakhs for GST Appellate Tribunal (GSTAT), • INR 1 crore for High Court, and • INR 2 crores for Supreme Court. 	<p>Prescribed monetary limits are expected to streamline the department's approach to filing appeals.</p> <p>For instance, in matters below INR 20 Lakhs wherein taxpayers have received favorable orders from Appellate Authority, then the GST department may not be able to challenge such orders passed in favor of taxpayers before the Appellate Tribunal</p>

		is will lead to a potential reduction in departmental litigation.
3.	<p>Reduction in pre-deposit for filing appeals:</p> <ul style="list-style-type: none"> Section 107 to be amended for reducing pre-deposit amount for filing appeal to Appellate Authority: Maximum pre-deposit to be reduced from INR 50 crores (CGST+SGST) to INR 40 crores (CGST+SGST) Section 112 to be amended for reducing pre-deposit amount for filing appeal to Appellate Tribunal: Maximum pre-deposit to be reduced from 20% of disputed tax, subject to maximum INR 100 crores (CGST+SGST) to 10% of disputed tax, subject to maximum INR 40 crores (CGST+SGST). Pre-deposit under section 112 is in addition to pre-deposit paid under section 107. 	<p>Lower pre-deposit requirements ease financial strain for taxpayers, helping to improve cash flow and reduce working capital blockage.</p>
4.	<p>Section 9(1) will be amended to exclude rectified spirit/extra neutral alcohol which is used for the manufacture of alcoholic liquor for human consumption, from the levy of GST.</p>	<p>There was lack of clarity on the taxation of ENA, leading to divergent practices.</p> <p>The hon'ble Supreme Court in several cases, held that ENA, should be covered under GST.</p>

		While, some states were collecting VAT or state excise duty, this amendment seeks to resolve the ambiguity and divergent practices. By excluding ENA from GST when used for alcoholic beverages, states retain the authority to levy excise duties.
5.	Reduce TCS rate u/s 52(1) from present 1% (0.5% CGST + 0.5% SGST/ UTGST, or 1% IGST) to 0.5 % (0.25% CGST + 0.25 SGST/UTGST, or 0.5% IGST).	This will ease financial burden on suppliers who conduct transactions through e-commerce operators.
6.	Section 112 would be amended. The period of 3 month for filing appeals before Appellate Tribunal would start from a notified date . Government will issue a notification specifying the new date from which the 3 month period for filing appeals will begin.	This will give sufficient time to the taxpayers to file appeal before the Appellate Tribunal. A clearer and extended timeline for filing appeals will contribute to a more streamlined dispute resolution process
7.	Relaxation in the conditions of Section 16(4) as follows: retrospective amendment in section 16(4): For the period FY 2017-18 to 2020-21, if GSTR-3B has been filed before 30.11.2021, time limit to avail ITC would be 30.11.2021. The Council recommended a retrospective amendment in Section 16(4) of the CGST Act, effective from 1st July 2017, to reflect this change STR-3B filed after revocation of registration: Where registration has been cancelled Suo-moto by proper officer, taxpayer can apply for revocation u/s 30. The Proper officer may revoke the registration or reject the application. In such cases, where registration is revoked by the proper officer after application made u/s 30, and taxpayers files his return within	By extending the deadlines retrospectively, the government aims to resolve ongoing litigation matters wherein the authorities have challenged the availment of ITC beyond the stipulated timeline.

	30 days of revocation, benefit of relaxed provision of section 16(4) would be available to the taxpayer.	
9.	Rule 88B of the CGST Rules, 2017 would be amended. Amount available in the Electronic Cash Ledger on due date of filing of FORM GSTR-3B, which is debited while filing FORM GSTR-3B, will not be included in calculation of interest u/s 50 for delayed filing of FORM GSTR-3B	This amendment provides clarity on interest calculation and reduced interest burden and accordingly, support the judicial jurisprudence in the recent past. This also encourages taxpayers to maintain sufficient balance in their electronic cash ledger.
10.	Section 11A is proposed to be inserted to empower the government to allow the regularization of non-levy or short levy of GST, due to common trade practices.	The new section will help resolve issues related to non-levy or short levy of GST that arose due to common trade practices which are generally litigated by GST authorities. This aims to reduce litigation and disputes arising from trade practices.
11.	If there is an upward revision in price of the goods subsequent to their export, a mechanism would be prescribed for claiming refund of additional IGST paid on account of such upward revision.	By allowing exporters to claim refunds for additional IGST paid, this incentive will provide a boost to Indian exports. This mechanism may be introduced vide amendment in GST Rules or clarification through issuance of Circular.
12.	Clarification on import of services by related domestic entity from foreign affiliate , where recipient (i.e., domestic entity) is eligible for full ITC: <ul style="list-style-type: none"> • If invoice is raised by the domestic entity: Value declared in the invoice may be deemed the open market value as per second proviso to Rule 28(1) • No invoice is raised by the domestic entity: Value may be deemed to be declared as nil which will also be considered as the open market value per the second proviso to Rule 28(1) of the CGST Rules. 	TT This provided clarity in regard to valuation of services imported from related persons. A detailed circular will be issued in compliance of this recommendation. The said clarification will be aligned with the Circular issued concerning domestic transactions between distinct persons on the common expenses.
13.	Clarification regarding ITC on ducts and manholes used in the laying the network of Optical Fiber Cables: Council	Taxpayers engaged in laying and maintaining optical fiber networks can claim ITC on these essential components. This amendment will provide a

	clarified that ITC is not restricted in respect of ducts and manhole used in network of optical fiber cables, under section 17(5)(c) or 17(5)(d).	support to telecommunication sector. A detailed circular would be issued in compliance of this recommendation.
14.	Clarification on place of supply for custodial services provided by Indian banks to Foreign Portfolio Investors : GST Council clarified that the place of supply in this case should be determined as per Section 13(2) of the IGST Act, 2017.	<p>According to Section 13(2) of IGST Act, place of supply of services (except for specific services mentioned from sub-sections (3) to (13)) where location of supplier or location of recipient is outside India, place of supply shall be location of recipient of services.</p> <p>If location of recipient is not available, place of supply shall be location of supplier of services.</p> <p>Hence, if the location of FPI is available with the banks, such location of FPI will become the place of</p>
15.	<p>Amendment of rule 28(2) of CGST Rules retrospectively w.e.f. 26.10.2023 and issuance of a circular to clarify various issues regarding valuation of services of providing corporate guarantees between related parties.</p> <p>It is inter alia being clarified that valuation under rule 28(2) of CGST Rules would not be applicable in case of export of such services and also in case of inward supplies where the recipient is eligible for full input tax credit.</p>	<p>A circular will be issued to bring more clarity on the valuation issues being faced by the industry on corporate guarantees between related parties.</p> <p>- Value of supply in case of corporate guarantee between related parties shall be higher of:</p> <ol style="list-style-type: none"> 1. 1% of the guarantee amount or actual consideration <p>only for the recipients, which are not eligible to claim full ITC and is also not engaged in the export of such services.</p>

16.	Supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and invoice is to be issued by the recipient only, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act is the financial year in which the invoice has been issued by the recipient.	In case where supplies received from unregistered persons liable to RCM, time limit to avail ITC u/s 16(4) will start from the date of issuance of self-invoice by the recipient,. Such clarification will help in resolving litigations wherein authorities have rejected ITC by linking time limit for availment of ITC with the financial year to which invoice issued by unregistered persons correspond to.
17.	Amendment in section 140(7) of CGST Act retrospectively w.e.f. 01.07.2017 to provide for transitional credit in respect of invoices pertaining to services provided before appointed date, and where invoices were received by Input Service Distributor (ISD) before the appointed date.	<p>The Hon'ble High Court of Bombay, in the case of Siemens Ltd Vs. Union of India, highlighted the issue of denial of transition credit and recommended the change in section 140(7) of CGST Act.</p> <p>There were instances where ISDs had claimed transitional credit for invoices received before 01.07.2017 but the credit was denied because it wasn't distributed through the service tax return. This led to disputes and different interpretations by tax authorities, causing denial of credit transition.</p>
18.	Amendment in section 122(1B) of CGST Act retrospectively w.e.f. 01.10.2023, so as to clarify that the said penal provision is applicable only for those e-commerce operators, who are required to collect tax and not for other e-commerce operators.	ECOs not liable to collect tax at source can operate without any fear of being penalized for non-compliance by unregistered persons or composite taxpayers.
19.	Amendment in rule 142 of CGST Rules and issuance of a circular to prescribe a mechanism for adjustment of an amount paid in respect of a demand through FORM GST DRC-03 against the amount to be paid as pre-deposit for filing appeal	This provides a clear mechanism to adjust voluntary payments by the taxpayer against the specific demand orders, any pre-deposit required for filing appeal, reducing disputes and ensuring accurate reflection of liabilities. This prevents unnecessary recovery actions while appeals are pending.
20.	Amendments in Section 73 and Section 74 of CGST Act, 2017 and insertion of a new Section 74A in CGST Act, to provide for common time limit for issuance of demand notices and	Another step towards ease of doing business whereby the time limit has been extended from 30 to 60 days for making the payment of demand and availing the benefit of reduced penalties under Sections 73(8) and 74(8) of the CGST Act is a taxpayer-friendly measure.

	orders irrespective of whether case involves fraud, suppression, willful misstatement etc., or not.	
21.	Amendment to include a sunset clause for anti-profiteering provisions, with new applications accepted only until April 1, 2025.	<p>This change reflects the maturity of the GST regime and the reduced necessity for stringent transitional provisions as businesses and the tax ecosystem have adapted to the new tax structure.</p> <p>Post-sunset date, regular market mechanisms and consumer protection laws will continue to safeguard consumer interests.</p>
22.	Amendment in Section 16 of IGST Act and section 54 of CGST Act to curtail refund of IGST in cases where export duty is payable.	<p>This amendment aims to:</p> <p>restrict refund of IGST for goods subjected to export duty, including supplies to SEZs.</p> <p>Aim to prevent the misuse of refund provisions and ensure that the benefits are availed only by genuine exporters.</p>
23.	<p><u>Through issuance of Clarification</u></p> <p>Further sharing of the incentive by acquiring bank with other stakeholders, where the sharing of such incentive is clearly defined under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions and is decided in the proportion and manner by NPCI in consultation with the participating banks is not taxable.</p>	<ul style="list-style-type: none"> Consequent to launch of incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions, in 2023 clarification was issued by CBIC concerning non-applicability of GST on payments by government (MeitY) to the banks on incentives linked to the price of service. Accordingly, under this Council Meeting, further sharing of incentives by acquiring banks with other stakeholders has been recommended as non-taxable under GST.

24.	<p><u>Through issuance of Clarification</u></p> <p>Statutory collections made by Real Estate Regulatory Authority (RERA) are exempt from GST</p>	<ul style="list-style-type: none"> The same could potentially reduce the costs incurred by real estate developers and the buyers in respect to statutory charges being payable <i>inter alia</i> concerning the acquisitions.
25.	<p><u>Insurance sector related measures</u></p> <ul style="list-style-type: none"> To clarify that retrocession is ‘re-insurance of re-insurance’ and therefore, eligible for the exemption GST liability on reinsurance services of the insurance schemes for which total premium is paid by the Government covered by Sr. Nos. 40 of notification No. 12/2017-CT (Rate) dated 28th June 2017 may be regularized on ‘as is where is’ basis for the period from 01st July 2017 to 26th July 2018 GST liability on reinsurance services of specified insurance schemes covered by Sr. Nos. 35 & 36 of notification No. 12/2017 (<i>supra</i>) may be regularized on ‘as is where is’ basis for the period from 01st July 2017 to 24th January 2018. 	<ul style="list-style-type: none"> The clarification on exemption from GST on retrocession, re-insurance is a relief as it was observed that notices were being issued by GST Authorities citing non-payment of GST on reinsurance premiums. Further, w.e.f. 25th January 2018, services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 of notification No. 12/2017 (<i>supra</i>) had been exempted while w.e.f. 26th July 2018, services by way of reinsurance of the insurance schemes specified in serial number 40 of notification No. 12/2017 (<i>supra</i>) had been exempted. Accordingly, the said clarification for periods prior to the said exemption would provide relief and streamline GST implications. Citing ceding commission as no supply under GST provides relief as the same can be said to clarify the said commission as payment for expenses incurred

	<ul style="list-style-type: none"> Transaction of ceding commission/re-insurance commission between insurer and re-insurer may be declared as no supply and past cases may be regularized on ‘as is where is’ basis <p>Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service by lead and co-insurer to the insured in coinsurance agreements, may be declared as no supply and past cases may be regularized on ‘as is where is’ basis</p>	
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B. Measures for streamlining compliances under GST

Sl. No.	Compliances	Recommendations
1.	Recommendation for monthly filing of FORM GSTR-7 by TDS deductors, with no late fee for delayed filing of NIL returns. Further, it has been recommended that invoice-wise details may be required to be furnished in the said FORM GSTR-7 return.	<ul style="list-style-type: none"> Relief for the taxpayers liable to deduct tax u/s 51 from the late fees in case of Nil returns. Format of FORM GSTR-7 to be amended to allow for invoice-level information. This change will enable deductees to accept or reject TDS deducted at the invoice level, improving accuracy and reconciliation of tax details.

2.	Threshold for reporting of B2C inter-State supplies invoice-wise in Table 5 of FORM GSTR-1 was recommended to be reduced from Rs 2.5 Lakh to Rs 1 Lakh.	This amendment is step towards increasing tax compliance and improving transparency in the GST regime. Taxpayers will have to adapt to these changes to ensure accurate and timely reporting.
3.	Rolling out of bio-metric based Aadhaar authentication on pan-India basis in a phased manner.	This will ensure that only genuine businesses are granted GST registration. Also reduces the chances of identity theft and fraudulent activities. This will streamline the registration process.
4.	Filing of annual return in FORM GSTR-9/9A for the FY 2023-24 may be exempted for taxpayers having aggregate annual turnover up to two crore rupees.	Relief in compliance of annual return to small taxpayers.
5.	An optional facility by way of FORM GSTR-1A to facilitate the taxpayers to amend the details in FORM GSTR-1 for a tax period and/ or to declare additional details, if any, before filing of return in FORM GSTR-3B for the said tax period.	This will facilitate taxpayer to add any particulars of supply of the current tax period missed out in reporting in FORM GSTR-1 of the said tax period or to amend any particulars already declared in FORM GSTR-1 of the current tax period (including those declared in IFF), to ensure that correct liability is auto-populated in FORM GSTR-3B.
6.	Rule 62(1)(ii) of the CGST Rules, 2017, and GSTR-4 would be amended, to extend due date for filing GSTR-4 for composition taxpayers from 30th April following the end of the FY to 30th June following the end of the FY. This change will be applicable for returns for the FY 2024-25 onwards.	It will provide more time to taxpayers opting composition levy to submit the said return.

C. Other Key Aspects

- Clarifications through Circular will be brought on following issues:
- Taxability of re-imbursment of securities as ESOP/ESPP/RSU provided by a company to its employees.

- Reversal of ITC in respect of premium in Life Insurance services, which is not included in the taxable value as per Rule 32(4) of CGST Rules.
- taxability of wreck and salvage values in motor insurance claims;
- Warranty/ Extended Warranty provided by Manufacturers to the end customers.
- Availability of ITC on repair expenses incurred by the insurance cos. by claiming reimbursement.
- taxability of loans granted between related person or between group companies;
- Time of supply on Annuity Payments under Hybrid Annuity Model Projects;
- Time of supply in respect of allotment of Spectrum to Telecom companies where fees or charges are to be paid in instalments;
- Place of supply of goods supplied to unregistered persons, where delivery address is different from the billing address;
- Mechanism for providing evidence by the suppliers in respect of post-sale discounts, to the effect that ITC has been reversed by the recipient on the said amount;
- Various issues pertaining to special procedure for the manufacturers of pan masala, tobacco etc.

D. Exemptions proposed

1. Adhoc IGST exemption on imports of technical documentation for AK-203 rifle kits imported for Indian Defence forces.
2. Compensation Cess on supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under Ministry of Defence
3. Compensation Cess on the imports in SEZ by SEZ Unit/developers for authorised operations w.e.f. 01st July 2017.
4. IGST exemption on imports of research equipment/buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) programme subject to specified conditions.
5. IGST exemption to be extended for a further period of five years till 30th June 2029 on imports of specified items for defence forces
6. Accommodation services under heading 9963 having value of supply of accommodation up to **Rs. 20,000/- per month per person** subject to the condition that the accommodation service is supplied for a minimum continuous period of 90 days. The same to be extended for past cases. During press conference it was clarified that the said recommendation is for students with respect to hostel accommodations services provided outside educational institutions.
7. Services provided by Indian Railways to general public and on intra railway services.
8. Services provided by Special Purpose Vehicles (SPVs) to Indian Railways(IR) and vice versa.

E. Proposed amendment in GST Rates

Particulars	Current GST rates	Proposed GST rates
Imports of 'Parts, components, testing equipment, tools and tool-kits of aircrafts subject to specified conditions. (irrespective of their HS classification)	Multiple	5% (uniform IGST Rate)
All milk cans (of steel, iron and aluminium) (irrespective of their use)	18%	12%
All solar cookers whether single or dual energy source	18%	12%
Carton, boxes and cases of both corrugated and non-corrugated paper or paper-board (HS 4819 10; 4819 20)	18%	12%
Clarification: All types of sprinklers including fire water sprinklers (past practice on 'as is where is' basis)	18% (interpretational)	12%
Parts of Poultry keeping Machinery (by amending existing entry covering Poultry keeping Machinery and past practice on 'as is where is' basis)	No explicit entry	12%

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