



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

# SUPPLEMENT

## PROFESSIONAL PROGRAMME

*For December 2025 Examination*

**GOODS AND SERVICES TAX (GST) &  
CORPORATE TAX PLANNING**

*[Supplement covers amendments/developments from June, 2023 to May, 2025]*

**Group 2  
Elective Paper 7.2**

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**(PART I- GOODS AND SERVICES TAX)**

**(MAJOR NOTIFICATIONS AND CIRCULARS- JUNE, 2023 TO JUNE 2025)**

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Students appearing in December, 2025 Examination shall note the following:

1. For Direct taxes, Finance Act, 2024 is applicable.
2. Applicable Assessment year is 2025-26 (Previous Year 2024-25).

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT & Central Government, on or before 31<sup>st</sup> May, 2025.

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBIC on or before 31<sup>st</sup> May, 2025 pertaining to GST.

## Lesson 1 – Overview on Goods and Services Tax ‘GST’

### 1. Clarifications regarding applicability of GST on certain services (Circular No. 201/13/2023 - GST No. 201/13/2023- August 01, 2023)

GST Council in the 50th meeting held on July 11, 2023 clarified the following issues:

**a) Whether services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge Mechanism (RCM):** It is hereby clarified that services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property to the company or body corporate are not taxable under RCM. Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate under notification No. 13/2017-CTR (Sl. No. 6) dated 28.06.2017.

**b) Whether supply of food or beverages in cinema hall is taxable as restaurant service:** It is hereby clarified that supply of food or beverages in a cinema hall is taxable as ‘restaurant service’ as long as:

- a) The food or beverages are supplied by way of or as part of a service, and
- b) Supplied independent of the cinema exhibition service.

It is further clarified that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

#### **Brief Analysis**

In this circular clarification regarding services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge Mechanism (RCM) and supply of food or beverages in cinema hall is taxable as restaurant service has been issued.

**For further details please visit:** <https://taxinformation.cbic.gov.in/view-pdf/1003175/ENG/Circulars>

### 2. CBIC amends to exclude specified actionable claims [Notification No. 50/2023 – Central Tax Dated: 29th September, 2023]

Notification No. 50/2023-Central Tax introduces a significant change to the existing tax framework. It specifies that with effect from the 1st October, 2023, a specific exclusion shall be made within Notification No. 66/2017-Central Tax. The exclusion pertains to registered persons who are engaged in the supply of specified actionable claims, as defined in clause (102A) of section 2 of the CGST Act, 2017.

This exclusion signifies that registered person dealing with specified actionable claims, which have been distinctly defined, will not be eligible for the composition levy under section 10 of the CGST Act. This amendment narrows the scope of individuals and businesses that can benefit from the composition levy, excluding those involved in the specified actionable claims category.

<https://taxinformation.cbic.gov.in/view-pdf/1009872/ENG/Notifications>

**3. Amendments in the list of notified services on which tax is payable under reverse charge by the recipient [Notification No. 14/2023 CT(R) dated 19.10.2023 and Notification No. 17/2023 IT(R) dated 19.10.2023]**

Notification No. 13/2017 CT (R) dated 28.06.2017 as amended has notified specified categories of intra-State supply of services wherein whole of the tax shall be paid on reverse charge basis by the recipient of services. With effect from 20.10.2023, the said list of services, tax on which is payable under reverse charge has been amended as follows:

S. No.	Category of supply of service	Supplier of service	Recipient of Service
<b>5</b>	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property, and (2) services specified below-  (i) services by the Department of Posts <b>and the Ministry of Railways (Indian Railways)</b>  (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;  (iii) transport of goods or passengers	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory
<b>5A</b>	Services supplied by the Central Government excluding the Ministry of Railways (Indian Railways), State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act.	Central Government, State Government, Union territory or local authority	Any person registered under the CGST Act.

**4. Tax on passenger transportation services by omnibus except where the person supplying such services through ECO is a company, payable by ECO [Notification No. 16/2023 CT(R) dated 19.10.2023 and Notification No. 19/2023 IT(R) dated 19.10.2023]**

The Government, on the recommendations of the GST Council, notify specific categories of services the tax [CGST/SGST/IGST] on supplies of which shall be paid by the electronic commerce operator (ECO) if such services are supplied through it.

Such services shall be notified on the recommendations of the GST Council [Section 9(5) of the CGST Act/Section 5(5) of the IGST Act].

Notification No. 17/2017 CT (R) dated 28.06.2017/ Notification No. 14/2017 IT (R) dated 28.06.2017 as amended has notified the specific categories of services the tax on supplies of which shall be paid by the electronic commerce operator (ECO) if such services are supplied through ECO. One of such notified categories of services is services by way of transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle, omnibus or any other motor vehicle;

With effect from 20.10.2023, services by way of transportation of passengers by an omnibus has been excluded from the above entry and a separate category of services has been introduced for transportation of passengers by an omnibus. This has been undertaken as follows: Above category of services has been amended as under:-

Services by way of transportation of passengers by a radio-taxi, motor cab, maxi cab, motorcycle, or any other motor vehicle except omnibus.

Further, following new category of services has been introduced “Services by way of transportation of passengers by an omnibus except where the person supplying such service through ECO is a company”

Thus, with effect from 20.10.2023, the tax on services by way of transportation of passengers by an omnibus provided by a company through ECO is not payable by ECO. It will be payable by the company itself.

#### **5. Taxability of ESOP, ESPP, or RSU provided by a company to its employees through its overseas holding company (Circular No. 213 Dated June 26, 2024)**

The circular clarifies that GST is not leviable on the allotment of securities or shares by the foreign holding company to the employees of the domestic subsidiary company on the following grounds:

- The transaction is neither a supply of goods nor a supply of services as it is undertaken as part of the compensation package for the enhanced performance of employees and their retention; this is covered under Entry 1 of Schedule III of the CGST Act.
- Shares are securities, which are excluded from the definition of goods as well as services.

It also clarifies that GST is not leviable on the reimbursement made on a cost-to-cost basis by the domestic subsidiary company to the foreign holding company for such transfer of securities or shares.

However, the circular caveats that if the foreign holding company charges any additional fee, markup, or commission from the domestic subsidiary company for issuing ESOP, ESPP or RSU provided by a company to its employees through its overseas holding company, then GST would be leviable on such amount as consideration for the supply of services of facilitating or arranging the transaction in securities or shares by the foreign holding company to the domestic subsidiary company. GST will be payable by the domestic subsidiary company on reverse charge basis on such import of services from the foreign holding company.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003208/ENG/Circulars>

#### **6. Clarification on the taxability of salvage or wreckage value earmarked in the claim assessment of the damage caused to the motor vehicle (Circular No. 215 Dated June 26, 2024)**

The circular provides clarification for the below scenarios:

##### **Deduction of salvage or wreckage:**

- When the insurance contract specifies that the insurer’s liability is limited to the Insured’s Declared Value (IDV) minus the salvage value, the ownership of the salvage remains with the insured even when insurance companies may assist in obtaining competitive quotes for the salvage.
- The deduction of salvage value cannot be said to be a consideration for any supply being made by the insurance company and hence there is no GST liability for the insurance company on this salvage value.

### **Full IDV Settlement:**

- In cases where the insurance contract provides for settlement of the full IDV without deducting the salvage value, the salvage becomes the property of the insurance company once the claim is settled.
- The insurance company must then handle or dispose of the salvage and discharge GST liability on the disposal or sale of the salvage.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003206/ENG/Circulars>

### **7. Under warranty replacements and extended warranties (Circular No. 216 Dated June 26, 2024)**

Circular dated 17 July 2023<sup>4</sup> had clarified that if the manufacturer replaces any parts free of cost during the warranty period, they are neither liable to pay any GST thereon, nor any ITC availed on such parts needs to be reversed. The present circular is further clarifying the following –

- The clarification via the previous circular<sup>4</sup> will be equally applicable, even when the entire goods are supplied or replaced completely (instead of only parts) during warranty.
- If the distributor replaces the parts or goods during warranty, from his own stock on the behalf of the manufacturer and gets replenishment of the same from the manufacturer, the same treatment will apply, i.e. the manufacturer is neither liable to charge any GST nor liable to reverse any ITC.
- If extended warranty against payment is provided by the supplier of the goods itself at the time of original supply, it will be a composite supply, but if the supplier of goods (dealer or distributor) and the supplier of extended warranty (manufacturer) are different, the supply of extended warranty would be a distinct supply of service and the supplier of extended warranty will be liable to discharge GST.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003205/ENG/Circulars>

### **8. Taxability of the transaction of providing a loan by an overseas affiliate to its Indian affiliate or a person to a related person (Circular No. 218 Dated June 26, 2024)**

Interest or discount charged on loan amounts is exempt from GST under S. No. 27(a) of Notification dated 28 June 2017. When no consideration is charged for processing, administering or facilitating a loan, processing fees, which are generally non-refundable cover the administrative costs. For related entities, credit assessment may not be necessary, and the administrative costs may be absent, distinguishing these services from those provided by banks or independent lenders. Even between unrelated parties, administrative charges might be waived based on the relationship. Therefore, no service or supply exists between related persons for processing, administering or facilitating loans, and no GST is applicable as per section 7(1)(c) read with Schedule I of the CGST Act.

However, when a fee is charged for processing, administering or facilitating a loan, it qualifies as consideration for the supply of services and is subject to GST.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003203/ENG/Circulars>

### **9. Clarifications regarding applicability of GST on Services (Circular No. 228 Dated July 15, 2024)**

Circular to provide clarifications on GST applicability and address operational challenges faced by the Ministry of Railways, real estate regulators, digital payment facilitators, and the insurance sector. It also retrospectively regularizes GST liabilities in several cases to ensure past compliance issues.

## Clarifications:

**GST Exemption for Railways:** The GST Council recognized difficulties faced by the Ministry and has now exempted specific services provided by Indian Railways to the public, such as: (a) Sale of platform tickets (b) Retiring rooms (c) Cloakroom services (d) Battery-operated car services. Exemptions also apply to services exchanged between various zones/divisions within Indian Railways (vide Notification No. 04/2024-Central Tax (Rate) w.e.f. 15.07.2024). The exemption is regularized retrospectively for the period from 20.10.2023 to 14.07.2024.

**GST Exemption on Transactions Between SPVs and Ministry of Railways:** Earlier, 48th GST Council meeting had clarified that services provided by SPVs to Indian Railways and maintenance services by Indian Railways to SPVs were taxable. Now, by 53rd GST Council Meeting, Council now exempts these transactions from GST (vide Notification No. 04/2024-Central Tax (Rate) w.e.f. 15.07.2024). This exemption is also regularized for the period from 01.07.2017 to 14.07.2024.

**GST on Statutory Collections by RERA:** Statutory collections made by RERA, as a governmental authority, fall under Entry No. 4 of notification No. 12/2017-CT(R) dated 28.06.2017, and are thus exempt from GST.

**GST on Incentives in Digital Payment Ecosystem:** Incentives paid by MeitY to acquiring banks for promoting RuPay Debit Cards and BHIM-UPI transactions were previously clarified as non-taxable. Now, it is clarified that “Further sharing of these incentive amount by the acquiring banks with other stakeholders (issuer banks, Payer PSPs, UPI apps, and TPAPs), upto the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the Notified Incentive Scheme is considered a subsidy and thus, non-taxable.

**GST on Reinsurance of Specified General and Life Insurance Schemes:** GST liability on reinsurance for certain exempt general insurance and life insurance schemes from 01.07.2017 to 24.01.2018 is regularized on an ‘as is where is’ basis.

**GST on Reinsurance of Government-Sponsored Insurance Schemes:** Reinsurance of insurance schemes fully paid by the government is exempt from GST under Serial No. 40 of NN. 12/20217 -Central Tax (Rate), now it is clarified that the liability from 01.07.2017 to 26.07.2018 is regularized on an ‘as is where is’ basis.

**GST on Retrocession Services:** Retrocession, a reinsurance transaction where part of the reinsured risk is further ceded to another insurer or cross-border reinsurer, is included under the term ‘reinsurance’ as per Sl. No. 36A of notification No. 12/2017-CT(R) dated 28.06.2017, and is thus treated similarly for GST purposes. Now, it is clarified that term ‘Reinsurance’ as mentioned in Serial No. 36A of NN. 12/2017 -CT(Rate) includes ‘Retrocession’ services.

**GST on Certain Accommodation Services:** Accommodation services valued at or below ₹20,000 per person per month for a continuous period of at least 90 days are exempt from GST, effective from 15.07.2024. (vide Notification No. 04/2024-Central Tax (Rate) w.e.f. 15.07.2024). It is now clarified that the Past transactions meeting these criteria from 01.07.2017 to 14.07.2024 are also regularized on an ‘as is where is’ basis.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003223/ENG/Circulars>

## 10. Clarifications regarding applicability of GST rates on Goods – (Circular No. 229 Dated 15<sup>th</sup> July, 2024)

Circular to provide clarifications on GST rate applicability on specified goods. It also retrospectively regularizes GST liabilities in several cases to ensure past compliance issues.

### Clarifications:

**GST rate on Solar Cookers:** It is clarified that solar cookers that work on dual energy of solar energy and grid electricity are appropriately classifiable under heading 8516 and already attract a GST rate of 12% vide SI. No. 201A of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017.

- I. **GST rate on Fire Water Sprinklers:** It is hereby clarified that all types of sprinklers, including fire water sprinklers attract GST at the rate of 12% vide SI. No. 195 B of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017. The issues for the past period are regularized on “as is where is basis”.
- II. **GST rate on parts of Poultry-keeping machinery:** The relevant entry at SL 199 of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017, has been amended vide notification No. 2/2024-Central Tax (Rate), dated the 12th July, 2024 to specifically include ‘parts’ of Poultry-keeping machinery. The issues for the past period are regularized on “as is where is basis”.
- III. **Scope of expression ‘pre-packaged and labelled’ for supply of agricultural farm produce:** The definition of ‘pre-packaged and labelled’ has been amended as provided under Goods Exemption Notification and Goods Rate Notification, to exclude the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre from the scope of ‘pre-packaged and labelled’. Consequently, supply of agricultural farm produce in package (s) containing quantity of more than 25 kilogram or 25 litre will not attract GST levy of 5%. The issues for the past period are hereby regularized on “as is where is”.
- IV. **Supplies of goods made to or by agency engaged by Government:** The issues for the past period from 01.07.2017 up to 17.07.2022 are hereby regularized on “as is where is” basis for supplies made to or by any agency engaged by Union Government or State Government/Union Territory for procurement and sale of such goods under any programme/scheme duly approved by the Central Government or any State Government intended to distribute such goods at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society. These are subject to certain conditions as prescribed.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003224/ENG/Circulars>

## 11. Notification no. 3/2022-Central Tax (Rate) dated 13.07.2022

### Change in the rate of tax from 0% to 12% for accommodation services

- Services by a hotel, inn, guest house, club or campsite, “value of supply” of a unit of accommodation less than or equal to Rs.1,000 per day or equivalent is omitted w.e.f.18.07.2022 therefore, taxable.
- Supply of ‘hotel accommodation’ having value of supply of a unit of accommodation more than Rs. 1000 and less than or equal to Rs.7,500 per unit per day or equivalent is taxable at the rate of 12%

### Goods Transport Agency (GTA)

The following is the new entry substituting the entry 10(iii) of Notification No. 11/2017-CR, i.e, Services of Goods Transport Agency (GTA) in relation to transportation of goods (including used household goods for personal use) supplied by a GTA,

GTA does not exercise the option to pay GST itself on the services supplied by it;	At rate 5%, with no ITC of services
GTA exercises the option to itself pay GST on services supplied by it.	<ul style="list-style-type: none"><li>• 5% with no ITC of goods and services and exercise the option to pay tax</li><li>• 12% with the option by GTA to pay GST itself, avail ITC and option to be exercised in the beginning of the financial year.</li></ul>

### Services by operator of bio medical waste treatment facility to clinic establishment are now taxable.

Prior to 18.07.2022, Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of biomedical waste or the processes incidental thereto and rate of tax “Nil”.

With effect from 18.07.2022 this exemption is withdrawn. Therefore, Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of biomedical waste or the processes incidental thereto is now taxable @ 12%.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1009433/ENG/Notifications>

## 12. Notification no. 4/2022-Central Tax (Rate) dated 13.07.2022

### Change in exemption notification entry and rate notification entry

Prior to 18.07.2022 Services by way of health care services by a clinical establishment, an authorised medical practitioner, or paramedics was exempted.

However, w.e.f.18.07.2022, Services by way of health care services by a clinical establishment, an authorised medical practitioner, or paramedics is now taxable provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs 5000 per day to per person receiving health care services is taxable at 5%.

### Amendment in Exemption Notification 12/2017 – [Services by the Department of Posts]

Service Description	Recipient	Taxability
Speed post, express parcel post, life insurance, agency services	Any person (including CG, SG, UT, LA)	Taxable
Post card, inland letter, book post, ordinary post (envelopes ≤ 10 grams)	Any recipient	Not Taxable
Post card, inland letter, book post, ordinary post (envelopes > 10 grams)	Any recipient	Taxable

## **Transport of Passengers**

Air in economy class, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; is exempted.

## **Transportation of railway equipment by rail or vessel**

Transportation of railway equipment or materials by rail or a vessel within India was provided an exemption and thus was not taxable. But now the exemption to these goods being transported by rail or vessel has been withdrawn and the same shall be taxable at 18%.

## **Services provided by a Goods Transport Agency**

The exemption is withdrawn on following services provided by a goods transport agency, by way of transport in a goods carriage of

(b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;

(c) goods where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;

Therefore, now taxable.

## **Storage or warehousing exemption**

Prior to 18.07.2022 services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea was exempted

On and after 18.07.2022 only Services by way of storage or warehousing of cereals, pulses, fruits and vegetables are exempted.

## **Right to admission to FIFA exemption**

On and after 18.07.2022 services by way of right to admission to the events organized under FIFA U-17 Women's World Cup 2020 is exempted whenever rescheduled.

## **Preservations of Stem Cells & relative services by the cord blood banks and services of slaughtering of animals are now taxable**

On and after 18.07.2022 following services are taxable:

Services by way of slaughtering of animals.

Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

## **Fumigation in a warehouse of Agricultural produce is now taxable**

Services by way of fumigation in a warehouse of agricultural produce.

Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of - services by way of fumigation in a warehouse of agricultural produce this exemption is withdrawn. Therefore it is taxable.

### **Tour Operator Services to a Foreign Tourists**

Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India:

Provided that value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less:

Provided further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

Explanation. -“foreign tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.

A tour operator provides a tour operator service to a foreign tourist as follows:-(a) 3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: Rs.1,00,000/-Exemption: Rs.40, 000/-(=Rs.1, 00, 000/-x 2/5) or, Rs.50,000/-(= 50% of Rs.1,00,000/-) whichever is less, i.e., Rs.40, 000/-(i.e., Taxable value: Rs.60, 000/-);

(b) 2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: Rs.1,00,000/-Exemption: Rs.60, 000/-(=Rs.1,00, 000/-x 3/5) or, Rs.50, 000/-(=50% of Rs.1, 00, 000/-) whichever is less, i.e., Rs.50, 000/-(i.e., Taxable value: Rs.50,000/-);

(c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: Rs.1,00,000/-Exemption: Rs.54,545(=Rs.1, 00, 000/-x 3/5.5) or, Rs.50, 000/-(= 50% of Rs.1,00,000/-) whichever is less, i.e., Rs.50, 000/-(i.e., Taxable value: Rs.50, 000/-).

This Change provides exemption to provide an exemption to tour operators providing tour operator service to a foreign tourist where such services are performed partly in India and partly outside India. Here the exemption is capped to a maximum of 50% of the total consideration charged for the entire tour or actual period of stay outside India whichever is less and the balance shall be taxable.

### **Withdrawal of exemptions for services by Regulatory Authority to concern Board/authority etc.**

Services by the Reserve Bank of India

Services provided by the Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).

Services provided by the Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.

Services provided by the Goods and Services Tax Network (GSTN) to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.

For details:<https://taxinformation.cbic.gov.in/view-pdf/1009434/ENG/Notifications>

### **13. Notification No.05/2022-CentralTax (Rate) dated 13th July, 2022]**

#### **Taxability of residential dwelling rented to a registered person**

Services by way of renting of residential dwelling for use as a residence is exempt except where the residential dwelling is rented to a registered person. Accordingly, the registered person availing such services shall be liable to pay tax under reverse charge.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1009435/ENG/Notifications>

**14. Notification no. 15/2022-Central Tax dated 13.07.2022 w.e.f 18.07.2022**

Any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed forty lakh rupees are exempt from taking registration exempt persons engaged in making supplies of the goods of specified category and in the said category the following is added

Sl. No	Tariff item	Description
4	6815	Fly ash bricks; Fly ash aggregates; Fly ash blocks

For details: <https://taxinformation.cbic.gov.in/history-page/1501009442/1000001/Notifications>

**15. Notification no. 16/2022-Central Tax dated 13.07.2022 w.e.f. 18.07.2022**

The manufacturer of fly ash bricks, fly ash aggregates, and fly ash blocks shall not be eligible for composition scheme of registration.

For details: <https://taxinformation.cbic.gov.in/history-page/1501009443/1000001/Notifications16>.

**16. Notification No. 07/2025 Central Tax (Rate) dated 16.01.2025 and Notification No. 07/2025 IT(R) dated 16.01.2025**

**Amendments in the list of notified services tax on which is payable under reverse charge by the recipient.**

With effect from 16.01.2025 the said list of services, tax on which is payable under reverse charge has been amended as follows:-

Services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate to any body corporate or partnership firm located in the taxable territory.

Service by way of renting of any immovable property other than residential dwelling by any unregistered person to any registered person other than a person who has opted to pay tax under composition levy.

Reverse charge entry pertaining to services provided by way of sponsorship to any body corporate or partnership firm in case of inter-State supply of services have been carried out by amending notification No. 10/2017 IT(R) dated 28.06.2017.

**Exemptions from GST**

With effect from 16.01.2025 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 or distribution of electricity provided by electricity transmission or distribution utilities to their consumers.

With effect from 16.01.2025 following is inserted in existing exemption:

“any services provided by “ a training partner approved by the National Skill Development Corporation,”

**New exemption introduced**

Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.

Definition has been introduced in paragraph 2:- **"insurer" has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938.**

As per Section 2(9) of the Insurance Act, 1938, "Insurer"

means—

- (a) an Indian Insurance Company, or
- (b) a statutory body established by an Act of Parliament to carry on insurance business, or
- (c) an insurance co-operative society, or
- (d) a foreign company engaged in re-insurance business through a branch established in India.

Explanation. — For the purposes of this sub-clause, the expression “foreign company” shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd’s established under the Lloyd’s Act, 1871 (United Kingdom) or any of its Members.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1010274/ENG/Notifications>

## Lesson 2 – Supply under GST

**1. Whether GST exemption under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017 is available to payment aggregators in relation to settlement of an amount, up to two thousand rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services? [Circular No. 245/02/2025-GST dated January 28,2025]**

Payment Aggregators (PAs) are entities that facilitate ecommerce sites and merchants to accept various payment instruments from their customers without the need for the e-commerce sites and merchants to create a separate payment integration system of their own. In the process, PAs receive payments from customers, pool and transfer them on to the merchants within a specified time period. The exemption under notification No. 12/2017-CT (Rate) dated 28.06.2017 is available to acquiring banks.

The term ‘acquiring bank’ has been explained as under:

“acquiring bank” means any banking company, financial institution including nonbanking financial company or any other person, who makes the payment to any person who accepts such card.

Regulation of Payment Aggregators and Payment Gateways dated 17.03.2020, pertaining to ‘Settlement and Escrow Account Management’ makes it clear that the PAs receive payments from customers in an escrow account, and are obligated to do the final settlement with the merchant within time periods specified by RBI. Therefore, the RBI regulated PAs, involved in the settlement process of making payments to the merchant, are covered by the second part of the definition of acquiring bank, i.e. “any other person, who makes the payment to any person who accepts such card” and hence, fall within the definition of acquiring bank, for the purpose of the exemption under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017, as they make the payment to the merchants who accept credit cards, debit cards, charge cards or other payment card services.

PAs are defined as entities who receive payments from customers, pool and transfer them on to the merchants within a specified time period. On the other hand, PGs are defined as entities that provide technology infrastructure to route and facilitate processing of an online payment transaction without any involvement in handling of funds.

GST exemption under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017 is available to RBI regulated Payment Aggregators (PAs) in relation to settlement of an amount, up to two thousand rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services, as PAs fall within the definition of ‘acquiring bank’ given in the Explanation to the said exemption entry. It is also clarified that this exemption is limited to payment settlement function only, which involves handling of money, and does not cover Payment Gateway (PG) services.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**2. Applicability of GST on penal charges being levied by the Regulated Entities (REs) in view of RBI instructions dated 18.08.2023 directing such Regulated Entities (REs) to levy penal charges in place of penal interest. [Circular No-245/02/2025 dated January 28,2025]**

Regulated Entities (REs) such as banks and non-banking financial companies (NBFCs) have been instructed, vide RBI instructions dated 18.08.2023, to discontinue the use of penal interest for non-compliance with loan terms. As per the instructions, instead of penal interest, REs are to levy penal charges for non-compliance with loan terms. The intent of levying penal charges is essentially to inculcate a sense of credit discipline. These instructions are effective from 01.01.2024, and do not apply to credit cards, external commercial borrowings, trade credits and structured obligations which are covered under product specific directions.

Certain field formations that penal charges so levied are in the nature of payment/consideration for tolerating an act or situation. Similar issues were examined in Circular No. 178/10/2022-GST dated 03.08.2022, wherein it has already been clarified that certain payments such as liquidated damages for breach of contract are not a consideration for tolerating an act or situation. They are rather amounts recovered to deter such acts; such amounts are for preventing breach of contract or non-performance and are thus mere ‘events’ in a contract. It has been further clarified that the

essence of a contract is its 'performance' and not its 'breach', meaning thereby that parties enter into a contract for execution and not for its breach.

Penal charges levied by REs, in compliance with RBI directions dated 18.08.2023, are essentially in the nature of charges for breach of terms of contract and hence, fall within the ambit of the above clarification.

Therefore, no GST is payable on the penal charges levied by Regulated Entities, in compliance with RBI directions dated 18.08.2023, for non-compliance with material terms and conditions of loan contract by the borrower.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**3. Payment of GST on research and development services provided by Government Entities against consideration in the form of grants received from Government Entities. [Circular No.245/02/2025 dated January 28, 2025]**

Government exempted research and development services provided by Government Entities or research associations, universities, colleges or other institutions, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961, against consideration in the form of grants w.e.f. 10.10.2024 vide notification No. 08/2024-CT(Rate) dated 8.10.2024.

As recommended by the 55th GST Council, the payment of GST on the supply of research and development services by Government Entities against grants received from the Government Entities is regularized for the period 01.07.2017 to 09.10.2024, on 'as is where is' basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**4. Regularizing payment of GST on skilling services provided by Training Partners approved by the National Skill Development Corporation. [Circular No.245/02/2025 dated January 28, 2025]**

The GST Council, in its 55th meeting, has recommended that the earlier exemption to skilling services provided by Training Partners approved by the National Skill Development Corporation may be restored. The said exemption has been reinstated by amending Notification No. 12/2017-CT(Rate) dated 28.06.2017 vide Notification No. 06/2025-CT(Rate) dated 16.01.2025 with effect from 16.01.2025.

Further, for the past period, the GST Council has recommended to regularize payment of GST on services provided by Training Partners approved by the National Skill Development Corporation, which were exempt prior to 10.10.2024, for the period 10.10.2024 to 15.01.2025 on 'as is where is' basis.

As recommended by the GST Council, the payment of GST on services provided by Training Partners approved by the National Skill Development Corporation, which were exempt prior to 10.10.2024, is regularized for the period 10.10.2024 to 15.01.2025, on 'as is where is' basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**5. Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters. [Circular No. 245/02/2025-GST dated January 28,2025]**

MCD is receiving the services such as housekeeping, civil maintenance, furniture maintenance and horticulture, from facility management agency, for the upkeep of their office. MCD has sought clarification as to whether such services received by them are exempt from GST in the notification No. 12/2017-dated 28.06.2017.

Notification No. 12/2017 dated 28.06.2017 provides exemption to composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Government or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of The Constitution of India or in relation to any function entrusted to a Municipality under Article 243W of The Constitution of India.

However MCD is receiving the services of facility management such as housekeeping, civil maintenance, furniture maintenance and horticulture agency for the upkeep of their office. These services are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of The Constitution of India. Such services are not covered under the scope of entry at Sr. No. 3A of the notification No. 12/2017-CTR dated 28.06.2017.

It is hereby clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under the scope of entry at Sr. No. 3A of the notification No. 12/2017-CTR dated 28.06.2017.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**6. Whether Delhi Development Authority (DDA) is a local authority as per section 2(69) of the CGST Act, 2017? [Circular No. 245/02/2025-GST dated January 28,2025]**

As per Notification No. 13/2017 dated 28.06.2017, services supplied by local authority to a business entity are taxable on Reverse Charge (RCM) basis.

Local authority under section 2(69) of the CGST Act, 2017 has been defined as a “Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund”

It means an authority which is similar to the elected self-governing body such as Municipal Committee and which is entrusted with the control and management of municipal or local fund can be termed as local authority.

DDA does not meet the requirement of local authority as per section 2(69) of the CGST Act, 2017. Thus, as recommended by the 55th GST Council, it is hereby clarified that DDA cannot be treated as local authority under GST law.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**7. Regularizing payment of GST on Reverse Charge (RCM) basis on renting of commercial property by unregistered person to a registered person for taxpayers registered under composition levy. [Circular No. 245/02/2025-GST dated January 28, 2025]**

Renting of immovable property other than residential dwelling (commercial property) by unregistered person to registered person was brought under reverse charge basis vide notification No.09/2024 dated 08.10.2024 effective from 10.10.2024

The Council further recommended that payment of GST on reverse charge basis on renting of immovable property other than residential dwelling (commercial property) by unregistered person to a registered person for taxpayers registered under composition levy may be regularized on ‘as is where is’ basis for the intervening period (i.e., date of effect of notification No. 09/2024-CTR dated 08.10.2024 to date of issuance of amending notification No. 07/2025-CT (Rate) dated 16.01.2025).

Hence, it is clarified that payment of GST on Reverse Charge (RCM) basis on renting of immovable property other than residential dwelling (commercial property) by unregistered person to registered person under composition levy is hereby regularized for the period from 10.10.2024 to 15.01.2025 on ‘as is where is’ basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**8. Regularizing payment of GST on certain support services provided by an electricity transmission or distribution utility [Circular No. 245/02/2025-GST dated January 28,2025]**

Incidental or ancillary services to the supply of transmission or distribution of electricity supplied by transmission or distribution utilities are now covered under the said exemption entry. Further, it was also recommended that the intervening period i.e., 10.10.2024 (effective date of entry in notification No. 12/2017-CTR dated 28.06.2017) up to 15.01.2025 (till the date of amending notification No. 06/2025 CTR dated 16.01.2025) may be regularised on ‘as is where is’ basis.

The payment of GST on certain incidental or ancillary services to the supply of transmission or distribution of electricity, as supplied by an electricity transmission or distribution utility is regularized for the period 10.10.2024 to 15.01.2025, on 'as is where is' basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**9. Regularizing the payment of GST on services provided by M/s Goethe Institute/Max Mueller Bhawans. [Circular No. 245/02/2025-GST dated January 28,2025]**

Goethe Institute/Max Mueller Bhawan have six institutes across India which provide linguistic and cultural training to young Indians preparing for their stay in Germany. They are registered under GST at Delhi, Mumbai, Chennai, Bengaluru, Kolkata, and Pune. Prior to 1st April, 2023, the Institutes did not collect GST from their students nor did they pay GST to Government as they were under the bonafide belief that their activities are exempt from GST.

On recommendation of 55<sup>th</sup> GST Council, payment of GST on services supplied by Goethe Institute/Max Mueller Bhawans is hereby regularized for the period from 01.07.2017 to 31.03.2023 on 'as is where is' basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>

**10. Clarification on Place of Supply of Online Services supplied by the suppliers of services to unregistered recipients.[Circular No 242/36/2024]**

For recording of correct place of supply on the invoices by the suppliers in respect of online services provided by them, either themselves or through electronic commerce operators, to unregistered recipients due to wrong interpretation of provisions of section 12(2)(b) of Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as "IGST Act") read with rule 46 of Central Goods and Services Rules, 2017 (hereinafter referred to as "CGST Rules"). It has also been mentioned that though in such cases of taxable online supplies of services to unregistered recipients, registered suppliers are required to mention State name of the recipient on the invoice, irrespective of the value of such supply, and declare place of supply of such services as the State of the recipient as per the provisions of clause (i) of section 12(2)(b) of IGST Act but many suppliers are not recording the State name of the unregistered recipient on the invoice and are declaring place of supply of such services as the location of the supplier as per clause (ii) of section 12(2)(b) of IGST Act.

Wrong declaration of place of supply, resulting in flow of revenue in respect of the said supply to the wrong State.

It is thereby clarified that to ensure correct declaration of place of supply by the suppliers of such services to unregistered recipients or determining place of supply of the said services, provisions of section 12(2)(b)(i) of IGST Act will be applicable as per which the place of supply shall be the location of the recipient.

For details <https://taxinformation.cbic.gov.in/view-pdf/1003256/ENG/Circulars>

**11. Clarification on taxability of shares held in a subsidiary company by holding company [Circular No. 196/08/2023 GST dated 17.07.2023]**

The issue which arose for consideration is whether the holding of shares in a subsidiary company by the holding company will be treated as 'supply of service' and whether the same will attract GST or not.

It is clarified that securities are considered neither as goods nor as services in terms of definition of goods under section 2(52) and the definition of services under section 2(102). Further, securities include 'shares' as per definition of securities.

This implies that the securities held by the holding company in the subsidiary company are neither goods nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction/activity to be treated as supply of services, there must be a supply as defined under section 7. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC2 entry '997171' in the scheme of classification of services mentioning; "the services provided by holding companies, i.e. holding securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest.", unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7.

Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

## **12. Clarification regarding GST rates and classification of certain goods based on the recommendations of the GST Council in its 50th meeting held on 11th July, 2023 (Circular No. 200/12/2023-GST-August 01, 2023)**

Based on the recommendations of the GST Council in its 50th meeting held on July 11, 2023, clarifications with reference to GST levy related to the following items are being issued:

- A. Un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion; falling under CTH 1905 will attract GST rate of 5%.
- B. Fish Soluble Paste; attracted 18% under the residual entry S No. 453 of Schedule III of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017.
- C. Desiccated coconut; falling under CTH 0801, the issue for past period from 01.07.2017 up to and inclusive of 27.07.2017 is hereby regularized on "as is" basis.
- D. Biomass briquettes; falling under any chapter, the issue for past period from 01.07.2017 up to and inclusive of 12.10.2017 is hereby regularized on "as is" basis.
- E. Imitation zari thread or yarn known by any name in trade parlance; that imitation zari thread or yarn known as "Kasab" or by any other name in trade parlance, would attract a uniform GST rate of 12% under tariff heading 5605.
- F. Supply of raw cotton by agriculturist to cooperatives; attracts 5% GST on reverse charge basis; clarification is hereby regularized on "as is basis".
- G. Plates, cups made from areca leaves; regularized on "as is basis" for the period prior to 01.10.2019.

Goods falling under HSN heading 9021; would attract a GST rate of 5% and in view of prevailing genuine doubts, the issue for the past periods is hereby regularized on "as is basis". However, it is clarified that no refunds will be granted in cases where GST has already been paid at higher rate of 12%.

### **Brief Analysis**

In this circular clarification regarding GST rates and classification of goods like Un-fried or un-cooked snack pellets, Fish Soluble Paste, Desiccated coconut, Biomass briquettes, Imitation zari thread, raw cotton and Plates, cups made from areca leaves has been issued by the Central Government.

**For further details please visit:** <https://taxinformation.cbic.gov.in/view-pdf/1003174/ENG/Circulars>

### **13. Casinos, horse racing and online gaming excluded from the purview of Schedule III to clarify their taxability [Entry 6 of Schedule III amended]**

Earlier, as per Entry 6 of Schedule III, actionable claims were outside the purview of GST. However, the betting, gambling and lottery were an exception. Thus, only lottery, betting and gambling were treated as supply. All other actionable claims were outside the ambit of definition of supply. In 50th GST Council meeting, the taxability of three other actionable claims namely, online money gaming, casinos, and horse racing and rate and value applicable thereon, were discussed. Thereafter, it was recommended that Entry 6 of Schedule III needs to be amended to clarify the taxability of these actionable claims. Further, the rate applicable on them is 28% and valuation would be prescribed under Valuation Rules.

With effect from 01.10.2023, Entry 6 has been amended by the CGST Amendment Act, 2023.

Earlier Entry 6 provided as follows: “Actionable claims, other than betting, gambling and lottery.”

Amended Entry 6 provides as follows: “Actionable claims, other than specified actionable claims.”

Thus, specified actionable claims qualify as supply. All other actionable claims are outside the ambit of definition of supply.

In order to define the term specified actionable claim, new clause (102A) has been inserted to section 2, which defines this term as follows:

Specified actionable claim means the actionable claim involved in or by way of—

- (i) betting;
- (ii) casinos;
- (iii) gambling;
- (iv) horse racing;
- (v) lottery; or
- (vi) online money gaming;

The terms online money gaming has been defined by the newly inserted clause (80B) to section 2, as follows:

Online money gaming means online gaming in which players pay or deposit money or money's worth, including virtual digital assets, in the expectation of winning money or money's worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force.

The terms online gaming and virtual digital asset used in the above definition have been defined by the newly inserted clauses (80A) and (117A) to section 2, as follows:

Online gaming means offering of a game on the internet or an electronic network and includes online money gaming [Section 2(80A)].

Virtual digital asset shall have the same meaning as assigned to it in section 2(47A) of the Income-tax Act, 1961 [Section 2(117A)]

The definition of supplier has been amended to incorporate a proviso which provides that a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital/electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of CGST Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims.

The value of horse racing, casinos and online money gaming has been prescribed in the Valuation Rules.

#### **14. Place of supply of goods purchased Over the Counter in one State and transported to another State by the buyer [Section 10 of the IGST Act amended]**

There are cases where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State (generally, the State where he resides). For instance, migrant workers, tourists, etc. who come to a State for work, tourism, etc. and purchase goods in that State to take it to their respective State. Similarly, in automobile sector, the residents of a State may travel to another State to purchase vehicle from that State to take advantage of lower registration charges and road tax, which vary from State to State and thereafter, take the vehicle to their State.

For bringing in clarity in respect of the determination of place of supply (POS) in such cases, with effect from 01.10.2023, IGST Amendment Act, 2023 has amended section 10 of the IGST Act to insert new clause (ca) in said section which provides as follows:

Where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c) of section 10, be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.

For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

#### **15. Clarification regarding place of supply in case of supply of services in respect of advertising sector**

Advertising companies are often involved in procuring space on hoardings/ bill-boards erected and mounted on buildings/land, in different States, from various suppliers ("vendors") for providing advertisement services to its corporate clients. There may be variety of arrangements between the advertising company and its vendors as below:

**Issue:** There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?

**Clarification:** The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act.

As per section 12(3)(a) of the IGST Act, the place of supply of services directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or coordination of construction work shall be the location at which the immovable property is located.

Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

**Issue:** There may be another case where the advertising company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the advertising company at the said location.

During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

**Clarification:** In this case, as the service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property.

Accordingly, the place of supply of the same shall not be covered under section 12(3)(a) of IGST Act. Vendor is in fact providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location.

Therefore, such services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be determined in terms of section 12(2) of IGST Act.

## **16. Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST Circular No.204 Dated October 27, 2023]**

**Issue:** Whether the activity of providing personal guarantee by the Director of a company to the bank/ financial institutions for sanctioning of credit facilities to the said company without any consideration will be treated as a supply of service or not and whether the same will attract GST or not.

Clarification: As per mandate provided by RBI in terms of Para 2.2.9 (C) of RBI's Circular No. RBI/2021-22/121 dated 9th November, 2021, no consideration by way of commission, brokerage fees or any other form, can be paid to the director by the company, directly or indirectly, in lieu of providing personal guarantee to the bank for borrowing credit limits. As such, when no consideration can be paid for the said transaction by the company to the director in any form, directly or indirectly, as per RBI mandate, there is no question of such supply/ transaction having any open market value. Accordingly, the open market value of the said transaction/ supply may be treated as zero and therefore, taxable value of such supply may be treated as zero. In such a scenario, no tax is payable on such supply of service by the director to the company.

Issue: Whether the activity of providing corporate guarantee by a person on behalf of another related person, or by the holding company for sanction of credit facilities to its subsidiary company, to the bank/ financial institutions, even when made without any consideration will be treated as a taxable supply of service or not, and if taxable, what would be the valuation of such supply of services.

Clarification: Where the corporate guarantee is provided by a company to the bank/financial institutions for providing credit facilities to the other company, where both the companies are related, the activity is to be treated as a supply of service between related parties as per provisions of Schedule I of CGST Act, even when made without any consideration.

Similarly, where the corporate guarantee is provided by a holding company, for its subsidiary company, those two entities also fall under the category of 'related persons'. Hence the activity of providing corporate guarantee by a holding company to the bank/financial institutions for securing credit facilities for its subsidiary company, even when made without any consideration, is also to be treated as a supply of service by holding company to the subsidiary company, being a related person, as per provisions of Schedule I of CGST Act.

In respect of such supply of services by a person to another related person or by a holding company to a subsidiary company, in form of providing corporate guarantee on their behalf to a bank/ financial institution, the taxable value will be determined as per rule 28 of CGST Rules.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003187/ENG/Circulars>

## 17. Clarifications regarding applicability of GST on certain services

[Circular No. 206 Dated October 31, 2023]

Sr. No.	Issue	Clarification
1.	Whether 'same line of business' in case of passenger transport service and renting of motor vehicles includes leasing of motor vehicles without operators.	Input services in the same line of business include transport of passengers or renting of motor vehicle with operator and not leasing of motor vehicles without operator which attracts GST and / or compensation cess at the same rate as supply of motor vehicles by way of sale.
2.	Whether GST is applicable on reimbursement of electricity charges received by real estate companies,	whenever electricity is being supplied bundled with renting of immovable property and/ or maintenance of premises, as the case may be, it forms a part of

	malls, airport operators etc. from their lessees/occupants.	<p>composite supply and shall be taxed accordingly. The principal supply is renting of immovable property and/or maintenance of premise, as the case may be, and the supply of electricity is an ancillary supply as the case may be. Even if electricity is billed separately, the supplies will constitute a composite supply and therefore, the rate of the principal supply i.e. GST rate on renting of immovable property and/or maintenance of premise, as the case may be, would be applicable.</p> <p>However, where the electricity is supplied by the Real Estate Owners, Resident Welfare Associations (RWAs), Real Estate Developers etc. as a pure agent, it will not form part of value of their supply. Further, where they charge for electricity on actual basis that is, they charge the same amount for electricity from their lessees or occupants as charged by the State Electricity Boards or DISCOMs from them, they will be deemed to be acting as pure agent for this supply.</p>
3.	Whether job work for processing of “Barley” into “Malted Barley” attracts GST@5% as applicable to "job work in relation to food and food products" or 18% as applicable on “job work in relation to manufacture of alcoholic liquor for human consumption”	Job work services in relation to manufacture of malt are covered by the entry at Sl. No. 26 (i) (f) which covers “job work in relation to all food and food products falling under chapters 1 to 22 of the customs tariff” irrespective of the end use of that malt and attracts 5% GST.
4.	Whether District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.	DMFT set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003189/ENG/Circulars>

### 18. Clarification in respect of advertising services provided to foreign clients. [Circular No. 230 Dated September 11, 2024]

The circular clarifies that Indian advertising agencies that provide comprehensive advertising services to foreign clients are not considered intermediaries under Section 2(13) of the Integrated Goods and Services Tax (IGST) Act, 2017. The services include activities such as media planning, content creation, strategy development, and media space procurement. Since these services are supplied on a principal-to-principal basis, the advertising agencies are not acting as intermediaries but rather provide the main supply of advertising services to the foreign clients. Consequently, the place of supply for these services is determined by the location of the recipient, which is the foreign client outside India, and hence, these services qualify as exports, eligible for related benefits under the GST framework.

<https://taxinformation.cbic.gov.in/view-pdf/1003229/ENG/Circulars>

**19. Clarification on place of supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India. [Circular No. 232 Dated September 11, 2024]**

Concerns had arisen over whether such services qualify as intermediary services and how the place of supply should be determined under the Integrated Goods and Services Tax (IGST) Act, 2017. The circular clarifies that data hosting service providers in India do not qualify as intermediaries because they provide services on a principal-to-principal basis directly to cloud computing service providers, without interacting with the end users of the cloud services. Consequently, the place of supply cannot be determined under Section 13(8)(b) of the IGST Act, which applies to intermediary services.

The circular further clarifies that data hosting services do not relate to goods “made available” by the cloud computing service providers, nor do they directly relate to immovable property. Therefore, sections 13(3)(a) and 13(4) of the IGST Act, which apply to services related to goods made available and immovable property, respectively, do not apply to data hosting services. Instead, the place of supply should be determined by the default provision in Section 13(2) of the IGST Act, which states that the place of supply is the location of the recipient. As a result, when data hosting services are provided to recipients located outside India, the place of supply is considered outside India, making these services eligible for export benefits under the IGST Act, provided other conditions are met.

<https://taxinformation.cbic.gov.in/view-pdf/1003231/ENG/Circulars>

**20. Notification No. 24/2024-Central Tax: Exclusion for Metal Scrap Suppliers [Dated Oct 9, 2024]**

Ministry of Finance has issued Notification No. 24/2024-Central Tax on October 9, 2024, amending the original Notification No. 5/2017-Central Tax dated June 19, 2017. This amendment, effective from October 10, 2024, introduces a significant change concerning suppliers of metal scrap. Under this new notification, suppliers engaged in the supply of metal scrap falling under Chapters 72 to 81 of the Customs Tariff Act, 1975, are excluded from the provisions of the earlier notification. The move comes as part of the broader GST framework updates following recommendations from the GST Council. The intent is to streamline the taxation of the metal scrap sector, aligning it with recent GST Council decisions, which also introduced Reverse Charge Mechanism (RCM) and Tax Deducted at Source (TDS) provisions for the sector.

<https://taxinformation.cbic.gov.in/view-pdf/1010189/ENG/Notifications>

**21. Clarification on GST Applicability for Various Services [Circular No. 234 Dated Oct 11, 2024]**

The Government of India has issued Circular No. 234/28/2024-GST, providing clarifications on the applicability of Goods and Services Tax (GST) for various services, following recommendations from the GST Council’s 54th meeting on September 9, 2024. It clarifies that universities’ affiliation services to colleges and educational boards’ affiliation services to schools are subject to an 18% GST, with a recent exemption for government schools. The circular also confirms that flying training courses approved by the Directorate General of Civil Aviation (DGCA) are exempt from GST. Moreover, the circular establishes that passenger transport by helicopters on a seat-share basis is subject to a 5% GST, while charter operations continue at 18%. Ancillary services related to goods transportation by road will generally be treated as part of the composite supply of transport, unless invoiced separately. The circular additionally addresses the regularization of GST on service imports by foreign airline establishments when made without consideration.

Preferential Location Charges (PLC) for residential or commercial property sales are also clarified to attract the same GST rate as construction services. Lastly, certain support services provided by electricity transmission utilities will now be exempt from GST, with retroactive application to past periods. These clarifications aim to streamline tax compliance and ensure uniform application across various sectors.

<https://taxinformation.cbic.gov.in/view-pdf/1003239/ENG/Circulars>

## **22. Place of supply of goods sold to unregistered persons [Circular No. 209 Dated June 26, 2024]**

The circular clarifies that where the address of delivery of goods recorded on the invoice is different from the billing address of the unregistered person on the invoice, the place of supply of goods will be the address of delivery of goods recorded on the invoice.

This implies that when an unregistered person from State 'X' places an order for supply of goods and directs delivery to a different address in State 'Y', the place of supply will be State 'Y', i.e. the place of delivery.

It is stated that the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determining the place of supply of the said supply of goods.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003212/ENG/Circulars>

## **23. Clarification on the place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors (FPI) [Circular No. 220 Dated June 26, 2024]**

The circular clarifies the place of supply for custodial services provided by banks to FPIs. It states that these services should not be considered as services provided to 'account holders' under section 13(8)(a) of the IGST Act. The place of supply for such services should be determined under the default provision, which is sub-section (2) of section 13 of the IGST Act. The circular provides details on the definition of custodial services, the types of securities FPIs can invest in, and the main activity of banks in providing custodial services. The circular also specifies that similar provisions were there under the service tax regime.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003201/ENG/Circulars>

## Lesson 3 – Time of Supply

### 1. Clarification on the time of supply regarding the supply of services of construction of road and maintenance thereof under the National Highway Projects of National Highways Authority of India (NHAI) in the Hybrid Annuity Mode (HAM) model [Circular No. 221 Dated June 26, 2024]

The circular has clarified the issue of the Time of Supply for the purpose of payment of tax on the deferred annuity payments received by the concessionaire from NHAI for the construction of road and operation and maintenance (O&M) thereof under the HAM model.

In HAM contracts, a certain portion of payment linked to construction is payable during the construction and the remaining payment is received in instalments over the concession period as per the payment schedule. However, the revenue authorities have been advancing the view that GST is payable on the percentage of construction completion method. The circular has clarified the time of supply provisions mainly considering that the HAM contract should be considered holistically as a single contract for both construction and O&M services. It cannot be artificially split based on payment terms. The following clarifications have been provided.

- a. The tax liability on the concessionaire under the HAM contract, including on the balance portion linked to the construction portion will arise at the time of issuance of invoice or receipt of payment, whichever is earlier [if the invoice is issued on or before the specified date or date of completion of the event specified in the contract].
- b. If the invoices are not issued on or before the specified date or date of completion of the event as specified in the contract, the tax liability will arise on the date of provision of the said service or date of receipt of payment whichever is earlier.
- c. Instalments or annuity payable by NHAI to the concessionaire includes the interest component. The interest amount should also be includible in the taxable value for the purpose of payment of tax on the annuity or instalment in terms of section 15(2)(d) of the CGST Act.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003200/ENG/Circulars>

### 2. Clarification on time of supply of services of spectrum usage and other similar services under GST [Circular No. 222 Dated June 26, 2024]

The circular clarifies the time of supply for the GST payment on spectrum allocation services when the telecom operator opts for deferred payment in instalments. The spectrum allocation service provided by the Department of Telecommunications (DoT) is treated as a continuous supply of services under section 2(33) of the CGST Act. The circular clarifies that the Frequency Assignment Letter issued by the DoT which details the auction results and payment options, is not considered as an invoice but a bid acceptance document. Hence, the GST liability arises at the time the instalment payments are due or made, whichever is earlier.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003199/ENG/Circulars>

## Lesson 4 – Value of Supply

### 1. Payment of GST on co-insurance premium apportioned by the lead insurer to the co-insurer and on ceding /re-insurance commission deducted from the reinsurance premium paid by the insurer to the reinsure.[Circular No. 244/01/2025 dated January 28,2025]

The following activities or transactions were included in Schedule III of the CGST Act, 2017 as activities or transactions which shall be treated neither as a supply of goods nor as a supply of services:

a) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the Central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.

b) Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the Central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

that the payment of GST on the activities or transactions, as specified above, may be regularized for the past period, i.e. from 01.07.2017 to the effective date of amendments in the CGST Act, , on ‘as is where is’ basis. The payment of GST on the activities or transactions specified above is regularized for the period 01.07.2017 to 31.10.2024, on ‘as is where is’ basis.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003260/ENG/Circulars>

### 2. GST treatment of Vouchers[Circular No. 243/37/2024 dated December 31,2024]

Whether transactions in voucher are a supply of goods and/or services, whether GST is leviable on trading of vouchers by distributor/sub-distributor and whether unredeemed vouchers (breakage) are taxable.

In exercise of its powers by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), Board clarified the major issues as follows:

#### **Issue 1 -Whether “transactions in vouchers” falls under the category of supply of goods and/or services?**

Provisions of CGST are under:

(i)Section 2(52) - "goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

(ii) Section 2(102) - "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination to another form, currency or denomination for which a separate consideration is charged. Explanation. - For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities.

(iii) Section 2(118) — “voucher” means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument.

(iv) Section 2(75) — "money" means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;

(v) Section 2(1) – “actionable claim” shall have the same meaning as assigned to it in Section 3 of the Transfer of Property Act, 1882 (4 of 1882). Section 3 of the Transfer of Property Act, 1882 provides the definition of “actionable claim” as below: - ““actionable claim” means a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant, which the Civil Courts recognize as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent;”

(vi) Section 2(102A) — “specified actionable claim” means the actionable claim involved in or by way of-(i) betting; (ii) casinos; (iii) gambling; (iv) horse racing; (v) lottery; or (vi) online money gaming”. (vii) Section 7- “.... (2)- Notwithstanding anything contained in sub-section (1), - (a) activities or transactions specified in Schedule III; or shall be treated neither as a supply of goods nor a supply of services.” (viii) Schedule III to the CGST Act deals with “Activities or Transactions which shall be treated neither as a supply of Goods nor a supply of services: .... 6. Actionable claims, other than specified actionable claims.

(3) Definition of the definition of voucher under section 2(118) of CGST Act, it emerges that “voucher” may be in nature of payment instrument which creates an obligation on the supplier to accept it as a consideration or part consideration for the supply of goods and/or services. The issuance of payment instruments, including pre-paid instruments, in India is regulated by Reserve Bank of India (RBI) in terms of the Payment and Settlement Act, 2007, RBI’s Master Directions and the relevant Notifications/Circulars/Communications issued by the RBI from time to time. Pre-paid instruments (PPIs) as defined by RBI are payment instruments that facilitate purchase of goods and/or services against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holder, by cash, by debit to a bank account, or by credit card. The pre-paid instruments can be issued as cards, wallets and in any such form/ instrument which can be used to access the PPI and to use the amount therein. Further, as per section 2(75) of CGST Act, “money” includes an instrument recognized by the Reserve Bank of India which is used as a consideration to settle an obligation.

The definition of “voucher” as per section 2(118) of the CGST Act, along with definition of “money” as per section 2(75) of the CGST Act and the description of “pre-paid instruments” given by RBI, it emerges that where the voucher is covered as a pre-paid instrument recognized by the RBI and is used as a consideration to settle an obligation, then in such cases, the voucher will fall under the definition of “money”. In such a case, as “money” is excluded from the definition of goods and services as provided in section 2(52) and section 2(102) of the CGST Act respectively, the transactions in voucher would be considered neither as a supply of goods nor as a supply of services.

In cases, where voucher is not covered as a pre-paid instrument recognized by RBI and hence, cannot be treated as money, the voucher will be in nature of an obligation on the supplier to receive it as consideration or part consideration and assure the beneficiary/voucher holder to claim certain goods and/or services as specified on the voucher or in the related documents. In such cases, the voucher can be considered as an “actionable claim” within the meaning of section 2(1) of the CGST Act, read with section 3 of the Transfer of Property Act, 1882.

as per entry 6 of Schedule III of CGST Act, an activity or transactions of actionable claims, other than specified actionable claims, is to be treated neither as a “supply of goods” nor as a “supply of services”. Further as per section 2(102A) of CGST Act, specified actionable claim means the actionable claim involved in or by way of betting, casinos, gambling, horse racing, lottery or online money gaming. As vouchers are not covered under definition of specified actionable claim, it appears that they are covered in entry 6 of Schedule III of CGST Act as actionable claims, other than specified actionable claims. Therefore, it appears that even in such a case, transaction in vouchers would be treated neither as a “supply of goods” nor as a “supply of services”.

Further it is clarified that irrespective of whether voucher is covered as a pre-paid instrument recognized by RBI or not, the voucher is just an instrument which creates an obligation on the supplier to accept it as consideration or part consideration and the transactions in voucher themselves cannot be considered either as a supply of goods or as a supply of services. However, supply of underlying goods and/or services, for which vouchers are used as consideration or part consideration, may be taxable under GST.

## **Issue 2- What would be the GST treatment of transactions in vouchers by distributors/ sub-distributors/ agents etc.?**

There are primarily two models for distribution of vouchers through distributors/ sub distributors/ agents, etc.

(i) Where vouchers are distributed through the distributors/ sub-distributors/ dealers on Principal-to-Principal (P2P) basis.

(ii) Where vouchers are distributed using agents/ distributors/ sub-distributors on commission/ fee basis.

**Where vouchers are distributed through the distributors/ sub-distributors/ dealers on Principal-to-Principal(P2P) basis:**

In such cases, the distributor/ dealer purchases voucher from the voucher issuer typically at a discounted rate and subsequently sells the same to the sub-distributors, corporates or end customers and generate revenue through a trading margin, which is a difference between the acquisition cost and the selling price of the vouchers by the said distributor/ dealer. In such cases, distributors/ dealers (including sub distributors) own the vouchers and operate autonomously with full control over the process from purchase to the final sale of the vouchers to the end user.

As per section 9 (1) of CGST Act, GST is chargeable on the supply of goods and/or services. As the transaction in vouchers is neither supply of goods nor supply of services, therefore, pure trading of vouchers in this case would not constitute either supply of goods or supply of services. Accordingly, such trading of vouchers would not be leviable to GST as per section 9 (1) of CGST Act.

**Where vouchers are distributed using distributors/ sub-distributors/ agents on commission/ fee basis**

In such cases, the transactions between the voucher issuer and the distributors/ sub-distributors/ agents are on principal-agency basis. These arrangements, as per contract/agreement between distributor/sub-distributor/agents and the voucher issuer may specify a set of obligations on such agents such as marketing & promotion and other related support activities for distribution of vouchers against a commission/fee or any other amount by whatever name called, for such purpose. In such cases, distributors/sub-distributors/agents do not operate autonomously, do not own the vouchers and only act as agent of the voucher issuer. In such cases, GST would be payable by such distributor/sub-distributor/agent, acting as an agent of the voucher issuer, on the commission/fee or any other amount by whatever name called, for such purpose, as a supply of services to the voucher issuer.

**Issue- 3 What would be GST treatment of additional services such as advertisement, cobranding, marketing & promotion, customization services, technology support services, customer support services etc.**

There may be cases where additional services such as advertisement, co-branding, customization services, technology support services, customer support services, etc. are provided by either the distributor/ sub-distributor or by another person to the voucher issuer against a service fee/ service charge/ affiliate charge or any other amount, by whatever name called, as per contract/agreement between such service provider and the service recipient (voucher issuer). In such a case, the said service fee/ service charge/ affiliate charge or other amount for supply of such additional services to the voucher issuer as per the terms of contract/agreement, would be liable to GST at the applicable rate in the hands of the said service provider.

**Issue-4 What would be the GST treatment of unredeemed vouchers (breakage).**

Vouchers remain unused/ unredeemed at the end of their expiry period. In such cases, the businesses generally make book adjustments and account the said amount on account of unredeemed vouchers in their statement of income. The value of such unredeemed vouchers accounted for in the statement of income is called breakage. There are ambiguities and doubts in respect of GST treatment of such breakage. Also, doubts are raised whether the amount attributed to the unredeemed voucher (breakage) can be considered as “monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person”.

As per section 9 (1) of the CGST Act, GST is leviable only on the supply of goods and/or services. In the case of breakage, there is no redemption of voucher and there is no supply of underlying goods and/or services. Therefore, there is no supply of goods and/or services on account of such unredeemed vouchers (breakage). Also, “consideration” under GST is defined under section 2 (31) of CGST Act, in relation to the supply of goods or services or both. As there is no underlying supply of goods and/or services in case of non-redemption of vouchers by the customer, the amount retained for unredeemed vouchers by the voucher issuer cannot be construed as consideration for any supply. Accordingly, such amount attributable to unredeemed vouchers (breakage) would not be taxable as per the provisions of section 9(1) of CGST Act.

**Further,** Circular No. 178/10/2022-GST dated 03.08.2022 clarifies that agreement to do or refrain from an act should not be presumed to exist, and that there must be an express or implied agreement, oral or written, to do or abstain from

doing something against payment of consideration, for a taxable supply to exist. Considering the principle laid out in the said circular, it emerges that where the voucher is issued for the purpose of redemption in respect of a supply of goods and/or services and there is no express or implied agreement, oral or written, between the issuer of voucher and redeemer for payment of any amount or charges by the redeemer to the voucher issuer in case of non-redemption of the voucher, it cannot be considered that non-redemption of voucher by the redeemer tantamounts to supply of services. Therefore, the amount attributable to non-redemption of voucher (breakage) would not constitute as a “monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person”. Therefore, **no GST** to be payable on such amount attributable to non-redemption of voucher (breakage).

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003257/ENG/Circulars>

### **3. Valuation in Online Gaming & Casinos [Notification No. 45 Dated Sept 6, 2023]**

The Central Board of Indirect Taxes and Customs (CBIC) has introduced significant amendments through Notification No. 45/2023-Central Taxes dated September 6, 2023, pertaining to the Central Goods and Services Tax (CGST) rules. These changes are set to bring clarity to the valuation of supplies in the realm of online gaming and casinos.

**Rule 31B – Valuation of Supply in Online Gaming:** Under this rule, the CBIC outlines the valuation of supply concerning online gaming, which includes online money gaming. The key provisions are as follows: The value of supply for online gaming, including actionable claims associated with online money gaming, is determined as the total amount paid or payable to or deposited with the supplier. This payment can be made in the form of money, money’s worth, or virtual digital assets on behalf of the player. It’s crucial to note that any amount returned or refunded to the player or any unused amount by the player cannot be deducted from the value of supply.

**Rule 31C – Valuation of Supply of Actionable Claims in Casinos:** This rule pertains to the valuation of actionable claims in the context of casinos. It sets forth the following valuation criteria: The value of supply of actionable claims in a casino is determined as the total amount paid or payable by or on behalf of the player. This payment can occur when purchasing tokens, chips, coins, or tickets for use in the casino or when participating in casino events, games, competitions, or activities where tokens, chips, coins, or tickets are not required. Similar to Rule 31B, any amount refunded by the casino to the player upon returning tokens, chips, coins, or tickets, or through other means, cannot be subtracted from the value of supply of actionable claims in the casino.

Explanation: An important clarification provided in the notification is that any amount won by a player in an event, game, scheme, competition, or other activities, and subsequently used for further gaming or betting without withdrawal, will not be considered as an amount paid or deposited with the supplier. This exclusion is critical in determining the value of supply under Rule 31B and Rule 31C.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1009850/ENG/Notifications>

### **4. Clarification on valuation of supply of import of services by a related person where recipient is eligible to full ITC [Circular No. 210 Dated June 26, 2024]**

The circular seeks to clarify that earlier circular dated 17 July 2023 regarding the supplies of services between distinct persons in cases where full ITC is available to the recipient, is equally applicable for the import of services between related persons. Accordingly, the value of the said supply of services declared in the invoice will be deemed to be the open market value of such services, if the recipient is eligible for full ITC as per second proviso to rule 28 (1) of the

CGST Rules. For such imported services, the recipient in India must pay tax under the reverse charge mechanism and issue a self-invoice as required under law.

[For Details: https://taxinformation.cbic.gov.in/view-pdf/1003211/ENG/Circulars](https://taxinformation.cbic.gov.in/view-pdf/1003211/ENG/Circulars)

**5. Clarification on various issues pertaining to taxability and valuation of supply of services of providing corporate guarantee between related persons. [Circular No. 225 Dated July 11, 2024]**

Various representations have been received from trade and industry, seeking clarifications on various issues pertaining to the taxability and valuation of the supply of services of providing corporate guarantee between related persons as per the said rule. Therefore, in order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, clarifies the issues.

<https://taxinformation.cbic.gov.in/view-pdf/1003220/ENG/Circulars>

## Lesson 5 – Input Tax Credit and Computation of GST Liability

### 1. Clarification in respect of input tax credit availed by electronic commerce operators where services specified under Section 9(5) of Central Goods and Services Tax Act, 2017 are supplied through their platform. [Circular No. 240/34/2024 dated 31<sup>st</sup> December,2024]

Electronic commerce operators (hereinafter referred to as “ECOs”) required to pay tax under section 9(5) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”) are not required to reverse input tax credit (ITC) in respect of supply of restaurant services through their platform (notified services under section 9(5)). In this regard, representations have been received seeking clarification regarding requirement of reversal of ITC, if any, in respect of supply of services, other than restaurant services, under section 9(5) of CGST Act.

It is hereby clarified that :

Issue	Clarification
<p>Whether electronic commerce operator, required to pay tax under section 9(5) of CGST Act, is liable to reverse proportionate input tax credit on his inputs and input services to the extent of supplies made under section 9(5) of the CGST Act.</p>	<p>1. ECO, required to pay tax under section 9(5) of CGST Act, is making supplies under two counts:</p> <p>i. Supplies notified under section 9(5) of CGST Act for which he is liable to pay tax as if he is the supplier of the said services.</p> <p>ii. Supply of his own services by providing his electronic platform for which he charges platform fee /commission etc. from the platform users.</p> <p>2. For providing the services mentioned at 1(ii) above, the ECO procures inputs as well as input services for which he avails Input Tax Credit.</p> <p>3. It has been clarified vide question no. 6 of Circular No. 167/23/2021 – GST dated 17.12.2021 that the ECO shall not be required to reverse input tax credit on account of restaurant services on which he pays tax under section 9(5) of the CGST Act. It has also been clarified that the input tax credit will not be allowed to be utilized for payment of tax liability under section 9(5) and whole of the tax liability under section 9(5) will be required to be paid in cash.</p> <p>4. The principle, which has been outlined in question no. 6 of Circular No 167/23/2021 – GST dated 17.12.2021, also applies to the supplies made in respect of other services specified under section 9(5) of CGST Act.</p> <p>5. In view of this, it is clarified that Electronic Commerce Operator, who is liable to pay tax under section 9(5) of the CGST Act in respect of specified services, is not required to reverse the input tax credit on his inputs and input services proportionately under section 17(1) or section 17(2) of CGST Act to the extent of supplies made under section 9(5) of the CGST Act.</p> <p>6. It is further clarified that ECO will be required to pay the full tax liability on account of supplies under section 9(5) of the CGST Act only through electronic cash ledger. The credit availed by him in relation to the inputs and input services used to facilitate such supplies cannot be used for discharge of such tax liability under section 9(5) of the CGST Act. However, such credit can be utilized by him for discharge of tax liability in respect of supply of services on his own account.</p>

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003254/ENG/Circulars>

**2. Clarification on availability of input tax credit as per clause (b) of subsection (2) of section 16 of the Central Goods and Services Tax Act, 2017 in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract.[Circular no. 241/35/2024-GST dated 31st December,2024].**

In automobile sector, the contract between the automobile dealers and the Original Equipment Manufacturers (OEMs) is generally an Ex-Works (EXW) contract, and as per the terms of the contract, the property in goods (i.e. vehicles) passes to the dealer at the factory gate of the OEM, when the goods are handed over to the transporter at the instance of the dealer, and the delivery on the part of the OEM is complete at his factory gate. The transport may be arranged by the OEM on behalf of the dealer and where insurance is arranged, it may also be done on behalf of the dealer. Any claim in case of loss has to be lodged by the dealer. The dealer also duly accounts for the invoice in his books of accounts on such delivery of the vehicles at the factory gate of the OEM. The dealer avails ITC on the date the vehicles are billed to him and handed over to the transporter by the OEM at his factory gate. However, some field formations are taking a view that ITC can be availed by the dealer only after the vehicles are physically received by him at his business premises and show cause notices have been issued to a number of dealers, demanding tax for wrongful availment of ITC for contravention of provisions of clause (b) of sub-section (2) of section 16 of the CGST Act. As per provisions of sub-section (1) of section 16 of the CGST Act, a registered person is entitled to input tax credit only in respect of supply of goods or services or both, which is used or intended to be used in the course or furtherance of business. Therefore, the input tax credit may be available to the registered person on such receipt of goods by the said registered person from the supplier at his (supplier's) factory gate or business premises, subject to fulfilment of other conditions of section 16 and section 17 of CGST Act, including the condition that the said goods are used or intended to be used in the course or furtherance of business by the said registered person.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003255/ENG/Circulars>

**3. Clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof [Circular No. 192 Dated July 17, 2023]**

Issue	Clarification
<p>In the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B of CGST Rules, whether the balance of input tax credit available in electronic credit ledger under the head of IGST only needs to be considered or total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.</p>	<p>Since the amount of input tax credit available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, that has to be considered for calculation of interest under rule 88B of CGST Rules and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed input tax credit of IGST, and to what extent the balance in electronic credit ledger has fallen below the said amount of wrongly availed credit.</p> <p>Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under sub-section (3) of section 50 of CGST Act if, during the time period starting from such availment and up to such reversal, the balance of input tax credit (ITC) in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit. However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the</p>

	extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as per sub-section (3) of section 50 of CGST Act, read with section 20 of Integrated Goods and Services Tax Act, 2017 and sub-rule (3) of rule 88B of CGST Rules.
Whether the credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.	<p>As per proviso to section 11 of Goods and Services Tax (Compensation to States) Act, 2017, input tax credit in respect of compensation cess on supply of goods and services leviable under section 8 of the said Act can be utilised only towards payment of compensation cess leviable on supply of goods and services. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/ or reversals of credit under the said heads.</p> <p>Accordingly, credit of compensation cess available in electronic credit ledger cannot be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.</p>

**For Details:** <https://taxinformation.cbic.gov.in/view-pdf/1003166/ENG/Circulars>

**4. Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period. [Circular No. 195 Dated July 17, 2023]**

<b>Issue</b>	<b>Clarification</b>
There are cases where the original equipment manufacturer offers warranty for the goods supplied by him to the customer and provides replacement of parts and/ or repair services to the customer during the warranty period, without separately charging any consideration at the time of such replacement/ repair services. Whether GST would be payable on such replacement of parts or supply of repair services, without any consideration from the customer, as part of warranty?	<p>The value of original supply of goods (provided along with warranty) by the manufacturer to the customer includes the likely cost of replacement of parts and / or repair services to be incurred during the warranty period, on which tax would have already been paid at the time of original supply of goods.</p> <p>As such, where the manufacturer provides replacement of parts and/ or repair services to the customer during the warranty period, without separately charging any consideration at the time of such replacement/ repair services, no further GST is chargeable on such replacement of parts and/ or repair service during warranty period. However, if any additional consideration is charged by the manufacturer from the customer, either for replacement of any part or for any service, then GST will be payable on such supply with respect to such additional consideration.</p>
Whether in such cases, the manufacturer is required to reverse the input tax credit in respect of such replacement of parts or supply of repair services as part of warranty, in respect	In such cases, the value of original supply of goods (provided along with warranty) by the manufacturer to the customer includes the likely cost of replacement of parts and/ or repair services to be incurred during the warranty period. Therefore, these supplies cannot be considered as exempt supply and accordingly, the manufacturer, who provides replacement of parts and/ or repair

of which no additional consideration is charged from the customer?	services to the customer during the warranty period, is not required to reverse the input tax credit in respect of the said replacement parts or on the repair services provided
Whether GST would be payable on replacement of parts and/ or repair services provided by a distributor without any consideration from the customer, as part of warranty on behalf of the manufacturer?	There may be instances where a distributor of a company provides replacement of parts and/ or repair services to the customer as part of warranty on behalf of the manufacturer and no separate consideration is charged by such distributor in respect of the said replacement and/ or repair services from the customer. In such cases, as no consideration is being charged by the distributor from the customer, no GST would be payable by the distributor on the said activity of providing replacement of parts and/ or repair services to the customer. However, if any additional consideration is charged by the distributor from the customer, either for replacement of any part or for any service, then GST will be payable on such supply with respect to such additional consideration.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003169/ENG/Circulars>

**5. Clarification regarding taxability of services provided by an office of an organisation in one State to the office of that organisation in another State, both being distinct persons [Circular No. 199 Dated July 17, 2023]**

Issue	Clarification
Whether HO can avail the input tax credit (hereinafter referred to as 'ITC') in respect of common input services procured from a third party but attributable to both HO and BOs or exclusively to one or more BOs, issue tax invoices under section 31 to the said BOs for the said input services and the BOs can then avail the ITC for the same or whether is it mandatory for the HO to follow the Input Service Distributor (hereinafter referred to as 'ISD') mechanism for distribution of ITC in respect of common input services procured by them from a third party but attributable to both HO and BOs or exclusively to one or more BOs?	<p>It is clarified that in respect of common input services procured by the HO from a third party but attributable to both HO and BOs or exclusively to one or more BOs, HO has an option to distribute ITC in respect of such common input services by following ISD mechanism laid down in Section 20 of CGST Act read with rule 39 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as 'the CGST Rules'). However, as per the present provisions of the CGST Act and CGST Rules, it is not mandatory for the HO to distribute such input tax credit by ISD mechanism. HO can also issue tax invoices under section 31 of CGST Act to the concerned BOs in respect of common input services procured from a third party by HO but attributable to the said BOs and the BOs can then avail ITC on the same subject to the provisions of section 16 and 17 of CGST Act.</p> <p>In case, the HO distributes or wishes to distribute ITC to BOs in respect of such common input services through the ISD mechanism as per the provisions of section 20 of CGST Act read with rule 39 of the CGST Rules, HO is required to get itself registered mandatorily as an ISD in accordance with Section 24(viii) of the CGST Act.</p> <p>Further, such distribution of the ITC in respect a common input services procured from a third party can be made by the HO to a BO through ISD mechanism only if the said input services are attributable</p>

	<p>to the said BO or have actually been provided to the said BO. Similarly, the HO can issue tax invoices under section 31 of CGST Act to the concerned BOs, in respect of any input services, procured by HO from a third party for on or behalf of a BO, only if the said services have actually been provided to the concerned BOs.</p>
<p>In respect of internally generated services, there may be cases where HO is providing certain services to the BOs for which full input tax credit is available to the concerned BOs. However, HO may not be issuing tax invoice to the concerned BOs with respect to such services, or the HO may not be including the cost of a particular component such as salary cost of employees involved in providing said services while issuing tax invoice to BOs for the services provided by HO to BOs. Whether the HO is mandatorily required to issue invoice to BOs under section 31 of CGST Act for such internally generated services, and/ or whether the cost of all components including salary cost of HO employees involved in providing the said services has to be included in the computation of value of services provided by HO to BOs when full input tax credit is available to the concerned BOs.</p>	<p>The value of supply of services made by a registered person to a distinct person needs to be determined as per rule 28 of CGST Rules, read with sub-section (4) of section 15 of CGST Act. As per clause (a) of rule 28, the value of supply of goods or services or both between distinct persons shall be the open market value of such supply. The second proviso to rule 28 of CGST Rules provides that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services. Accordingly, in respect of supply of services by HO to BOs, the value of the said supply of services declared in the invoice by HO shall be deemed to be open market value of such services, if the recipient BO is eligible for full input tax credit.</p> <p>Accordingly, in cases where full input tax credit is available to a BO, the value declared on the invoice by HO to the said BO in respect of a supply of services shall be deemed to be the open market value of such services, irrespective of the fact whether cost of any particular component of such services, like employee cost etc., has been included or not in the value of the services in the invoice.</p> <p>Further, in such cases where full input tax credit is available to the recipient, if HO has not issued a tax invoice to the BO in respect of any particular services being rendered by HO to the said BO, the value of such services may be deemed to be declared as Nil by HO to BO, and may be deemed as open market value in terms of second proviso to rule 28 of CGST Rules.</p>
<p>In respect of internally generated services provided by the HO to BOs, in cases where full input tax credit is not available to the concerned BOs, whether the cost of salary of employees of the HO involved in providing said services to the BOs, is mandatorily required to be included while computing the taxable value of the said supply of services provided by HO to BOs.</p>	<p>In respect of internally generated services provided by the HO to BOs, the cost of salary of employees of the HO, involved in providing the said services to the BOs, is not mandatorily required to be included while computing the taxable value of the supply of such services, even in cases where full input tax credit is not available to the concerned BO.</p>

**For Details:** <https://taxinformation.cbic.gov.in/view-pdf/1003173/ENG/Circulars>

**6. Clarification regarding the time limit under section 16(4) of the CGST Act for RCM supplies received from unregistered persons [Circular No. 211 Dated June 26, 2024]**

Section 16(4) of the CGST Act links the time limit for ITC availability with the financial year (FY) to which the invoice or debit note pertains.

This circular clarifies that in case the supplies on which tax is paid by a recipient under RCM are received from unregistered suppliers and the invoice is issued by recipient as per section 31(3)(f) of the CGST Act, the relevant FY for the calculation of time limit for availing ITC will be the FY in which self-invoice has been issued by the recipient, as per section 16(4) of the CGST Act. This is subject to the fulfilment of other conditions and restrictions of sections 16 and 17 of the CGST Act.

Additionally, when the recipient issues invoice after the time of supply and pays tax thereon, it will be required to pay interest and may also be liable to pay a penalty according to section 122 of the CGST Act.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003210/ENG/Circulars>

**7. Mechanism for providing evidence of compliance with section 15(3)(b)(ii) of the CGST Act for excluding post sale discounts from the taxable value [Circular No. 212 Dated June 26, 2024]**

The circular states that till a functionality or facility is made available on the common portal to verify compliance with section 15(3)(b)(ii) of the CGST Act, the supplier may procure a certificate issued by a Chartered Accountant (CA) or Cost Accountant (CMA) [containing a Unique Document Identification Number (UDIN)] from the recipient of the supply; specifically, this should certify that the recipient has proportionately reversed ITC at their end for the credit note issued by the supplier. The suppliers can obtain self-undertaking from the recipients (if the reversal amount is less than INR 500000 in a FY).

The circular specifies that the certificate or undertaking may contain the details of the credit note, invoice against which credit note has been issued, ITC reversal amount and a relevant document (Form GST DRC-03, return, etc.) that provides evidence of the reversal of ITC.

The circular further states that the certificates or undertakings will be treated as a suitable and admissible evidence for the purpose of section 15(3)(b)(ii) of the CGST Act and produced by the supplier before the TOs, if required, during any proceedings (scrutiny, audit, investigations, etc).

The circular also clarifies that the same mechanism can be applied for the past period, wherever any such evidence is required to be produced by the supplier to the tax authorities.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003209/ENG/Circulars>

**8. Clarification on the requirement of ITC reversal regarding the portion of premium for life insurance policies which is not included in the taxable value [Circular No. 214 Dated June 26, 2024]**

Life insurance policies which include a component of investment along with the component of risk cover for life insurance, are covered under the life insurance business.

The provisions regarding the value of supply of the services in relation to life insurance business are contained in rule 32(4) of the CGST Rules. It provides that the value of supply of services in respect of life insurance business is primarily to be determined by deducting the amount of premium allocated for investment or savings on the policy holder's behalf from the gross premium charged from them. It also provides for the determination of value of supply of such services based on a certain percentage of gross premium in other situations.

Section 17(2) of the CGST Rules read with rules 42 or 43 of the CGST Rules require ITC reversal where ITC is used partly for effecting taxable supplies and partly for exempt supplies.

The circular clarifies that just because some amount of consideration is not included in the value of taxable supply as per valuation provisions, the said portion of consideration cannot be said to now be attributable to a non-taxable or exempt supply. Hence, there is no requirement of ITC reversal regarding the said amount.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003207/ENG/Circulars>

## **9. Entitlement of ITC by insurance companies on expenses incurred for the repair of motor vehicles in the case of reimbursement mode of an insurance claim settlement [Circular No. 217 Dated June 26, 2024]**

ITC is available to insurance companies for the motor vehicle repair expenses incurred by them in the case of the reimbursement mode of claim settlement. This is because the insurance company qualifies as a recipient and the consideration includes payment made by third person.

Some scenarios may exist where the amount of repair services is more than the approved claim cost and the insurance company only reimburses the approved claim cost to the garage after considering the standard deductions. The remaining amount is to be paid by the insured to the garage. Here, the circular clarified on following two scenarios:

- The garage issues 2 separate invoices to the – (1) insurance company regarding the approved claim cost; and (2) customer for the amount of repair service in excess of the approved claim cost: ITC is available to the insurance company on the said invoice subject to the reimbursement of the said amount by the insurance company to the customer.
- The garage issues an invoice for the full amount for repair services to the insurance company while the latter makes a reimbursement to the insured only for the approved claim cost: ITC is available to the insurance company only to the extent of the reimbursement of approved claim cost to the insured, and not on full invoice value.

ITC is available to the insurer only when the invoice for the repair of the vehicle is in the name of the insurance company to satisfy the conditions laid down in section 16(2)(a) and (aa) of the CGST Act.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003204/ENG/Circulars>

## **10. Clarification regarding availability of ITC on ducts and manholes used in the network of Optical Fibre Cables (OFCs) according to section 17(5) of the CGST Act, 2017 [Circular No. 219 Dated June 26, 2024]**

The circular has clarified the issue of availing ITC on ducts and manholes used in the network of OFC's which was denied as the same was said to be restricted in terms of sections 17(5)(c) and 17(5)(d) of the CGST Act. Now, it has been clarified that availing ITC on ducts and manholes used in the network of OFC's is not restricted in terms of the said section because of the following –

- a) Ducts and manholes are basic components for the optical fibre network used in providing Telecommunication services.
- b) Regarding the explanation to section 17 of the CGST Act, 2017, ducts and manholes are not specifically excluded from the definition of plant and machinery as they are neither in the nature of land, building or civil structures nor are they in the nature of telecommunication towers or pipelines laid outside factory.
- c) Ducts and Manholes are in the nature of plant and machinery as they are used as part of the OFC network for making outward supply of the transmission of telecommunication signals.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003202/ENG/Circulars>

## **11. Clarification on availability of input tax credit in respect of demo vehicles [Circular No. 231 Dated September 11, 2024]**

Demo vehicles are those maintained by dealers as per dealership norms for trial runs and feature demonstrations to potential buyers. Typically, these vehicles are purchased from manufacturers and recorded as capital assets in the dealer's books. The circular addresses two key issues: the eligibility of ITC for demo vehicles as per section 17(5) of the CGST Act, and the impact of capitalizing these vehicles on ITC availability.

The circular clarifies that ITC on demo vehicles is generally blocked under clause (a) of section 17(5) of the CGST Act, which restricts credit for motor vehicles used for passenger transport with up to 13 seats unless they are used for specific purposes such as further supply, passenger transportation, or driving training. However, since demo vehicles are used to promote the sale of similar motor vehicles, they can be considered as used for "further supply of such motor vehicles," allowing ITC eligibility. ITC is not available if demo vehicles are used for other purposes, such as staff transport or merely for marketing services where the dealer acts as an agent. Additionally, even when demo vehicles are capitalized in the dealer's books, they qualify as capital goods under the CGST Act, and ITC remains available unless depreciation on the tax component is claimed under the Income-tax Act.

<https://taxinformation.cbic.gov.in/view-pdf/1003230/ENG/Circulars>

## **12. Clarification on Input Tax Credit [CircularNo.237 Dated Oct 25, 2024]**

Circular No. 237/31/2024-GST issued by CBIC on October 15, 2024, addresses the retrospective amendments to Section 16 of the CGST Act, effective from July 1, 2017. The circular explains the implementation of sub-sections (5) and (6) of Section 16, allowing taxpayers to claim input tax credit (ITC) for specific financial years if registration has been revoked and later reinstated. It provides clarification for cases where wrong ITC was availed, outlining steps for tax authorities to take action under various scenarios, including those where no demand notice has been issued or where proceedings are pending under Sections 73, 74, 107, and 108 of the CGST Act. Taxpayers affected by previous wrong ITC availment can now rectify such orders through a special procedure notified on October 8, 2024, and file applications electronically. Additionally, no refunds will be issued for taxes paid or ITC reversed due to these retrospective amendments. The circular ensures uniformity in the application of these provisions across tax authorities.

<https://taxinformation.cbic.gov.in/view-pdf/1003244/ENG/Circulars>

## Lesson 6 – Procedural Compliances under GST

### 1. Central Government on recommendation of GST council has amended the Central Goods and Services Tax Rules, 2017, (NOTIFICATION No. 11/2025, dated 27th March, 2025).

The amendment states that no refund shall be available for any tax, interest, and penalty, which has already been discharged for the entire period, prior to the commencement of the Central Goods and Services Tax (Second Amendment) Rules, 2025, in cases where a notice or statement or order mentioned in sub-section (1) of section 128A, includes a demand of tax, partially for the period mentioned in the said sub-section and partially for a period other than mentioned in the said sub-section.”

A new proviso in Rule 164(7) allows taxpayers to partially withdraw appeals related to Section 128A. If the tax demand relates to both specified and other periods, the taxpayer can inform the appellate authority that they wish to pursue the appeal only for the non-specified period. The authority will then pass an appropriate order accordingly. The appeal will be treated as withdrawn for the specified period from 1st July 2017 to 31<sup>st</sup> March 2020.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1010338/ENG/Notifications>

### 2. Central Board of Indirect Taxes & Customs (CBIC) has amended the Central Goods and Services Tax Rules, 2017, (Notification No. 07/2025 dated January 23, 2025)

The Government has decided to grant temporary registration number where a person is not liable to registration under the Act but is required to make any payment under the provisions of the Act, the proper officer may grant the said person a temporary identification number and issue an order in Part B of FORM GST REG-12. Rule 16A shall be inserted after Rule! 6 with date to be notified.

In the said rules, with effect from a date to be notified, in rule 19, in sub-rule (1), after the words, letters and figures “FORM GST REG-10”, the words, letters and figures “or in the intimation furnished by the composition taxpayer in FORM GST CMP-02” shall be inserted.

For further details: <https://taxinformation.cbic.gov.in/view-pdf/1010287/ENG/Notifications>

### 3. Amendment to Circular on Proper officer dated 9<sup>th</sup> feb, 2018 on ‘proper officer’ under section 73&74 of the GST Act and under Integrated Goods and Services Act, 2017, [Circular dated 4<sup>th</sup> December, 2024]

Show cause notices issued to multiple notices either having the same Pan or different PANs or multiple show cause notices are issued on the same issue to multiple notices having the same PAN, and the principal place of business of such noticees fall under the jurisdiction of multiple Central Tax Commissionerates.

Where the location of principal place of business of the noticee, having the highest amount of demand of tax in the said show cause notice(s), falls under the jurisdiction of a Central Tax Zone/Commissionerate mentioned in the table of circular, the show cause notice(s) may be adjudicated by one of the Additional Commissioners/ Joint Commissioners of Central Tax, holding

the charge of Adjudication (DGGI cases), of the Central Tax Commissionerate mentioned in column 3 of the given circular corresponding to the said Central Tax Zone/Commissionerate. Such show cause notice(s) may, accordingly, be made answerable by the officers of DGGI to the concerned Additional/ Joint Commissioners of Central Tax.

It is further clarified that in cases where a show cause notice has been issued to multiple noticees, either having same or different PANs, and the said show cause notice is required to be adjudicated by a common adjudicating authority as per the highest amount of demand of tax in accordance with the criteria mentioned in para 7.1 above, then if any show cause notice(s) is issued subsequently on the same issue to some other noticee(s) having PAN(s) different from the PANs of the noticees included in the earlier show cause notice, the said later show cause notices is to be adjudicated,

- (i) by the jurisdictional adjudicating authority of the noticee, if there is only one noticee (GSTIN) involved in the said later show cause notice; or
- (ii) by the common adjudicating authority in accordance with the criteria mentioned in para 7.1 above as applicable independently based on the highest amount of tax demand in the said later show cause notice, if there are multiple noticees (GSTINs) involved in the said later show cause notice having principal place of business under the jurisdiction of multiple Central Tax Commissionerates.”

**4. Central Board of Indirect Taxes & Customs (CBIC) reduces e-invoicing limit from 10 crore to 5 crore (Notification No. 10/2023-Central Tax New Delhi dated May 10, 2023)**

The Government, on the recommendations of the Council, reduced the limit of e-invoicing from existing limit of Rs. 10 crore to Rs. 5 crore. This amendment will come in to effect from the 1st day of August, 2023.

For details: <https://taxinformation.cbic.gov.in/view-pdf/1003252/ENG/Circulars>

**5. CBIC rolls out Automated Return Scrutiny Module for GST returns in ACES-GST backend application for Central Tax Office (Press Release dated May 11, 2023)**

Central Board of Indirect Taxes & Customs (CBIC) has rolled out the Automated Return Scrutiny Module for GST returns in the ACES-GST backend application for Central Tax Officers. This module will enable the officers to carry out scrutiny of GST returns of Centre Administered Taxpayers selected on the basis of data analytics and risks identified by the System. In the module, discrepancies on account of risks associated with a return are displayed to the tax officers. Tax officers are provided with a workflow for interacting with the taxpayers through the GSTN Common Portal for communication of discrepancies noticed under FORM ASMT-10, receipt of taxpayer's reply in FORM ASMT-11 and subsequent action in form of either issuance of an order of acceptance of reply in FORM ASMT-12 or issuance of show cause notice or initiation of audit / investigation.

**Brief Analysis**

Under this press release the Union Minister for Finance and Corporate Affairs had given directions to roll out an Automated Return Scrutiny Module for GST return at the earliest. In order to implement this non-intrusive means of compliance verification, CBIC has rolled out the Automated Return Scrutiny Module for GST returns in the ACES-GST backend application for Central Tax Officers. This module will enable the

officers to carry out scrutiny of GST returns of Centre Administered Taxpayers selected on the basis of data analytics and risks identified by the System.

**For further details please visit:** <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1923445>

## 6. Rationalisation of late fee for GSTR-9 and Amnesty to GSTR-9 non-filers

**(Notification no.07/2023–Central tax- March 31, 2023)**

The Central Government, on the recommendations of the Council, hereby waives the amount of late fee referred to in section 47 of the said Act in respect of the return to be furnished under section 44 of the said Act for the financial year 2022-23 onwards.

### **Brief Analysis**

In the said notification the Central Government, hereby waives the amount of late fee referred to in section 47 of the said Act, the registered persons who fails to furnish the return by the due date in respect of the return to be furnished under section 44 of the said Act for the financial year 2022-23 onwards, which is in excess of amount Twenty-five rupees per day, subject to a maximum of an amount calculated at 0.02 percent of turnover in the State or Union territory for Registered persons having an aggregate turnover of up to five crore rupees in the relevant financial year and Fifty rupees per day, subject to a maximum of an amount calculated at 0.02 percent of turnover in the State or Union territory for registered persons having an aggregate turnover more than five crore rupees and up to twenty crores rupees in the relevant financial year.

**For further details please visit:** <https://taxinformation.cbic.gov.in/view-pdf/1009689/ENG/Notifications>

## 7. Clarification on TCS liability under Section 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction. [Circular No. 194 Dated July 17, 2023]

*Issue 1: In a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and where the supplier-side ECO himself is not the supplier in the said supply, who is liable for compliances under section 52 including collection of TCS?*

### **Buyer – Buyer Side ECO – Supplier side ECO - Supplier**

**Clarification:** In such a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and where the supplier-side ECO himself is not the supplier of the said goods or services, the compliances under section 52 of CGST Act, including collection of TCS, is to be done by the supplier-side ECO who finally releases the payment to the supplier for a particular supply made by the said supplier through him.

e.g.: Buyer-side ECO collects payment from the buyer, deducts its fees/commissions and remits the balance to Seller-side ECO. Here, the Seller-side ECO will release the payment to the supplier after deduction of his

fees/commissions and therefore will also be required to collect TCS, as applicable and pay the same to the Government in accordance with section 52 of CGST Act and also make other compliances under section 52 of CGST Act.

In this case, the Buyer-side ECO will neither be required to collect TCS nor will be required to make other compliances in accordance with section 52 of CGST Act with respect to this particular supply.

**Issue 2: In a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and the Supplier-side ECO is himself the supplier of the said supply, who is liable for compliances under section 52 including collection of TCS?**

**Buyer – Buyer Side ECO – Supplier (also an ECO)**

**Clarification:** In such a situation, TCS is to be collected by the Buyer-side ECO while making payment to the supplier for the particular supply being made through it. e.g. Buyer-side ECO collects payment from the buyer, deducts its fees and remits the balance to the supplier (who is itself an ECO as per the definition in Sec 2(45) of the CGST Act). In this scenario, the Buyer-side ECO will also be required to collect TCS, as applicable, pay the same to the Government in accordance with section 52 of CGST Act and also make other compliances under section 52 of CGST Act.

**For Details:** <https://taxinformation.cbic.gov.in/view-pdf/1003168/ENG/Circulars>

**8. Clarification on issue pertaining to e-invoice [Circular No. 198 Dated July 17, 2023]**

Issue	Clarification
<p>Whether e-invoicing is applicable for supplies made by a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, to Government Departments or establishments/ Government agencies/ local authorities/ PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act?</p>	<p>Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct tax at source as per provisions of section 51 of the CGST/SGST Act, are liable for compulsory registration in accordance with section 24(vi) of the CGST Act. Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, are to be treated as registered persons under the GST law as per provisions of clause (94) of section 2 of CGST Act. Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc under rule 48(4) of CGST Rules.</p>

**For Details:** <https://taxinformation.cbic.gov.in/view-pdf/1003172/ENG/Circulars>

**9. Special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by composition taxpayers (Notification No. 36/2023 – Central Tax – August 04, 2023)**

The Central Government, on the recommendations of the Council, hereby notifies the electronic commerce operator who is required to collect tax at source under section 52 as the class of persons who shall follow the special procedure in respect of supply of goods made through it by the persons paying tax under section 10 of the said Act, namely:

i. the electronic commerce operator shall not allow any inter-State supply of goods through it by the said person;

the electronic commerce operator shall collect tax at source under sub-section (1) of section 52 of the said Act in respect of supply of goods made through it by the said person and pay to the Government as per provisions of subsection (3) of section 52 of the said Act. And (iii) the electronic commerce operator shall furnish the details of supplies of goods made through it by the said person in the statement in **FORM GSTR-8** electronically on the common portal.

**Brief Analysis**

In this notification, the Central Government has issued the special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by composition taxpayers. The electronic commerce operator shall not allow any inter-State supply of goods through it by the said person. They have to collect the tax at source as per GST laws.

**For further details please visit:** <https://taxinformation.cbic.gov.in/view-pdf/1009818/ENG/Notifications>

**10. Special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by unregistered persons. (Notification No. 37/2023 – Central Tax – August 04, 2023)**

The Central Government, on the recommendations of the GST Council, hereby notifies the electronic commerce operator who is required to collect tax at source under section 52 as the class of persons who shall follow the stated special procedure in respect of supply of goods made through it by the persons exempted from obtaining registration in accordance with the notification issued under sub-section (2) of section 23 vide notification number 34/2023- Central Tax, dated the 31st July, 2023, Namely:-

i. The electronic commerce operator shall allow the supply of goods through it by the said person only if enrolment number has been allotted on the common portal to the said person;

ii. The electronic commerce operator shall not allow any inter State supply of goods through it by the said person;

the electronic commerce operator shall not collect tax at source under sub-section (1) of section 52 in respect of supply of goods made through it by the said person; and (4) the electronic commerce operator shall furnish the details of supplies of goods made through it by the said person in the statement in **FORM GSTR-8** electronically on the common portal.

## **Brief Analysis**

In this notification, the Central Government has issued the special procedure to be followed by the electronic commerce operators in respect of supplies of goods through them by unregistered persons.

**For further details please visit:** <https://taxinformation.cbic.gov.in/content-page/explore-notification>

### **11. Amendments Notification - (Second Amendment, 2023) to the CGST Rules, 2017 (Notification No. 38/2023-Central Tax-August 04, 2023)**

The Central Government, on the recommendations of the Council, amended the Central Goods and Services Tax Rules, 2017, the amended rules inter alia provides for physical verification of business premises in certain cases under Rule 25. Rule 25 substituted as (1) where the proper officer is satisfied that the physical verification of the place of business of a person is required after the grant of registration, he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of *fifteen working days* following the date of such verification. (2) Where the physical verification of the place of business of a person is required before the grant of registration in the circumstances specified in the proviso to sub- rule (1) of rule 9, the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal at least five working days prior to the completion of the time period specified in the said proviso.”.

#### **Brief Analysis**

In this Circular, Board (CBIC) on the recommendations of the Council, amended the Rule 25 (i) of the GST Rules, 2017 related to physical verification of the place of business by the Proper officer in certain cases. Proper office after physical verification need to upload the report along with the other documents on the common portal within specified days.

**For further details please visit:** <https://taxinformation.cbic.gov.in/view-pdf/1009820/ENG/Notifications>

### **12. Tax to be paid on specified actionable claims at the time of receipt of payment for such supplies by the suppliers [Notification No. 50/2023 CT dated 29.09.2023]**

Notification No. 66/2017 CT dated 15.11.2017 was earlier issued to exempt all registered persons from the requirement of payment of tax at the time of receipt of advances in case of supply of goods and provides for payment of tax in such cases at the time of supply as specified in section 12(2)(a).

With effect from 01.10.2023, said notification has been amended to exclude registered persons making supply of specified actionable claims from the said exemption, so that in case of specified actionable claims, the tax can be paid at the time of receipt of payment for such supplies by the suppliers.

### **13. Central Goods and Services Tax (Third Amendment) Rules, 2023 [Notification No. 51/2023 – Central Tax on September 29, 2023]**

Central Board of Indirect Taxes and Customs (CBIC) have introduced the Central Goods and Services Tax (Third Amendment) Rules, 2023, through Notification No. 51/2023. These rules, made under the powers

conferred by section 164 of the Central Goods and Services Tax Act, 2017 (CGST Act), bring notable changes to the existing tax framework.

**Rule 8 Amendment:** Rule 8 of the CGST Rules, 2017, is amended to specify that every person liable to be registered under section 25(1) or seeking registration under section 25(3), excluding certain categories such as non-resident taxable persons and those required to deduct or collect tax at source, must declare their Permanent Account Number (PAN) and State or Union Territory in FORM GST REG-01 before applying for registration. Input Service Distributors are required to make separate registration applications. Rule 14 Amendment:

**Rule 14 is amended** to include persons supplying online money gaming from outside India to a person in India within the scope of this rule. This implies that certain tax provisions are applicable to such supplies.

**New Rules 31B and 31C:** Rules 31B and 31C are introduced, specifying the valuation methods for online gaming and actionable claims in casinos, respectively. The rules detail the determination of the value of supplies in these sectors, including considerations like total amounts paid by players.

**Rule 46 Amendment:** Rule 46 is amended to specify that certain cases involving the supply of online money gaming require special considerations.

**New Rule 64:** Rule 64 outlines the form and manner of submission of returns by persons providing online information and database access or retrieval services and persons supplying online money gaming from outside India to a person in India.

**Rule 87 Amendment:** Rule 87 is amended to incorporate provisions related to persons supplying online money gaming from outside India to a person in India, aligning with section 14A of the CGST Act.

**Changes in Form GST REG-10:** Form GST REG-10 is revised to accommodate applications for registration of persons supplying online money gaming from outside India to a person in India and for registration of persons supplying online information and database access or retrieval services from outside India to a non-taxable online recipient in India.

**New Form GSTR-5A:** Form GSTR-5A is introduced to capture details of supplies of online information and database access or retrieval services made to non-taxable online recipients in India and to registered persons in India, as well as details of supplies of online money gaming from outside India to a person in India. <https://taxinformation.cbic.gov.in/view-pdf/1009873/ENG/Notifications>

#### **14. Central Goods and Services Tax (Fourth Amendment) Rules, 2023 [Notification No. 52/2023 – Central Tax on October 26, 2023]**

This notification introduces important amendments to the Central Goods and Services Tax Rules, 2017 & amends Rule 28, Rule 142, Rule 159, FORM GST REG-01, FORM GST REG-08, FORM GSTR-8, FORM GST PCT-01 and FORM GST DRC-22.

**Rule 28 Amendment:** Rule 28 of the Central Goods and Services Tax Rules is renumbered as sub-rule (1). Additionally, a new sub-rule (2) is introduced. This sub-rule addresses the value of supply of services by a supplier to a related person, involving the provision of a corporate guarantee to a banking company or financial institution on behalf of the recipient. The value of this supply shall be deemed as one percent of the amount of the guarantee offered or the actual consideration, whichever is higher.

**Rule 142 Modification:** In Rule 142, Sub-rule (3) is updated. The term “order” is replaced with “intimation,” indicating a shift in the nature of communication from the proper officer.

**Rule 159 Adjustment:** Rule 159, Sub-rule (2) is amended to include that the period for seeking a refund of excess balance in the electronic cash ledger is within one year from the date of issuance of the order under Sub-rule (1) or earlier, whichever applies.

**FORM GST REG-01 Update** In FORM GST REG-01, PART-B, a new clause (xiva) is added to include “One Person Company” as a type of business entity registering under GST.

**FORM GST REG-08 Revision** FORM GST REG-08 is substantially updated to cover the order of cancellation of registration as a Tax Deductor at source or Tax Collector at source. The form outlines the reasons for cancellation and emphasizes the liability to pay tax and other dues even after registration cancellation for the prior period.

**FORM GSTR-8 Amendments** in FORM GSTR-8, serial number 5 is omitted. The section pertaining to interest and late fee payable and paid is revised, with separate entries for interest on TCS and late fees for Central Tax and State/UT Tax. Debit entries in the cash ledger for TCS, interest, and late fee payments are included.

**FORM GST PCT-01 Modification** in FORM GST PCT-01, PART-B, the list of enrolment sought is updated to include additional qualifications, including Chartered Accountants, Company Secretaries, Cost and Management Accountants, and more.

**FORM GST DRC-22 Alteration** A paragraph is added to FORM GST DRC-22, indicating that the order shall cease to have effect either on the date of issuance of an order in FORM GST DRC-23 by the Commissioner or after one year from the date of issuance, whichever is earlier.

<https://taxinformation.cbic.gov.in/view-pdf/1009923/ENG/Notifications>

## **15. CBIC Enforces Biometric Aadhaar Authentication for GST in Andhra Pradesh [Notification No. 54 Dated Nov 17, 2023]**

Central Board of Indirect Taxes and Customs (CBIC) has issued a notification regarding biometric-based Aadhaar authentication for GST registration in the State of Andhra Pradesh. Previously, the same requirement was notified for the States of Gujarat and Puducherry. However, the government has now extended this mandate to include Andhra Pradesh as well.

<https://taxinformation.cbic.gov.in/view-pdf/1009941/ENG/Notifications>

**16. CBIC notifies ‘Public Tech Platform for Frictionless Credit’ as the system with which information may be shared by the common portal based on consent under sub-section (2) of Section 158A of the Central Goods and Services Tax Act, 2017 [Notification No. 06/2024 Dated February 22, 2024]**

The Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs, through this Notification No. 06/2024 introduces the “Public Tech Platform for Frictionless Credit” as the designated system for sharing information through the common portal based on consent, as specified in sub-section (2) of Section 158A.

**17. Clarification on reduction of government litigation. Fixing monetary limits for filing appeals or applications by the Revenue authorities before GSTAT, High Courts and Supreme Court [Circular No. 207 Dated June 26, 2024]**

The circular has notified, subject to certain principles, exclusions, monetary limits for filing of appeals under GST by the department before GSTAT, High Court, and Supreme Court.

The following monetary limits have been specified:

GSTAT: INR 20,00,000

High Court: INR 1,00,00,000

Supreme Court: INR 2,00,00,000

It has also been clarified that non-filing of appeal based on the above monetary limits, will not preclude the tax officer (TO) from filing appeal or application in any other case involving the same or similar issues in which the tax in dispute exceeds the monetary limit or case involving the questions of law.

The Department’s decision not to appeal based on monetary limits does not imply acceptance of the underlying issues, and each cited prior order must be verified for acceptance due to monetary limits before being considered as a precedent.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003214/ENG/Circulars>

**18. Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024-Central Tax dated 5 January 2024 [Circular No. 208 Dated June 26, 2024]**

This circular provides clarifications on various practical issues while complying with the special procedure to be followed by a registered person engaged in manufacturing of certain goods such as pan masala, tobacco, and others. The clarifications are largely on reporting aspects, such as non-availability of make, model number and machine number, absence of electricity consumption rating of the packing machine, etc. and provides for the manner of undertaking compliances in such cases.

The circular also, inter-alia, clarifies that the special procedure is not applicable to (i) special economic zone units; (ii) the manual processes using electric operated heat sealer and seamer. However, the procedures are applicable for job-work and contract manufacturing scenarios.

For Details: <https://taxinformation.cbic.gov.in/view-pdf/1003213/ENG/Circulars>

**19. Processing of refund applications filed by Canteen Stores Department (CSD) [Circular No. 227 Dated July 11, 2024]**

The Central Government, vide Notifications No. 06/2017-Central Tax (Rate) , No. 06/2017-Integrated Tax (Rate) and No. 06/2017-Union territory Tax (Rate), all dated 28th June 2017, had specified the Canteen Stores Department (“CSD” for short), under the Ministry of Defence, as a person who shall be entitled to claim a refund of fifty per cent of the applicable central tax, integrated tax and Union territory tax paid by the CSD on all inward supplies of goods received by the CSD for the purposes of subsequent supply of such goods to their Unit Run Canteens or to their authorized customers. Further, vide Circular No. 60/34/2018-GST dated 04.09.2018, the manner and procedure for filing and processing of such refund claims was specified so as to ensure that the CSD shall apply for refund by filing an application manually to the jurisdictional tax office till the time the online utility for filing such refund claim is made available on the common portal.

In order to enable such CSD to file application for refund electronically, a new functionality has been made available on the common portal which allows CSD to apply for refund by filing an application electronically on the common portal. Further, Central Goods and Service Tax Rules, 2017 (hereinafter referred to as „CGST Rules“) have been amended and a new rule 95 Band FORM GST RFD-10A have been inserted in CGST Rules vide Notification No.12/2024-Central Tax dated 10.07.2024.

<https://taxinformation.cbic.gov.in/view-pdf/1003222/ENG/Circulars>

**20. Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to exports [Circular No. 226 Dated July 11, 2024]**

Where there is upward revision in price of goods subsequent to exports, the exporter is required to pay additional IGST on account of upward price revision along with applicable interest but there exists no mechanism for allowing them to claim refund of such additional IGST paid.

In order to ensure uniformity in the implementation of the provisions of the law across field formations, the Board, in exercise of its powers conferred by section 168(1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), hereby lays down the following procedure for claim and processing of refunds of additional integrated tax paid on account of upward revision in prices of goods subsequent to their exports.

<https://taxinformation.cbic.gov.in/view-pdf/1003221/ENG/Circulars>

**21. The Central Goods and Services Tax (Amendment) Rules, 2024 [Notification No 09 Dated 11/02/2025]**

- Prescribed the verification procedure for registration in case person who has not opted for authentication of Aadhaar number. Effective date is 11<sup>th</sup> Feb 2025.
- Amendments made for the relevant rules in relation to the GSTR 1, to insert the GSTR 1A, and give recognition to GSTR 1A also form GSTR 1A Notified.

**Seeks to make amendments (Amendment, 2024) to the CGST Rules, 2017. [Notification No 12 Dated 10/07/2024]**

- Scope of the provision related the corporate guarantee, is restricted to the service supplied by Indian person. and it will be determined on annual basis also provide the relaxation for valuation, in case Full ITC is available to recipient.  
This rule is amended retrospectively with effect from the 26th day of October, 2023, (insertion of Rule 28(2)).
- ISD Mechanism - Rules for ISD mechanism (Rule 39) substituted. Enabling the facility for refund for ISD and relevant period for making application.
- Amendment in GSTR 1
- Due date for the Furnishing annual return for Composition dealer is extended till 30 June following the end of such financial year.
- Rule 88B is amended to provide the relaxation from Interest for Amount deposited in cash ledger before due date of GSTR 3B, but GSTR 3B filed after the due date.
- Amendment in Rule 89 to Facilitate Refund on Export debit notes
- Amendments in relation to the provision for Appellate tribunal

<https://taxinformation.cbic.gov.in/view-pdf/1010097/ENG/Notifications>

**22. Seeks to rescind Notification no. 27/2022-Central Tax dated 26.12.2022. [Notification No 13 Dated 10/07/2024]**

Rule 8(4A), requires the Aadhaar authentication, however the scope of this rule is restricted to state of Gujrat and State of Puducherry vide 27/2022-Central Tax, dated the 26th December, 2022 published vide number G.S.R 903(E). The said notification has been now rescinded, so now the scope of Rule 8(4A) is applicable for All States and union territory.

<https://taxinformation.cbic.gov.in/view-pdf/1010098/ENG/Notifications>

**23. Seeks to amend Notification No. 52/2018-Central Tax, dated 20.09.2018. [Notification No 15 Dated 10/07/2024]**

Rate applicable for TCS under Sec 52 of CGST Act is reduced from 1 % (0.5%+ 0.5%) to 0.5% (0.25% +0.25%) Circular No. 223/17/2024-GST dated 10/10/2024.

<https://taxinformation.cbic.gov.in/view-pdf/1010100/ENG/Notifications>

**24. Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess. [Circular No. 233 Dated September 11, 2024]**

This circular clarified that where the inputs were initially imported without payment of integrated tax and compensation cess by availing benefits under Notification No. 78/2017-Customs dated 13.10.2017 or Notification No. 79/2017-Customs dated 13.10.2017, but subsequently, IGST and compensation cess on such imported inputs are paid at a later date, along with interest, and the Bill of Entry in respect of the import of the said inputs is got reassessed through the jurisdictional Customs authorities to this effect, then the IGST,

paid on exports of goods, refunded to the said exporter shall not be considered to be in contravention of provisions of sub-rule (10) of rule 96 of CGST Rules.

<https://taxinformation.cbic.gov.in/view-pdf/1003232/ENG/Circulars>

**25. Appellate Tribunal to Examine if ITC or Tax Rate Reductions result in Price Decrease [Notification No. 18 Dated September 30, 2024]**

The Central Government, on the recommendations of the Goods and Services Tax Council, hereby empowers the Principal Bench of the Appellate Tribunal, constituted under sub-section (3) of section 109 of the said Act, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by that registered person.

<https://taxinformation.cbic.gov.in/view-pdf/1010166/ENG/Notifications>

**26. Central Goods and Services Tax (Second Amendment) Rules, 2024 [Notification No. 20 Dated Oct 8, 2024]**

The Ministry of Finance has issued Notification No. 20/2024, amending the Central Goods and Services Tax (CGST) Rules, 2017, effective from November 1, 2024. The amendments include changes to various rules concerning tax invoices, including the timeline for issuing invoices in specific circumstances. Key modifications include the addition of provisions related to the issuance of invoices when the recipient is required to do so, and the revision of deadlines for submitting GSTR-7 forms. Other amendments involve updates to refund claims and the introduction of new rules regarding the waiver of interest and penalties under specified sections.

<https://taxinformation.cbic.gov.in/view-pdf/1010185/ENG/Notifications>

**27. Amnesty For Waiver of Interest / Penalty on Demands u/s 73 (New Section 128A) of CGST Law [Notification No. 21 Dated Oct 8, 2024]**

The CBIC has issued clarifications on the implementation of new Section 128A of the CGST Act, effective from November 1, 2024. This section allows for the waiver of interest and penalties related to demands under Section 73 of the CGST Act for the financial years 2017-18, 2018-19, and 2019-20, provided certain conditions are met. Taxpayers must pay the full demanded tax by March 31, 2025, to benefit from this waiver, and specific procedures outlined in Rule 164 detail how to apply. Notifications specify that the application for waiver must be made within six months of the re-determination order, and that partial waivers are not permitted. The waiver does not apply to interest from delayed returns or self-assessed liabilities. The guidelines also clarify that amounts recovered on behalf of the taxpayer can count towards the tax paid for waiver purposes, and payments can be made using Input Tax Credit (ITC). Notably, the waiver excludes demands for late fees and other penalties not directly related to tax demands. Taxpayers must ensure all payments are completed within stipulated timelines to retain the waiver benefits, and applications involving pending Supreme Court cases require withdrawal of such petitions prior to applying for the waiver. The guidelines provide a structured approach for taxpayers to navigate the new provisions effectively.

<https://taxinformation.cbic.gov.in/view-pdf/1010186/ENG/Notifications>

**28. Seeks to provide waiver of late fee for late filing of NIL FORM GSTR-7 [Notification No. 23 Dated Oct 8, 2024]**

Notification No. 23/2024-Central Tax, effective from November 1, 2024, waives late fees for delayed filings of GSTR-7 returns under Section 51 of the CGST Act. It replaces Notification No. 22/2021-Central Tax, reducing late fees to ₹25 per day for delays since June 2021, capped at ₹1,000 per month. The waiver extends to Nil TDS returns, encouraging compliance and easing financial burdens on taxpayers.

<https://taxinformation.cbic.gov.in/view-pdf/1010188/ENG/Notification>

**29. TDS under GST on Metal Scrap: Notification No. 25/2024-Central Tax [Dated Oct 9, 2024]**

The Ministry of Finance issued Notification No. 25/2024-Central Tax on October 9, 2024, amending the earlier Notification No. 50/2018-Central Tax to clarify the Tax Deduction at Source (TDS) provisions under Section 51 of the CGST Act, 2017. This amendment broadens the scope of TDS by including registered persons receiving metal scrap, classified under Chapters 72 to 81 of the Customs Tariff Act, 1975, in its ambit. The changes specify that TDS at a rate of 2% must be deducted for transactions where the taxable value exceeds ₹2, 50,000. The buyer must obtain a separate GST registration (Form REG-07) to deduct TDS, and the supplier will receive the TDS credit in their cash ledger monthly. The notification also replaces the third proviso, confirming that while supplies between certain entities remain exempt from TDS, transactions involving metal scrap are not exempt. This amendment, effective from October 10, 2024, requires both buyers and sellers to ensure compliance with the updated GST TDS provisions, including timely filing of GSTR-7 and obtaining TDS certificates (GSTR-7A). The changes aim to streamline tax deduction, ensuring that the metal scrap industry adheres to GST's TDS requirements while improving liquidity for suppliers.

<https://taxinformation.cbic.gov.in/view-pdf/1010190/ENG/Notifications>

**30. GST Rates Clarified for Specific Goods [CircularNo.235 Dated Oct 11, 2024]**

The Government of India, through Circular No. 235/29/2024 dated October 11, 2024, has issued clarifications on GST rates and classifications for specific goods based on recommendations from the 54th GST Council meeting held on September 9, 2024. The circular addresses three key issues:

First, it states that extruded or expanded savoury food products will attract a GST rate of 12% from October 10, 2024, while un-fried snack pellets will maintain a 5% rate. For past periods, an 18% GST is applicable.

Second, it clarifies that Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways fall under HS 8415 and attract a GST rate of 28%, not 18%.

Third, it specifies that seats for four-wheeled vehicles are classified under HS 9401, attracting a GST rate of 18%, while two-wheeler seats are classified under HS 8714 with a 28% rate. To ensure parity, from October 10, 2024, car seats will also attract a GST rate of 28%.

The circular emphasizes uniformity in implementation across the field formations and invites any difficulties regarding its application to be reported to the Board.

<https://taxinformation.cbic.gov.in/view-pdf/1003240/ENG/Circulars>

**31. Clarification regarding the scope of “as is / as is, where is basis” mentioned in the GST Circulars issued on the basis of recommendation of the GST Council in its meetings [CircularNo.236 Dated Oct 11, 2024]**

Government of India’s Circular No. 236/30/2024-GST, dated October 11, 2024, addresses doubts regarding the application of “as is” or “as is, where is” basis in the context of Goods and Services Tax (GST). This clarification follows discussions in the GST Council’s 54th meeting on September 9, 2024, which recommended the issuance of guidelines for regularizing past GST payments. The circular highlights scenarios where taxpayers have faced uncertainty due to competing GST rates or misinterpretations leading to varying payment amounts. Specifically, it states that if suppliers paid a lower GST rate or claimed exemptions in good faith based on earlier ambiguous tax positions, their payments would be regarded as fully settled for the respective periods, with no refunds allowed for those who paid higher rates. It emphasizes that this regularization applies when genuine doubts existed about the applicable tax rates, illustrated through various scenarios involving differing GST rates for the same goods. Taxpayers who paid lower rates (e.g., 5% instead of 12%) or claimed exemptions will not be liable for additional payments. However, the circular specifies that these provisions do not cover cases where no GST was paid, as the full tax amount will still be collectible in such instances. The circular instructs relevant authorities to communicate these guidelines to their field formations and encourages them to report any implementation difficulties.

<https://taxinformation.cbic.gov.in/view-pdf/1003241/ENG/Circulars>

**32. Clarification of various doubts related to Section 128A of the CGST Act, 2017. [CircularNo.238 Dated Oct 25, 2024]**

CBIC has issued the circular No. 238/32/2024-GST dated 15 October 2024 to clarify on certain aspects related to waiver of interest or penalty under captioned section. Key clarifications are captured below:

No.	Issue	Clarification
1	Whether benefit under captioned section shall be available, wherein the tax component has been paid before the date on which said section has come into effect	As long as the amount has been paid on or before or the notified date i.e. 31 March 2025, the said payment of tax shall be considered for benefit under captioned section
2	Whether amount recovered by tax officers as tax due from any person on behalf of taxpayer, against a particular demand can be considered as tax paid under captioned.	Yes, subject to the recovery being made on or before the notified date i.e. 31 March 2025.
3	Whether interest or penalty or both recovered by the officer towards the demand under section 73 pertaining to the period covered under section 128A can be adjusted against the tax amount payable under captioned section	No. Since the refund of interest or penalty is not available, the same cannot be adjusted towards tax payable under captioned section.
4	Whether the benefit under captioned section will be applicable in cases where tax amount has already been paid and the notice or order is for interest and/or penalty involved.	Yes. However, the said interest and/or penalty shall not be related to delay filling of returns or delay in reporting of any supply.

5	Whether the benefit under captioned section can be availed if the taxpayer intends to avail partial waiver of interest or penalty or both, by making part payment of amount demanded in notice/statement/order and opts to litigate for remaining issues	No. The benefit can only be availed if the full amount of tax demanded in the Notices/statement/order is paid.
6	Whether taxpayer can apply for the benefit under captioned section where the notice or order involves multiple periods including the period for which benefit is available.	Yes, the benefit can be availed provided the taxpayer makes the full payment of tax demanded in the notice/ statement/order. Further, the benefit of waiver of interest & penalty shall be available only for the period covered under captioned section. With respect to payment of interest or penalty or both for tax period not covered under captioned section, the same is to be paid with 3 months from the date of issuance of order in Form GST SPL-05 or 06
7	Whether the benefit under captioned section is available for matters involving IGST and compensation Cess	Yes subject to full payment of tax which includes the payment of IGST, CGST, SGST and Compensation Cess demanded in the notice/statement/Order
8	Whether the benefit under captioned section will cover waiver of penalties under other provisions, late fee, redemption fine etc	Late fee, redemption fine etc. are not eligible for waiver under Section 128A
9	Whether payment to avail waiver under captioned section can be made by utilizing ITC	Yes. However, in case where demand is pertaining to RCM liability or by the Ecommerce operator under Sec 9(5) of CGST Act, demand is to be paid by debiting electronic cash ledger
10	Whether the benefit of captioned section can be availed qua import IGST payable under the Customs Act, 1962?	No, since in such cases demand would have been raised under Customs Act and not under Sec 73 of CGST Act

<https://taxinformation.cbic.gov.in/view-pdf/1003243/ENG/Circulars>

## Corporate Tax Planning

### Lesson 10 - 14

Sr. No	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)				
1.	<p><b>Cost Inflation Index for FY 2023-24 [Notification No. 21 Dated April 10, 2023]</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Cost Inflation Index</td> <td style="text-align: center;">FY 2023-24</td> <td style="text-align: center;">348</td> </tr> </table>	Cost Inflation Index	FY 2023-24	348	<a href="https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf</a>	
Cost Inflation Index	FY 2023-24	348				
2.	<p><b>Cost Inflation Index for FY 2024-25 [Notification No. 44 Dated May 24, 2024]</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Cost Inflation Index</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2024-25</td> <td style="text-align: center;">"363"</td> </tr> </tbody> </table>	Financial Year	Cost Inflation Index	2024-25	"363"	<a href="https://incometaxindia.gov.in/communications/notification/notification-44-2024.pdf">https://incometaxindia.gov.in/communications/notification/notification-44-2024.pdf</a>
Financial Year	Cost Inflation Index					
2024-25	"363"					
3.	<p><b>HUDCO Bonds Notified as Long-Term Assets for Section 54EC [Notification No. 31 Dated April 7, 2025]</b></p> <p>Ministry of Finance, through the Central Board of Direct Taxes (CBDT), has issued Notification No. 31/2025 dated April 7, 2025, declaring that bonds issued by the Housing and Urban Development Corporation Limited (HUDCO) on or after April 1, 2025, and redeemable after five years, will be treated as 'long-term specified assets' under Section 54EC of the Income-tax Act, 1961. These bonds qualify for exemption from capital gains tax if invested within the prescribed time. The notification mandates that HUDCO must utilize the funds raised through these bonds strictly for infrastructure projects that generate revenue independently and are not reliant on state government support for debt servicing. The term 'infrastructure' refers to sub-sectors listed in the updated Harmonised Master List of Infrastructure issued by the Department of Economic Affairs and includes any future updates.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-no-31-2025.pdf">https://incometaxindia.gov.in/communications/notification/notification-no-31-2025.pdf</a>				
4.	<p><b>Increasing Threshold Limits for Presumptive Taxation Schemes [Section 44AB, 44AD and 44ADA]</b></p> <p>Sections 44AD and 44ADA provide for a presumptive income scheme for small businesses and small professionals as given below –</p>					

Section	Who is eligible	Threshold limits	Income under presumptive scheme
44AD	Resident assessee ( <i>i.e.</i> , an individual, HUF or a partnership firm other than LLP) carrying on eligible business and having a turnover or gross receipt not exceeding the threshold limit given in the next column	Rs. 2 crore	8 per cent or 6 percent of the turnover or gross receipts is deemed to be business income
44ADA	Resident assessee ( <i>i.e.</i> , an individual, or partnership firm other than LLP) who is engaged in any profession referred to in section 44AA(1) and whose total gross receipts do not exceed the threshold limit given in the next column	Rs. 50 lakh	50 per cent of the gross receipts is deemed to be income from profession

In the aforesaid cases, if assessee has claimed to have earned higher sum than 8 per cent or 6 per cent or 50 percent, then that higher sum is taxable.

#### **Tax Audit under Section 44AB**

Every person carrying on business/profession is required to get his accounts audited, if his total sales, turnover or gross receipts exceeds Rs. 1 crore (in the case of business) or Rs. 50 lakh (in the case of profession) in any previous year. By an amendment made by the Finance Act, 2021, the limit of Rs. 1 crore was raised to Rs. 10 crore where at least 95 per cent of receipts/payments are in non-cash mode.

In order to ease compliance and to promote non-cash transactions, the threshold limits under sections 44AD and 44ADA has been enhanced vide amendment in Finance Act, 2023 (with effect from the assessment year 2024-25) as follows –

**Section 44AD:** Where in the case of an eligible business, the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total turnover or gross receipts, the threshold limit of Rs. 3 crore will apply.

**Section 44ADA:** Where in the case of an eligible profession, the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total gross receipts, the threshold limit of Rs. 75 lakh will apply.

In the aforesaid cases, the receipt by a cheque/draft, which is not account payee, shall be deemed to be the receipt in cash.

	<p><b>Amendment to Section 44AB</b></p> <p>Section 44AB has been amended (with effect from the assessment year 2024-25). After the amendment, the provisions of section 44AB shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of section 44AD(1)/44ADA(1).</p>
<p><b>5.</b></p>	<p><b>Relief to start-ups in carrying forward and setting off of losses</b></p> <p>Section 79 of the Act restricts carrying forward and setting off of losses in cases of companies, other than the companies in which the public is substantially interested. It prohibits setting off of carried forward losses if there is change in shareholding. The carried forward loss is set off only if at least 51% shareholding (as on the last date of the previous year) remains same with the company on the last date of the previous year to which the loss belongs.</p> <p>However, some relaxation has been provided in case of an eligible start-up as referred to in section 80-IAC of the Act. The condition of continuity of at least 51%shareholding is not applicable to the eligible start-up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off. There is an additional condition that the loss is allowed to be set off, under this relaxation, only if it has been incurred during the period of seven years beginning from the year in which such company is incorporated.</p> <p>In order to align this period of seven years with the period of ten years contained in sub-section (2) of section 80-IAC of the Act, the time period for loss of eligible start-ups to be considered for relaxation is increased from seven years to ten years from the date of incorporation.</p>
<p><b>6.</b></p>	<p><b>Extension of date of incorporation for eligible start-up for exemption</b></p> <p>In order to further promote the development of start-ups in India and to provide them with a competitive platform, an amendment has been made in the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to 1st day of April 2025.</p>