



Newsletter

JULY 2024 – Volume 83

GST



THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE
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GST COLLECTION UPDATES

₹1,73,813 crore gross GST revenue collected during June 2024; records Year-on-Year growth of 7.6%

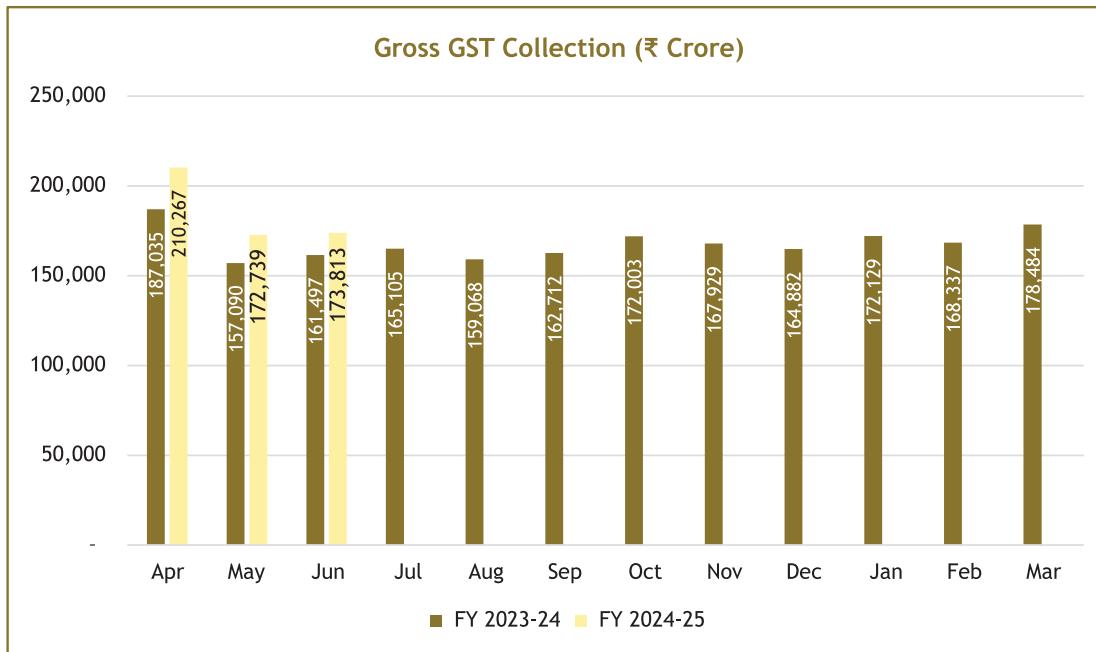
Net revenue at ₹1.53 lakh crore is up 6.28% for the month

Gross Goods and Services Tax (GST) revenue collected for June 2024 is **₹1,73,813 crore**, marking a robust **7.6%** increase compared to that in the same month in 2023. This growth was driven by a **9.36%** rise in GST from domestic transactions and **1.72%** increase in GST from import of goods. GST revenue net of refunds for June 2024 is **₹1.53 lakh crore** which is a growth of **6.28%** over that for the same period last year.

Breakdown of June 2024 Collections:

- Central Goods and Services Tax (CGST): ₹32,627 crore
- State Goods and Services Tax (SGST): ₹40,715 crore
- Integrated Goods and Services Tax (IGST): ₹47,270 crore,
- Integrated Goods and Services Tax (IGST) on Imported goods: ₹40,040 crore
- Cess: ₹13,160 crore, including ₹972 crore collected on imported goods

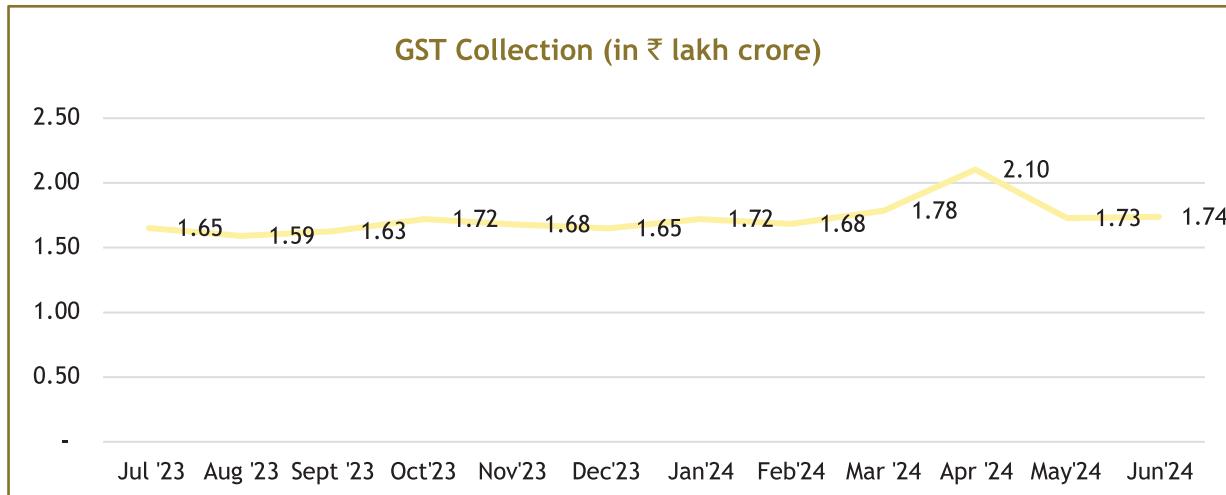
The chart below shows trends in monthly gross GST revenues during the current financial year



Source: https://tutorial.gst.gov.in/downloads/news/revenue_report_jun24.pdf

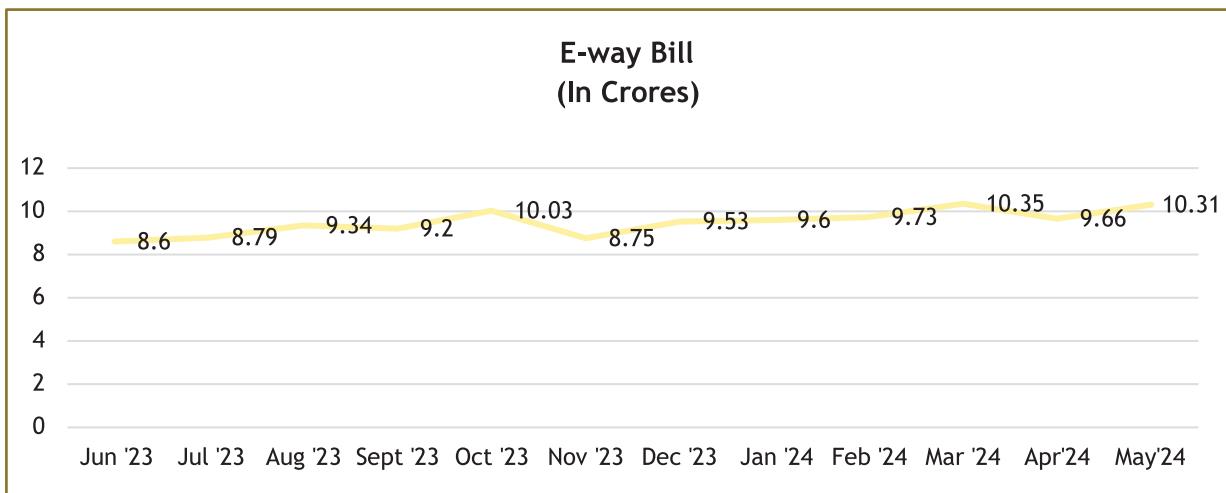
TRENDS IN GST COLLECTION AND E-WAY BILLS GENERATED

The chart below shows trends in monthly gross GST revenues during the last one year



Source: https://tutorial.gst.gov.in/downloads/news/revenue_report_jun24.pdf

E-WAY BILL STATISTICS



Source: <https://gstn.org.in/>

Note: The revenue collections in the current month pertain to the transactions conducted in the previous month. For example: Revenue collections for the month of Jul '23 (as per PIB release) reflects the transactions conducted in Jun '23. Therefore, in the above charts e-way bills generated in Jun '23 is shown corresponding to the GST Revenue collection for Jul '23 and so on.

CIRCULARS

Circular No. 207/1/2024-GST Dated the 26th June 2024

Reduction of Government Litigation - Fixing Monetary Limits for Filing Appeals/Applications under CGST Act

The National Litigation Policy emphasizes optimizing judicial resources and expediting case resolution by discouraging unnecessary appeals. Section 120 of the CGST Act empowers the CBIC to set monetary thresholds for filing appeals by tax authorities. Based on GST Council recommendations, the following limits are now prescribed:

1. Monetary Limits for Appeals:

- GSTAT:** ₹20,00,000/-
- High Court:** ₹1,00,00,000/-
- Supreme Court:** ₹2,00,00,000/-

2. Key Principles for Determining Appeal Eligibility:

- Only the disputed amount (tax, penalty, interest, late fee, or refund) will be considered.
- For composite orders covering multiple demands, the aggregate disputed amount will apply.

3. Exclusions: Appeals may be filed regardless of monetary limits in cases involving:

- Constitutionality of provisions or rules.
- Valuation, classification, refunds, or recurring issues.
- Adverse comments or costs imposed on the Department.

4. General Guidelines:

- Appeals exceeding the limits should be based on merit, not solely on quantum.
- Non-filing of appeals due to monetary limits does not set a precedent and should be explicitly noted in records.

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

Circular No. 208/2/2024-GST Dated the 26th June 2024

Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024 -Central Tax dated 05.01.2024.

This circular provides clarifications on the special procedure for manufacturers of specified commodities under Notification No. 04/2024-CT dated 05.01.2024. Key points include:

Circulars

- Machine Details:** Make and model numbers are optional in FORM GST SRM-I; machine numbers are mandatory. If unavailable, manufacturers may assign a numeric identifier.
- Electricity Consumption:** If details are unavailable, a Chartered Engineer's certificate is required.
- Goods Without MRP:** Sale price must be declared in FORM GST SRM-II for such goods.
- Chartered Engineer:** Must have a certificate of practice from the Institute of Engineers India (IEI).
- SEZ Exemption:** The procedure is not applicable to SEZ manufacturing units.
- Manual Operations:** Excludes manual seamer/sealer operations and post-harvest packing of tobacco leaves.
- Multiple Machines:** Only the machine used for final packing needs to be declared.
- Job Work/Contract Manufacturing:** Procedure applies to all, but responsibility shifts to the principal manufacturer if the contractor is unregistered.

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

Circular No. 209/3/2024-GST Dated the 26th June 2024

Clarification on the place of supply of goods to unregistered persons under clause (ca) of Section 10(1) of IGST Act, 2017.

Key Highlights:

- Implementation of Clause (ca):**
 - Effective from 1st October 2023, as per Notification 02/2023-Integrated Tax dated 29th September 2023.
 - Clause (ca) overrides Sections 10(1)(a) and 10(1)(c) of the IGST Act.
 - Provision:**
 - For unregistered recipients, the place of supply is the location in the invoice address.
 - If the recipient's address is not recorded, the supplier's location is considered the place of supply.
 - Recording the recipient's State in the invoice suffices as their address.
- Clarification on Billing vs. Delivery Address (E-commerce context):**
 - Example:**
 - If goods are delivered to State Y but billed to an address in State X, the place of supply is the delivery address (State Y).

- Suppliers may record the delivery address as the recipient's address for determining the place of supply.

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

Circular No. 210/4/2024-GST Dated the 26th June 2024

The circular clarifies the valuation of imported services by related persons under GST when the recipient is eligible for full input tax credit (ITC). It reiterates that the value declared in the invoice, or deemed to be Nil if no invoice is issued, will be considered the open market value as per Rule 28(1) of the CGST Rules. Tax under the reverse charge mechanism is payable by the Indian entity in such cases.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1003211/ENG/Circulars>

Circular No. 211/5/2024-GST Dated the 26th June 2024

This circular provides clarification on the time limit for availing input tax credit (ITC) under Section 16(4) of the CGST Act, specifically for reverse charge mechanism (RCM) supplies received from unregistered persons. It addresses the issue of whether the time limit for ITC should be based on the year in which the supply was received or when the recipient issues the invoice under RCM. The clarification states that for RCM supplies, the relevant financial year for ITC availment is the year in which the recipient issues the invoice, subject to tax payment and compliance with other conditions of the CGST Act.

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

Circular No. 212/6/2024-GST Dated the 26th June 2024

This circular addresses the mechanism for ensuring compliance with Section 15(3)(b)(ii) of the CGST Act, 2017, concerning discounts offered through tax credit notes after the supply has been made. It clarifies that such discounts can only be excluded from taxable value if the recipient has reversed the corresponding input tax credit (ITC). As there is no current system functionality to verify this on the GST portal, suppliers may obtain a certificate from a Chartered Accountant (CA) or Cost Accountant (CMA) to confirm the ITC reversal by the recipient. An alternative is provided for smaller discounts, where a certificate or undertaking from the recipient can suffice.

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

Circular No. 213/7/2024-GST Dated the 26th June 2024

This circular clarifies the taxability under GST of Employee Stock Option Plans (ESOP), Employee Stock Purchase Plans (ESPP), and Restricted Stock Units (RSU) provided by a foreign holding company to employees of its Indian subsidiary. It explains that these transactions, where shares are directly allotted by the foreign company to employees of the Indian subsidiary and reimbursed at cost by the subsidiary, are not subject to GST, as securities are not classified as goods or services under GST law. However, if the foreign company charges any additional fees, GST will be applicable on those charges, payable by the domestic subsidiary on a reverse charge basis.

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

Circulars

Circular No. 214/8/2024-GST Dated the 26th June 2024

This circular addresses the clarification regarding the reversal of input tax credit (ITC) on life insurance premiums. It specifically deals with whether the portion of the insurance premium, not included in the taxable value under Rule 32(4) of the CGST Rules, should be considered as an exempt or non-taxable supply. The Board clarifies that this portion of the premium is not exempt, non-taxable, or nil-rated, and thus, there is no requirement to reverse ITC on it. The circular aims to ensure uniform implementation of the provisions related to GST on life insurance services.

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

Circular No. 215/9/2024-GST Dated the 26th June 2024

This circular provides clarification on the GST applicability for salvage or wreckage value in motor vehicle insurance claims. It addresses whether insurance companies are liable to pay GST on the salvage value deducted from the claim settlement. The circular clarifies that if the salvage ownership remains with the insured, there is no GST liability for the insurance company. However, if the salvage is transferred to the insurance company after settling the full claim amount, GST would be applicable on the disposal or sale of the salvage.

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

Circular No. 216/10/2024-GST Dated the 26th June 2024

The circular clarifies GST-related issues concerning warranty and extended warranty services. It updates the guidelines on the GST liability and the availability of input tax credit (ITC) for replacement of goods or parts under warranty, including cases where distributors replace goods or parts from their own stock. It also addresses how extended warranty agreements should be treated under GST, distinguishing between supplies made at the time of original goods supply and those made later, and specifies when such warranty supplies are considered separate from the goods supply.

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

Circular No. 217/11/2024-GST Dated the 26th June 2024

The circular addresses the entitlement of Input Tax Credit (ITC) for insurance companies regarding motor vehicle repair expenses under the reimbursement mode of insurance claims. It clarifies that insurance companies can avail ITC on repair services provided by garages, even when the repair is first paid by the insured and later reimbursed. The circular also outlines specific conditions under which ITC is applicable, including cases where invoices are issued to the insurance company for the approved repair costs.

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

Circular No. 218/12/2024-GST Dated the 26th June 2024

This circular clarifies the taxability under GST for loans provided by an overseas affiliate to its Indian counterpart, or by a person to a related entity, where the consideration is only in the form of interest or discount. The circular confirms that such transactions are considered taxable services under GST if the loan is extended between related persons in the course of business. However, it exempts loans

where only interest or discount is charged, without any processing or service fees. Additionally, if any processing or administrative charges are levied, they would be subject to GST.

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

Circular No. 219/13/2024-GST Dated the 26th June 2024

The circular clarifies the availability of input tax credit (ITC) on ducts and manholes used in the network of optical fiber cables (OFCs) for telecommunication services under the Central Goods and Services Tax (CGST) Act. It addresses concerns raised by the Cellular Operators Association of India regarding the denial of ITC by some tax authorities, citing these items as immovable property. The circular confirms that ducts and manholes are considered part of “plant and machinery,” and therefore, ITC is not restricted for them under the relevant sections of the CGST Act.

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

Circular No. 220/14/2024-GST Dated the 26th June 2024

The circular addresses the place of supply for custodial services provided by banks to Foreign Portfolio Investors (FPIs). It clarifies that such services are not considered as provided to “account holders” under Section 13(8)(a) of the IGST Act, meaning they don’t fall under the typical banking services category. Instead, the place of supply for these services should be determined under the default provision, Section 13(2) of the IGST Act, ensuring uniformity in the application of GST laws across field formations.

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

Circular No. 221/15/2024-GST Dated the 26th June 2024

This circular clarifies the time of supply of services under the Hybrid Annuity Model (HAM) for National Highway Projects by the National Highways Authority of India (NHAI). It addresses concerns about the timing of tax liability for services related to the construction and maintenance of highways, where payment is made in instalments over a long period. The circular specifies that the tax liability arises when the invoice is issued or when payment is received, whichever is earlier, and outlines the inclusion of interest components in the taxable value. It also emphasizes the continuous nature of these services under the contract.

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

Circular No. 222/16/2024-GST Dated the 26th June 2024

This circular clarifies the time of supply for GST payment concerning spectrum allocation services when a telecom operator opts for deferred payment in installments, as per the Frequency Assignment Letter (FAL) issued by the Department of Telecommunications (DoT). It outlines that GST liability will arise either when payment is due or made, whichever occurs first, for both full upfront and deferred payment options. The circular also mentions that similar treatment applies for other natural resource allocations by the government.

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

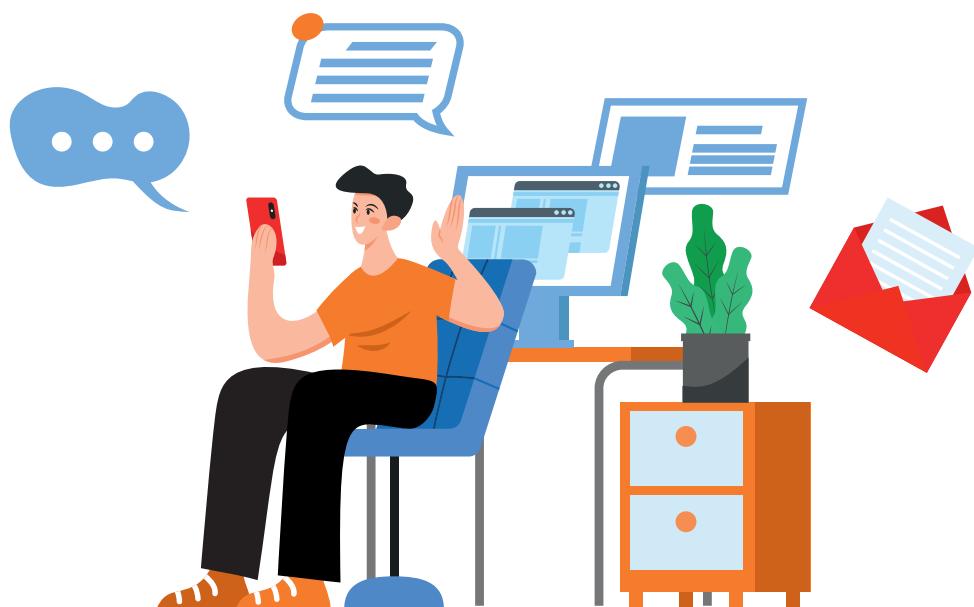
GST PORTAL UPDATES

Filing of information by manufacturers of Pan Masala and Tobacco taxpayers

Two forms have been notified vide Notification No. 04/2024 - Central Tax dated 05-01-2024 namely GST SRM-I and GST SRM-II. The former pertains to the registration and disposal of machines while the latter asks for information on inputs and outputs during a month. Form GST SRM-I meant for registration of machines has already been made available on the portal w.e.f. 15-05-2024. Concerned taxpayers are using the same for the registration of machines and other information asked therein.

Now, the second form namely, Form GST SRM-II is also available on the portal. Taxpayers dealing in the manufacture of Pan Masala and Tobacco products can now report the details of inputs and outputs procured and consumed for the relevant month.

Source: <https://services.gst.gov.in/services/advisoryandreleases/read/500>



GST IN NEWS

CBIC issues instructions for initiating early GST recovery

The CBIC has authorized Principal Commissioners and Commissioners to initiate GST recovery before the usual three-month period from the service of a demand order, in exceptional cases where revenue interests are at stake. Recovery can only be expedited if the proper officer records reasons in writing. Field officers must present the case for early recovery to the Principal Commissioner or Commissioner, who can then direct payment within a shorter timeframe. This move aims to ensure consistency in tax enforcement while maintaining transparency and ease of business operations.

Source: <https://www.moneycontrol.com/news/business/cbic-issues-instructions-for-initiating-early-gst-recovery-12738855.html>

Strategic reforms in customs duties, GST, commerce to push India's inclusive growth: GTRI

Implementation of key strategic reforms such as simplification of customs duty structure, GST, and not incentivising low value-added electric vehicles would help India ensure its sustainable development and inclusive growth, GTRI said.

It said that the current basic customs duty structure, which affects USD 680 billion worth of imports, has not been reviewed in 20 years, leading to over 27 different duty rates and over 100 specific or mixed duty slabs.

Source: <https://www.moneycontrol.com/news/business/economy/strategic-reforms-in-customs-duties-gst-commerce-to-push-indias-inclusive-growth-gtri-12747740.html>

GST Council waives off interest, penalty on retrospective notices for 2017-2020

The Goods and Service Tax (GST) Council in its 53rd meeting on June 22 waived off interest and penalty on tax demand notices for the period 2017-2020, provided the assessees pay the tax by March 31, 2025.

In order to plug the loophole of fake invoicing, the Council also approved pan-India roll out of Aadhaar-based biometric authentication for assessees, which will be implemented immediately in a phased manner.

Source: <https://www.moneycontrol.com/news/business/economy/gst-council-waives-off-interest-penalty-on-retrospective-notices-for-2017-2020-12754263.html>

Smaller companies to be biggest beneficiaries of GST penalty, interest waiver

The GST Council's decision to waive off interest and penalty under Section 73 will bring in a much-awaited relief for smaller companies facing steep GST demand.

GST in News

In the 53rd GST council meet, the government decided to exempt both penalty and interest provided they pay the principal tax demand by March 31, 2025. The notices covered under this exemption are for tax escaped during the period between FY18 and FY20. The exemption will only apply to cases where there was tax shortfall and doesn't cover the cases which involve fraud or misstatements like fake Input Tax Credit (ITC) claims.

Source: <https://www.moneycontrol.com/news/business/smaller-companies-to-be-biggest-beneficiaries-of-gst-penalty-interest-waiver-12755033.html>



GST QUIZ

1. Under Circular No. 207/1/2024-GST, what is the prescribed monetary limit for filing an appeal with the High Court under the CGST Act?

- A. ₹20,00,000/-
- B. ₹50,00,000/-
- C. ₹1,00,00,000/-
- D. ₹2,00,00,000/-

2. As per Circular No. 209/3/2024-GST, if goods are billed to an address in State X but delivered to an address in State Y, what is the place of supply under the IGST Act?

- A. State X (Billing Address)
- B. State Y (Delivery Address)
- C. Supplier's Location
- D. Customer's Registered State

3. According to Circular No. 212/6/2024-GST, what is required from the recipient to exclude discounts offered via tax credit notes from taxable value?

- A. A certificate from a Chartered Accountant or Cost Accountant
- B. Proof of discount offered in the original invoice
- C. Reversal of the corresponding input tax credit (ITC)
- D. Approval from the GST Council

4. Circular No. 220/14/2024-GST specifies that the place of supply for custodial services provided to Foreign Portfolio Investors (FPIs) by banks should be determined under which section of the IGST Act?

- A. Section 13(8)(a)
- B. Section 13(2)
- C. Section 10(1)
- D. Section 16(4)

GST Quiz

5. According to Circular No. 213/7/2024-GST, Employee Stock Option Plans (ESOP) provided by a foreign holding company to employees of its Indian subsidiary are:

- A. Subject to GST as securities are considered goods under GST law
- B. Exempt from GST if no processing or service fees are charged
- C. Always subject to GST, regardless of the fees
- D. Only taxable when issued by an Indian company



Answers: 1(c), 2(b), 3(c), 4(b), 5(b)

NOTES

Motto

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Speak the truth. Abide by the law.

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"To be a global leader in promoting good corporate governance"

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