

# CBIC notifies amendments pursuant to the 53rd GST Council meeting

11 July 2024

## Summary

The Goods and Services Tax (GST) Council, in its 53<sup>rd</sup> meeting held on 22 June 2024, made various recommendations relating to trade facilitation and streamlining compliances, including the introduction of Form GSTR-1A, stipulating refund procedures in specific cases, interest waiver on electronic cash balance in case of delayed return filing, modifying the scope of deemed valuation for corporate guarantee arrangements, etc.

Pursuant to the above, the Central Board of Indirect Taxes and Customs (CBIC) has issued a series of notifications to give effect to certain recommendations.

## Central Goods and Services Tax (CGST) (Amendment) Rules, 2024<sup>1</sup>

<b>Valuation of corporate guarantee arrangement</b>	<p>Rule 28(2) of the CGST Rules has been amended w.e.f. 26 October 2023 to provide that:</p> <ul style="list-style-type: none"> <li>• The said rule is applicable only in cases where the recipient is located in India</li> <li>• The deemed 1% value of the corporate guarantee would be on a per-annum basis</li> <li>• Where the recipient is eligible for full input tax credit (ITC), deemed value as per invoice may be adopted</li> </ul>
<b>Computation of interest on delayed payment of tax</b>	<p>A new proviso included in Rule 88B of the CGST Act provides that interest liability shall not arise on the tax amount which has been credited in the Electronic Cash Ledger (ECL) on or before the due date of filing the return.</p>
<b>Procedure for distribution of credit by Input Service Distributor (ISD)</b>	<p>Rule 39 of the CGST Rules has been substituted to <i>inter alia</i> provide the procedure and conditions for the distribution of ISD credit:</p> <ul style="list-style-type: none"> <li>• ITC distributed shall not exceed the credit available for distribution</li> <li>• ITC attributable to a recipient shall be distributed only to such recipient</li> <li>• ITC attributable to more than one recipient or all recipients shall be distributed to such recipients on a pro-rata basis, on the basis of turnover in the state/union territory (UT) of such recipients during the relevant period to aggregate of turnover of all such recipients and which are operational in the current year</li> <li>• RCM ITC attributable to one or more distinct persons, such recipient having the same PAN and state code as the ISD may issue an invoice/credit note/debit note to transfer the common ITC to the ISD and such common credit shall then be distributed by the ISD</li> </ul> <p>The said rule shall come into effect from a date to be notified by CBIC.</p>

<sup>1</sup> Notification No. 12/2024-Central Tax dated 10 July 2024

	<p><b>Our comments</b></p> <p>The GST Council, in its 50th Council meeting, had recommended making the ISD procedure mandatory with prospective effect. Accordingly, amendments in Section 2(61) and Section 20 of the CGST Act were introduced vide Finance Act 2024 to substitute the definition of ISD and the manner of distributing the credit to different Goods and Services Tax Identification Numbers (GSTINs) within the same company. The said sections are yet to be notified.</p>
<b>Return-related amendments</b>	
<b>Integration of FORM GSTR 1A</b>	<p>Additional facility by way of Form GSTR-1A introduced in Rule 59 of the CGST Rules to allow amendment in details of outward supplies furnished in GSTR-1 or additional details can be furnished in GSTR 1A after filing GSTR 1 but before filing GSTR 3B.</p> <p>The key features are as follows:</p> <ul style="list-style-type: none"> <li>• An optional form without any late fee</li> <li>• Similar disclosure requirements in consonance with GSTR-1</li> <li>• Amendment related to changes in the recipient's GSTIN shall not be allowed in GSTR-1A</li> <li>• Supplies declared or amended in FORM GSTR-1A post 14<sup>th</sup> of said month shall be made available in FORM GSTR-2B of the next month</li> </ul>
<b>Reporting of B2C supplies</b>	Amendment in disclosure requirement of Form GSTR-1/GSTR-5 to reduce the threshold for reporting details of inter-state supplies made to unregistered persons from INR 2.5 lakh to INR 1 lakh.
<b>Extension in the filing of GSTR-4</b>	From FY 2024-25 and onwards, the composition supplier shall furnish the quarterly return in GSTR 4 till 30 June following the end of the financial year.
<b>Adjustment of negative liability in Form GSTR-3B</b>	The negative liability of the previous tax period will be auto-adjusted against the tax payable in Table 6 of GSTR-3B.
<b>Invoice-level reporting in GSTR-7</b>	Invoice-level detailed information is required to be disclosed in Tables 3 and 4 of Form GSTR-7.
<b>Generation of e-way bill by an unregistered person</b>	Where the unregistered person is required to generate the e-way bill or opts to generate the e-way bill, they shall submit the details electronically in FORM GST ENR- 03 and upon validation of the details so furnished, a unique enrolment number shall be generated and communicated.
<b>Amendment in refund-related procedures</b>	
<b>Refund of additional Integrated Goods and Services Tax (IGST) on account of upward price revision of price of goods*</b>	<p>Rule 89 has been amended to prescribe the procedure for availing the refund of additional IGST paid on account of upward revision of the price of goods subsequent to export in cases where a refund at the time of export has already been sanctioned.</p> <p>Requisite amendment made in Form RFD-01, incorporating additional details, to be included on the GSTN portal for allowing refund.</p> <p>*Similar amendment has also been made under Rule 96.</p>

<b>Refund of tax to Canteen Stores Department (CSD)</b>	<p>Rule 95B has been inserted to provide that:</p> <ul style="list-style-type: none"> <li>• The Canteen Stores Department under the Ministry of Defence, which is eligible for a 50% refund of tax paid on inward supply of goods, shall file a refund application in FORM GST RFD-10A quarterly</li> <li>• Refund will be available subject to fulfilment of the following prerequisites:</li> <li>• Receipt of goods against tax invoices from registered suppliers and proper reporting of such invoices in returns</li> <li>• Inclusion of name and GSTIN of CSD on tax invoice</li> <li>• Receipt of goods for the purpose of subsequent supply to unit-run canteens of the CSD or authorised customers of CSD only</li> </ul>
<b>Refund of IGST paid on export of goods or services under bond/LUT</b>	<p>Exporters opting for the export of services without payment of IGST under LUT/Bond have been provided 15 days after the expiry of one year or the period allowed under the Foreign Exchange Management Act (FEMA), including any extension permitted by the Reserve Bank of India (RBI) whichever is later, from the date of issue of invoice for export, for payment of tax and interest therewith where consideration towards the exports have not been received.</p>
<b>Registration-related amendments</b>	
<b>Application for registration</b>	<p>A proviso has been added to require applicants, whether individuals or notified entities, who have not opted for Aadhaar authentication to provide a photograph and verify original documents at a Facilitation Centre.</p>
<b>Cancellation/suspension of registration</b>	<p>Registration shall be cancelled in the following scenarios:</p> <ul style="list-style-type: none"> <li>• If all returns due for the period from the date of the order of cancellation of registration to the date of the order of revocation of cancellation of registration are not furnished within 30 days of the order of revocation of cancellation of registration date</li> <li>• In case of retrospective cancellation of registration, all returns pertaining to the period from the effective date of cancellation of registration to the date of the order of revocation of cancellation of registration are not filed within 30 days of the order of revocation of cancellation of registration date</li> </ul> <p>*Similar provision has also been made for the suspension of registration.</p>
<b>Other amendments</b>	
<b>Appeal to appellate tribunal*</b>	<p>Procedure for filing appeal to appellate tribunal substituted to prescribe:</p> <ul style="list-style-type: none"> <li>• Appeal to the appellate tribunal should be filed electronically in GST APL-05 along with relevant documents</li> <li>• A memo of cross-objection should be filed electronically in GST APL-06 along with relevant documents</li> <li>• Manual filing of appeal or memo will be permitted only if allowed through a special or general order by the Registrar</li> <li>• The fees for filing an appeal or restoring an appeal shall be INR 1,000 for every INR 1 lakh of tax or input tax credit involved, or the difference in tax or ITC involved, or the amount of fine, fee, or penalty determined in the order appealed against, subject to a maximum of INR 25,000 and a minimum of INR 5,000. There is no fees for the rectification of errors.</li> </ul> <p>*Similar procedure has also been provided for application to the appellate tribunal. Such appeal/application may be withdrawn at any time before the issuance of the</p>

	order. Where acknowledgement has been issued, the withdrawal will be subject to the approval of the appellate authority.
<b>Exemption from filing annual return<sup>2</sup></b>	Registered taxpayers with aggregate turnover up to INR 2 crore in the FY 2023-24 are exempted from filing the annual return.
<b>Reduction in Tax Collected at Source (TCS) rate<sup>3</sup></b>	There is a reduction in TCS rate from 1% to 0.5%.

<sup>2</sup> Notification No. 14/2024-Central Tax dated 10 July 2024

<sup>3</sup> Notification No. 1/2024-Integrated Tax dated 10 July 2024

## Our comments

The amendments aim to bring relief and clarity with respect to the burning aspects under GST, which have been deliberated time and again. Primarily, in the case of corporate guarantee arrangements, the new per-annum basis valuation of corporate guarantees removes anomalies and is more aligned with actual business practices. Further, excluding export services or full ITC-eligible recipients from the deemed 1% valuation simplifies compliance and reduces potential disputes.

The ISD procedures have been updated in line with the amendment brought to the ISD provisions vide Finance Act 2024 to ensure accurate and fair ITC distribution based on turnover, though these provisions are yet to be notified. The waiver of interest liability for tax payments credited to the ECL on time eases unnecessary financial burdens. The integration of FORM GSTR 1A would enable the taxpayers to make additions or amend GSTR-1 in the same month before GSTR 3B submission.

The amendments introduced necessitate careful adherence to updated rules and timelines to maximise benefits and enhance clarity, streamline processes, and ensure compliance.



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