



# THE GST INSIDER

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**DECEMBER 24 EDITION**  
**(15th Dec 24 to 31st Dec 24)**

**CA. SAMARPIT SHARMA**

## >>> PREFACE <<<

Welcome to our latest issue of **"The GST Insider"** meticulously compiled by **CA Samarpit Sharma**. As we navigate through the ever-evolving landscape of the Goods and Services Tax (GST), our aim is to bring you the most recent and pertinent updates, including circulars, notifications, press releases, relevant case laws, advance rulings, and other essential documents.

This Newsletter is designed to serve as a comprehensive resource for enhancing your understanding of GST regulations. Each edition is carefully structured to present complex legal content in an accessible and engaging format. Through the use of explanatory visuals and simplified explanations, we strive to make the material not only easier to comprehend but also more interesting to read.

It is important to note that the information provided herein is intended solely for knowledge sharing purposes and should not be utilized as a basis for any form of professional advice. For specific GST-related advice, we recommend consulting with qualified experts.

By integrating visual aids and reformulating the legal text into reader-friendly formats, we hope to enrich your learning experience and keep you updated on significant GST developments. Enjoy the read, and may it spark both your interest and understanding of GST.

Thank you for trusting "The GST Insider" as your go-to source for GST updates. We hope you find this edition both informative and easy to comprehend.

*Thank You!*



CA. SAMARPIT  
SHARMA

AUTHOR

“

*Strive for  
excellence, not  
perfection, and  
watch the world  
admire your craft.*

”

# »»» NEWSLETTER «««

# THE GST INSIDER



## TOP CIRCULARS & RECOMMENDATIONS OF THE MONTH

### CLARIFICATION ON VARIOUS ISSUES PERTAINING TO GST TREATMENT OF VOUCHERS - REG.

CIRCULAR NO.- 243/37/2024-GST  
DATED 31ST DEC, 2024



### READ MORE

The Circular concludes that GST is not applicable to vouchers classified as money or actionable claims, aligning with legal provisions under the CGST Act. GST is only levied when vouchers are redeemed, ensuring clarity and consistency in their treatment.

.... Cont. on Page 04

### READ MORE



GST applies only to the margin, calculated as  $\text{Margin} = \text{Sale Price} - (\text{Purchase Price} - \text{Depreciation})$ . If the margin is positive, GST @18% is applicable; if the margin is negative, no GST is levied.

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GST COUNCIL

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# HIGHLIGHTS

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55TH GST COUNCIL MEETING  
& OTHER UPDATES

CA. SAMARPIT SHARMA



## **CIRCULAR NO.- 240/34/2024-GST DATED 31ST DEC, 2024**

### **CLARIFICATION IN RESPECT OF INPUT TAX CREDIT AVAILED BY ELECTRONIC COMMERCE OPERATORS WHERE SERVICES SPECIFIED UNDER SECTION 9(5).**

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 240/34/2024-GST, clarifying important aspects related to **Input Tax Credit (ITC) and tax liability under Section 9(5) of the CGST Act, 2017, particularly for Electronic Commerce Operators (ECOs)**. The circular aims to ensure uniformity in the implementation of GST provisions across all specified services.

#### **1. ITC Reversal on Supplies Under Section 9(5).**

- **Key Issue:** Are ECOs required to reverse ITC proportionately for supplies notified under Section 9(5)?
- **Clarification:** ECOs make two distinct types of supplies:
  - **Supplies notified under Section 9(5):** These are services where ECOs are deemed suppliers and are liable to pay GST.
  - **Their own services:** This includes platform fees or commissions charged to users. The circular clarifies that **ECOs are not required to reverse ITC proportionately for supplies covered under Section 9(5)**. This ensures that ITC on inputs and input services used to facilitate these supplies can be retained by the ECO, simplifying compliance.

#### **2. Tax Liability Discharge via Cash Ledger**

- **Key Issue:** Must the tax liability for supplies under Section 9(5) be discharged exclusively through the cash ledger?
- **Clarification:** The GST liability for **Section 9(5) supplies must be fully discharged through the electronic cash ledger**. ECOs **cannot use ITC** to offset these liabilities. However, the circular allows ITC to be used for discharging GST liabilities related to other taxable supplies made by the ECO, such as platform services. This distinction ensures clear segregation of tax payments.

#### **3. Restriction on ITC Utilization for Section 9(5) Liabilities**

- **Key Issue:** Can ITC availed for Section 9(5) supplies be used to pay the tax liability under Section 9(5)?
- **Clarification:** ITC availed on inputs and input services used for facilitating Section 9(5) supplies **cannot be utilized to pay tax liabilities for those supplies**. This ITC can only be used for other taxable supplies made by the ECO. The restriction ensures compliance with GST law while preserving the ITC for other activities of the ECO.

#### **4. Applicability of Principles from Circular No. 167/23/2021-GST**

- **Key Issue:** Do earlier principles regarding ITC and tax liabilities for restaurant services extend to other specified services under Section 9(5)?





**CIRCULAR NO.- 240/34/2024-GST DATED 31ST DEC, 2024**  
**CLARIFICATION IN RESPECT OF INPUT TAX CREDIT AVAILED BY**  
**ELECTRONIC COMMERCE OPERATORS WHERE SERVICES**  
**SPECIFIED UNDER SECTION 9(5).**

- **Clarification:** The circular explicitly states that the principles outlined in **Circular No. 167/23/2021-GST, which dealt with ITC and tax liabilities for restaurant services, are now extended to all services specified under Section 9(5).** This brings uniformity across various notified services and reduces ambiguity for ECOs managing multiple service categories.

**5. Restrictions on ITC Usage for Section 9(5) Supplies**

- **Key Issue:** Are there restrictions on ITC usage by ECOs for Section 9(5) supplies?
- **Clarification:** While ITC cannot be used to pay tax liabilities for supplies under Section 9(5), **it can be utilized for other taxable supplies made by the ECO.** This restriction ensures a clear separation of ITC utilization, maintaining compliance while preserving ITC for broader business purposes.

**Link to access the notification :**

**[https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv\\_oR2UWnpIR3hRFOHfIMM/edit](https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv_oR2UWnpIR3hRFOHfIMM/edit)**



## **CIRCULAR NO.- 241/35/2024-GST DATED 31ST DEC, 2024**

### **CLARIFICATION ON ITC AVAILABILITY FOR GOODS DELIVERED UNDER EX-WORKS CONTRACTS.**

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 241/35/2024-GST, providing crucial clarifications on the **availability of Input Tax Credit (ITC) under Section 16(2)(b) of the CGST Act, 2017, in cases where goods are delivered by the supplier under Ex-Works (EXW) contracts.** This circular addresses ambiguities regarding the deemed receipt of goods and ensures uniform application of GST provisions across all relevant transactions.

#### **• Context and Background**

The automobile sector sought clarification on the availability of Input Tax Credit (ITC) under Section 16(2)(b) of the CGST Act, 2017, **for goods delivered under Ex-Works (EXW) contracts.** In these contracts, **goods are delivered by the supplier to the transporter at the supplier's factory gate, with ownership and responsibility transferring to the recipient at that point.** Questions arose about whether ITC could be claimed when the recipient does not physically receive the goods at their business premises immediately.

#### **• Key Provisions of Section 16(2)(b).**

**Section 16(2)(b)** specifies that ITC is available **only when goods are "received" by the recipient.** However, an Explanation in the provision broadens the **definition of "received" to include situations where goods are handed over to a transporter or any person authorized by the recipient.** In the context of Ex-Works contracts, goods are handed over to the transporter at the supplier's factory gate, and ownership and risk pass to the recipient at this point. Although the goods are **not yet physically at the recipient's premises, the law deems them as "received,"** raising questions about ITC eligibility.

#### **• Clarification Issued by the Circular**

The circular provides clear guidance on this matter. It confirms that under the Explanation to Section 16(2)(b), goods are considered "received" when delivered to the transporter or a person authorized by the recipient. **This means ITC can be claimed even if the goods are not physically delivered to the recipient's premises but are handed over to the transporter acting on their behalf.** In Ex-Works contracts, property and ownership of goods are transferred to the recipient when goods are handed over to the transporter at the supplier's factory gate. This satisfies the condition of goods being "received" by the recipient, enabling ITC claims.

#### **• Conditions for ITC Entitlement**

ITC can be claimed only if specific conditions are met. **Goods must be used or intended to be used in the course or furtherance of business.** The recipient must comply with all conditions specified under Sections 16 and 17 of the CGST Act, including maintaining proper



**CIRCULAR NO.- 241/35/2024-GST DATED 31ST DEC, 2024**  
**CLARIFICATION ON ITC AVAILABILITY FOR GOODS DELIVERED**  
**UNDER EX-WORKS CONTRACTS.**

documentation such as **tax invoices and proof of payment of GST**. However, ITC will be disallowed if goods are diverted for non-business purposes or if they are lost, destroyed, written off, or disposed of by way of gift or free samples.

• **Conclusion**

This circular addresses a **critical ambiguity regarding ITC eligibility for Ex-Works contracts, particularly benefitting sectors like automobiles**. By confirming that goods handed over to transporters can **be deemed "received" by the recipient**, it aligns GST compliance with practical business realities. The guidance reinforces the conditions under which ITC is available, restricts misuse, and simplifies the tax process for businesses while ensuring consistency in administration. This step fosters a smoother operational environment within the GST framework.

**Link to access the notification :**

**[https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv\\_oR2UWnpIR3hRFOHfIMM/edit](https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv_oR2UWnpIR3hRFOHfIMM/edit)**



## **>>> CLARIFICATION ON DETERMINING PLACE OF SUPPLY FOR ONLINE SERVICES PROVIDED TO UNREGISTERED RECIPIENTS.**

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 242/36/2024-GST to **address compliance challenges related to the determination of the place of supply for online services, especially when these services are provided to unregistered recipients.** Misinterpretation of the provisions under Section 12(2)(b) of the IGST Act, 2017, has resulted in incorrect recording of the place of supply on invoices. In many instances, suppliers declare the location of the supplier instead of the recipient's location, leading to revenue being incorrectly allocated to States. This circular aims to provide clear guidance on correctly identifying and recording the place of supply to prevent revenue loss and ensure compliance.

### **Key Legislative Provisions**

#### **1. Online Services and OIDAR (Online Information and Database Access or Retrieval Services):**

- Section 2(17) of the IGST Act defines **OIDAR services** as services delivered via information technology, including advertising, cloud computing, e-books, digital content, and online gaming.
- Examples of such services include subscriptions to e-newspapers, entertainment services like OTT platforms, and digital services delivered through apps.

#### **2. Electronic Commerce and ECOs:**

- Section 2(44) of the CGST Act defines electronic commerce as the supply of goods or services over a digital or electronic network.
- Section 2(45) defines Electronic Commerce Operators (ECOs) as any entity managing a platform for electronic commerce.

#### **3. Place of Supply Rules for Unregistered Recipients:**

- Section 12(2)(b) of the IGST Act states that the **place of supply for services provided to unregistered recipients is the recipient's location, provided an address is on record. If no address is available, the place of supply defaults to the supplier's location.**

#### **4. Invoicing Rules:**

- Rule 46(f) of the CGST Rules: Requires invoices to include the **recipient's State name and code for supplies to unregistered recipients.** This information is mandatory for services such as OIDAR and online gaming, regardless of transaction value.

### **Clarifications Issued**

#### **• Recording the Recipient's Location on Invoices**

The CBIC emphasizes that for online services, including OIDAR services and online gaming,



**>>> CLARIFICATION ON DETERMINING PLACE OF SUPPLY FOR ONLINE SERVICES PROVIDED TO UNREGISTERED RECIPIENTS.**

**the recipient's location is a critical determinant of the place of supply.** Suppliers must ensure that the **State name and State code** of the unregistered recipient are recorded on **invoices** as part of the address on record.

The State name serves as a mandatory requirement under **Rule 46(f) of the CGST Rules, 2017**, and determines where GST revenue should flow. By accurately recording this information, the circular aims to eliminate instances where the supplier's location is incorrectly recorded as the place of supply, ensuring revenue is allocated to the correct State.

**• Determining Place of Supply**

The place of supply for online services is determined based on the following scenarios:

**1. If the recipient's address is available on record:**

- The place of supply will be the **recipient's location**, as specified in the records. This ensures that GST revenue is attributed to the State where the recipient is based.

**2. If the recipient's address is not available on record:**

- In the absence of a recorded address, the place of supply defaults to the **supplier's location**. This scenario is an exception and should only arise when recipient details are genuinely unavailable.

**• Revenue Allocation and Compliance**

Failure to record the correct place of supply can lead to significant revenue allocation issues among States. For example, if the supplier's location is recorded instead of the recipient's, GST revenue may flow to the incorrect State, causing discrepancies in revenue sharing under the GST framework.

The CBIC stresses that such errors not only impact revenue but also violate compliance requirements, potentially leading to **penal action under Section 122(3)(e)** of the CGST Act, 2017.

**Link to access the notification :**

**[https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv\\_oR2UWnpIR3hRFOHfIMM/edit](https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv_oR2UWnpIR3hRFOHfIMM/edit)**



# **CIRCULAR NO.- 243/37/2024-GST DATED 31ST DEC, 2024**

## **CLARIFICATION ON VARIOUS ISSUES PERTAINING TO GST TREATMENT OF VOUCHERS - REG.**

### **1. Introduction and Background**

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 243/37/2024-GST to address **ambiguities related to the GST treatment of vouchers**. This comprehensive clarification is aimed at eliminating confusion surrounding the taxability of vouchers under the Central Goods and Services Tax (CGST) Act, 2017. The circular ensures uniformity in the interpretation of GST laws by providing clear guidelines on whether vouchers constitute supply, their GST treatment in various distribution models, and the taxability of unredeemed vouchers.

### **2. Issues Clarified in the Circular**

#### **Issue 1: Whether Transactions in Vouchers Constitute Supply of Goods or Services**

The first issue revolves around the fundamental question: Do vouchers qualify as goods, services, or something else entirely?

#### **Legal Provisions:**

##### **• Definition of Goods and Services:**

- Under Section 2(52) of the CGST Act, "goods" refer to all types of movable property, excluding money and securities. Similarly, Section 2(102) defines "services" as activities other than goods, money, and securities.
- Vouchers, as instruments, may not directly qualify as either goods or services but serve as a medium for future transactions.

##### **• Definition of Voucher (Section 2(118)):**

- Vouchers are instruments that obligate suppliers to accept them as consideration or part consideration for the supply of goods or services.

##### **• Definition of Money (Section 2(75)):**

- Money includes instruments recognized by the Reserve Bank of India (RBI) for settling obligations, such as legal tender or promissory notes.

##### **• Actionable Claims:**

- Actionable claims are defined under the Transfer of Property Act, 1882, and include claims recognized as enforceable in court. Schedule III of the CGST Act excludes actionable claims from the scope of GST unless specifically mentioned, such as in the case of betting or gambling.

#### **Clarifications:**

##### **• Vouchers as Money:**

- Vouchers recognized as **prepaid payment instruments (PPIs)** by the RBI, such as e-wallet credits or prepaid debit cards, fall under the category of "money." As a



## **CIRCULAR NO.- 243/37/2024-GST DATED 31ST DEC, 2024**

### **CLARIFICATION ON VARIOUS ISSUES PERTAINING TO GST**

### **TREATMENT OF VOUCHERS - REG.**

result, such vouchers are **excluded from the definition of goods or services and are not taxable under GST.**

- **Vouchers as Actionable Claims:**

- **For vouchers not recognized as money, they are treated as actionable claims** under the Transfer of Property Act. Since actionable claims are excluded from GST under Schedule III, these **vouchers are also not subject to GST.**

- **Underlying Supply of Goods or Services:**

- **GST is applicable only when vouchers are redeemed for goods or services.** The supply arising at the time of redemption is subject to GST based on the nature of the goods or services provided.

#### **Issue 2: GST Treatment of Vouchers Traded by Distributors**

Distributors and agents often play a crucial role in the issuance and sale of vouchers. Their GST treatment varies depending on the distribution model.

##### **1. Principal-to-Principal Model (P2P):**

- In this model, distributors purchase vouchers from issuers at a discounted price and sell them independently. **The margin earned by distributors is treated as a trading margin.**
- Since **vouchers are not goods or services, their trading does not attract GST.**
- The **value added by the distributor in such cases is also outside the purview of GST.**

##### **2. Commission-Based Distribution:**

- Distributors act as **agents** for voucher issuers and earn a commission for their services, such as promoting or marketing the vouchers.
- **GST applies to the commission or service fee** charged by distributors under this model.
- The GST rate applicable to the commission is determined based on the nature of the service agreement.

#### **Issue 3: GST Treatment of Additional Services**

Distributors may provide additional services such as **advertisement, marketing, or co-branding for voucher issuers.** In such cases, the **GST applies to the service fee charged** for these activities. Examples include:

- Advertising campaigns to promote specific vouchers.
- Co-branding initiatives where the distributor's name/logo appears on the voucher.
- Customization services provided to meet specific client requirements.



## **CIRCULAR NO.- 243/37/2024-GST DATED 31ST DEC, 2024**

### **CLARIFICATION ON VARIOUS ISSUES PERTAINING TO GST TREATMENT OF VOUCHERS - REG.**

These additional services are **treated as taxable supplies under GST**, with applicable tax rates depending on the service category.

#### **Issue 4: GST Treatment of Unredeemed Vouchers (Breakage)**

Breakage refers to the value of vouchers that **expire without being redeemed**. Commonly seen with prepaid vouchers or gift cards, breakage does not involve any underlying supply of goods or services. The CBIC clarifies that:

- The value of **unredeemed vouchers is not taxable under GST**, as no supply has taken place.
- This aligns with the principle that GST is levied only on actual supplies.

***Author's Comments:- Section 2(118) of the CGST Act defines a voucher as an instrument that must be accepted as full or partial consideration for the supply of goods or services. In essence, vouchers are Prepaid Payment Instruments used to facilitate payments. However, Sections 12(4) and 13(4) of the Act specify the timing of tax payment on vouchers, implying that the issuance of a voucher constitutes a taxable supply of goods or services. This interpretation has led to various advance rulings treating vouchers as goods, thereby attracting GST liability at the time of issuance. The Karnataka High Court, in its decision in M/s. Premier Sales Promotion Pvt. Ltd. v. UOI [2023 (2) TMI 130 – KARNATAKA HIGH COURT], offered a different perspective. The court held that vouchers are comparable to currency, with their value being relevant only at the time of redemption, not issuance. The court further noted that issuing vouchers is akin to a pre-deposit and does not constitute a supply of goods or services under GST. The proposed clarification seeks to align with this judicial interpretation, confirming that the issuance of vouchers does not qualify as a taxable supply. This change resolves ambiguities, ensures consistency in the treatment of vouchers, and provides much-needed clarity for businesses, simplifying compliance and reducing potential disputes.***

Link to access the notification :

**[https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv\\_oR2UWnpIR3hRFOHfIMM/edit](https://docs.google.com/document/d/1KbAkHMmHMamv3UGrXgn9Pyv_oR2UWnpIR3hRFOHfIMM/edit)**





# Gst Council HIGHLIGHTS

55TH GST COUNCIL MEETING  
& OTHER UPDATES

CA. SAMARPIT SHARMA

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

### Sale of Old and Used Vehicle including EVS

- **Revised GST Rate**

The GST Council has recommended increasing the GST rate on the **sale of old and used vehicles, including Electric Vehicles (EVs), from 12% to 18%**. This revised rate applies uniformly across various vehicle categories. It includes the sale of:

- Petrol vehicles with an engine capacity of 1200 cc or more and a length of 4000 mm or more.
- Diesel vehicles with an engine capacity of 1500 cc or more and a length of 4000 mm or more, including SUVs.

This increase aims to align the tax structure for used vehicles with other categories under GST.

- **Margin-Based Tax Calculation**

GST will be applied only on the margin, calculated as:

**Margin = Sale Price – (Purchase Price – Depreciation)**

- **GST Applicability**

- **Positive Margin:** **GST @18% is applicable if the calculated margin is positive.**
- **Negative Margin:** **No GST will apply if the margin is negative, as clarified under Notification No. 08/2018-Central Tax (Rate) dated 25.01.2018.**

- **Exclusions**

- These provisions **do not apply to sales made by unregistered persons.**

- **Illustrative Scenarios**

- Example 1:** A petrol vehicle (engine capacity 1200 cc, length 4000 mm) is sold for ₹15 lakh, purchased for ₹12 lakh. With no depreciation, the margin is ₹3 lakh. GST @18% on the margin results in ₹54,000.
- Example 2:** A diesel SUV (engine capacity 1500 cc, length 4000 mm) is sold for ₹15 lakh, purchased for ₹12 lakh, with ₹1 lakh depreciation applied. The margin is ₹4 lakh, and GST @18% on this margin amounts to ₹72,000.
- Example 3:** An electric vehicle is sold for ₹15 lakh, purchased for ₹12 lakh, with an additional ₹1 lakh spent on repairs and modifications. The margin is ₹2 lakh, and GST @18% on the margin equals ₹36,000.

- **Additional Notes**

- **Input Tax Credit (ITC):** ITC cannot be claimed on the sale of old and used vehicles.
- **Special Exclusion:** Transactions where an **unregistered person** sells to a registered person are exempt from GST liability under **Section 9(4)** of the CGST Act.

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

### Popcorn with Salt and Spices

- **5% Rate:** Applicable to **popcorn with salt and spices if sold loose** (not pre-packaged and labeled). HSN Code - **21069099**
- **12% Rate:** Applicable to **popcorn with salt and spices if sold as pre-packaged and labeled**. HSN Code - **21069099**
- **18% Rate:** Applicable to **popcorn with sugar (e.g., caramel popcorn)** as it is classified as sweet confectionery. HSN Code - **17049090**

### Changes and Clarifications in GST tax rates (Goods)

1. **Fortified Rice Kernel (FRK):** The GST rate on **FRK**, classified under **Tariff Heading 1904**, is proposed to be reduced from its current rate to **5%**. This reduction aims to enhance affordability and ensure greater access to this essential product, particularly for vulnerable sections of society.
2. **Gene Therapy Exemption:** A proposal has been introduced to **exempt GST** on gene therapy. This step is intended to support the advancement of medical science, make cutting-edge treatments more affordable, and improve accessibility for patients requiring such therapies.
3. **LRSAM System Imports:** The government has proposed extending the **IGST exemption** on the import of systems, sub-systems, equipment, parts, sub-parts, tools, test equipment, and software used in the assembly or manufacture of the **Long-Range Surface-to-Air Missile (LRSAM) system**, under Notification 19/2019-Customs. This exemption is expected to strengthen the domestic defense manufacturing ecosystem and reduce costs for critical defense infrastructure.
4. **Compensation Cess for Merchant Exporters:** To support exports and provide a level playing field for merchant exporters, the **Compensation Cess rate** on supplies to such exporters is proposed to be reduced to 0.1%. This aligns with the GST rate applicable on similar supplies, ensuring minimal tax burden and encouraging exports.
5. **IAEA Inspection Imports:** An **IGST exemption** has been proposed for the import of equipment and consumable samples by the **Inspection Team of the International Atomic Energy Agency (IAEA)**. This exemption, subject to specified conditions, underscores India's commitment to global nuclear regulatory standards and supports the smooth functioning of IAEA operations.
6. **Concessional GST on Food Inputs:** The concessional **5% GST rate on certain food inputs (classified under HSN 19 or 21)** is proposed to be extended when these inputs are supplied for preparing food intended for free distribution to economically weaker sections. This is applicable under government programs, provided the existing conditions

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

are met, further supporting welfare initiatives aimed at alleviating hunger and poverty.

**7. Agricultural Exemptions:** The GST Council has clarified that **pepper (whether fresh green or dried) and raisins supplied directly by an agriculturist will not attract GST.** This ensures fair tax treatment for agricultural produce, reducing the tax burden on farmers and promoting agricultural activities.

**8. Autoclaved Aerated Concrete (AAC) Blocks:** The GST rate on **AAC blocks** containing more than **50% fly ash has been clarified to be 12%, with classification under HS Code 6815.** This clarification brings consistency and transparency to the taxation of eco-friendly building materials, encouraging their usage in the construction sector.

### Changes and Clarifications in GST tax rates (Services)

- 1. Sponsorship Services under Forward Charge Mechanism (FCM):** Sponsorship services provided **by body corporates will now be brought under the Forward Charge Mechanism (FCM) for GST.** This change simplifies the tax liability process by making the service provider responsible for GST payment.
- 2. Exemption on Contributions to Motor Vehicle Accident Fund:** The government plans to exempt GST on contributions made by general insurance companies from third-party motor vehicle premiums to the Motor Vehicle Accident Fund, established under Section 164B of the Motor Vehicle Act, 1988. This measure supports the fund's objective of compensating accident victims without additional tax burdens.
- 3. GST Exemption for Payment Aggregators:** Payment aggregators processing transactions of **less than ₹2000 will be eligible for a GST exemption,** making digital payments more cost-effective for small-value transactions. However, this exemption will not apply to Payment Gateways, which will continue to be subject to GST.
- 4. No GST on Penal Charges by Banks:** It has been proposed that **penal charges** collected by banks from borrowers for noncompliance with loan terms shall not attract GST. This clarification ensures that such charges are treated as compensatory in nature and outside the scope of taxable services.



## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

### Proposed Amendments to GST on Hotel and Restaurant Services

- **Elimination of 'Declared Tariff':**

The proposed amendments seek to remove the concept of '**declared tariff**', which referred to the advertised room rate and often led to confusion in GST applicability. Instead, GST calculations **will now align with the actual value of supply**, i.e., the price actually charged by hotels for accommodation. Additionally, the definition of '**Specified Premises**' **will be revised to reflect this change**, ensuring that the GST structure is both practical and transparent, minimizing ambiguities for stakeholders in the hospitality sector.

- **Revised GST Rates for Restaurant Services:**

The amendments introduce a tiered GST rate structure for restaurant services based on the actual price of hotel rooms as recorded in the preceding financial year. **For hotel rooms where the actual value of supply exceeds ₹7,500, restaurant services will attract 18% GST with Input Tax Credit (ITC)**, supporting the higher input costs of premium establishments. In contrast, **for hotel rooms priced at ₹7,500 or less, restaurant services will attract a lower GST rate of 5% without ITC**, making the tax framework more affordable for budget and mid-range hotels. This differentiation aims to balance the tax burden across the hospitality sector while ensuring affordability for a wider range of customers.

- **Option to Apply 18% GST with ITC:**

Hotels will have the **flexibility to opt for 18% GST with ITC on restaurant services, regardless of the price of their rooms**. To avail this option, they must **submit a formal declaration before the start of the financial year**. For newly registered hotels or businesses, this declaration can be submitted at the time of GST registration. This provision offers hotels greater control over their tax framework, allowing them to choose the structure that aligns with their business model while enabling input tax credit benefits.

- **Effective Date:**

The amendments are scheduled to come into effect from **April 1, 2025**, providing a sufficient transition period for businesses in the hospitality sector. During this time, stakeholders will be able to update their billing systems, train their staff, and educate customers about the revised GST framework. This phased implementation ensures a smooth transition to the new tax regime and minimizes operational disruptions.

***Author's Comments:- The concept of 'Declared Tariff' can be traced back to the Luxury Tax regime, which was previously implemented and managed at the state level. Over time, this concept transitioned into the Service Tax framework and was eventually incorporated into the GST system. However,***

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

*with the hospitality industry evolving and adopting new business models, the GST Council has decided to modernize and simplify the tax structure for accommodations. By shifting the focus to the actual value of supply, the council aims to make tax calculations more transparent and aligned with current market practices. The 'Declared Tariff', often criticized for its vague interpretation, became even more problematic with the rise of e-commerce platforms, leading to frequent disputes over its definition.*

*In addition to accommodations, the tax rates for restaurants operating within hotels have also been tied to the actual value of supply from the preceding financial year. This adjustment introduces a clearer framework, allowing tax authorities to efficiently verify the taxes paid by businesses. While there have been repeated requests from standalone restaurants to be allowed the option of paying 18% GST with Input Tax Credit (ITC), the proposed amendment currently addresses only restaurants within hotels. Expanding this option to include all restaurants would not only create uniformity but also simplify compliance across the industry.*

### Proposed Exemption for Composition Scheme Taxpayers from Reverse Charge Mechanism (RCM) on Commercial Property Rentals

The government has proposed a significant amendment to the application of the reverse charge mechanism (RCM) on commercial property rentals. Under the current provisions, when **an unregistered person rents out commercial property to a registered person, the GST liability is discharged by the registered person under RCM.** However, the proposed change seeks to exclude taxpayers registered under the composition levy scheme from this requirement. This means that RCM will no longer apply when composition taxpayers rent out commercial property, offering them much-needed relief from the compliance burden.

#### Regularization of Past Transactions

To ensure fairness and consistency, the proposed amendment will apply retroactively from October 10, 2024, which is the original effective date of Notification No. 09/2024-CTR (dated 08.10.2024). All transactions conducted between October 10, 2024, and the issuance of the new notification will be regularized "as is", without requiring any adjustments or additional compliance efforts. This retroactive application provides clarity and ensures that affected taxpayers are not subject to undue penalties or procedural challenges for past transactions.

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These changes aim to simplify GST compliance for composition taxpayers while aligning the rules with the evolving needs of businesses. By exempting them from RCM obligations on commercial property rentals, the government demonstrates its commitment to reducing complexities and fostering a more taxpayer-friendly environment.

### Proposed Changes to the Definition of Pre-Packaged and Labelled Goods

The GST Council has proposed a significant revision to the definition of **'pre-packaged and labelled' goods**. This change aims to broaden the scope of the term and ensure better alignment with regulatory frameworks, particularly under the **Legal Metrology Act**.

#### **Revised Definition of Pre-Packaged and Labelled Goods**

Under the proposed changes, the term 'Pre-Packaged and Labelled' will encompass all commodities that meet the following criteria:

1. **Retail Sale:** The goods must be intended for retail sale to consumers.
2. **Pre-Packed as per Legal Standards:** The packaging must comply with the requirements set forth under the Legal Metrology Act.
3. **Weight or Volume Limit:** The commodities must weigh 25 kilograms/litres or less per package to fall within the scope of this definition.
4. **Mandatory Declarations:** Each package must bear a label with required declarations, such as weight, price, and other details, as prescribed under the Legal Metrology Act and its rules.

### Proposed Amendment to Schedule III of CGST Act, 2017

The GST Council has proposed an amendment to **Schedule III of the CGST Act, 2017**, by inserting clause (aa) in Entry 8 to explicitly clarify the treatment of transactions involving warehoused goods in Special Economic Zones (SEZ) or Free Trade Warehousing Zones (FTWZ). The amendment provides that the supply of goods warehoused in SEZ or FTWZ to any person, prior to their clearance for export or sale in the Domestic Tariff Area (DTA), will neither be considered as a supply of goods nor a supply of services under the CGST Act. Effective retrospectively from July 1, 2017, this change aims to bring the treatment of such transactions in SEZ/FTWZ at par with the existing GST provisions for goods stored in Customs bonded warehouses, ensuring consistency and alignment in the tax framework. By excluding such transactions from the scope of GST, the amendment streamlines compliance and eliminates ambiguity, providing clarity to businesses operating in these zones.

***Author's Comments:- Goods stored in Special Economic Zones (SEZ) or Free Trade Warehousing Zones (FTWZ) have historically been treated***

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

*equivalently to transactions in Customs Bonded Warehouses, without the need for bonding permissions. However, inconsistencies in the legislative framework led to ambiguity regarding their GST treatment. The proposed retrospective amendment addresses this gap, rectifying the oversight and ensuring alignment with the established provisions for Customs Bonded Warehouses. This change brings clarity, eliminates uncertainty, and reinforces a consistent approach to the treatment of warehoused goods under GST.*

### Simplified Taxation Framework for Vouchers under GST

The GST Council has proposed critical clarifications to resolve ambiguities regarding the tax treatment of vouchers, ensuring a streamlined and transparent approach. These recommendations aim to address gaps in the existing framework and provide clarity for businesses and stakeholders.

#### • **Removal of Ambiguous Provisions**

To eliminate confusion in the taxability of vouchers, the Council **has proposed removing Sections 12(4) and 13(4) of the CGST Act, 2017, along with Rule 32(6) of the CGST Rules, 2017.** These provisions had created uncertainties in defining and taxing vouchers, and their removal will standardize the treatment of such transactions under GST.

#### • **Clarification on Voucher Transactions**

- **Not Treated as Supply:** **Vouchers will no longer be classified as goods or services, meaning the mere issuance or sale of a voucher will not attract GST.**
- **Direct Transactions (Principal-to-Principal):** When vouchers are sold directly between two parties, no GST will apply, as these transactions do not constitute a taxable supply.
- **Agent-Based Transactions:** If an agent is involved in distributing vouchers, GST will apply solely to the agent's commission or fee, ensuring that the intermediary service is properly taxed without impacting the principal transaction.

#### • **Taxability of Related Services**

Services connected to vouchers, such as advertising, marketing, co-branding, customization, or technical support, will be subject to GST. The tax will be calculated on the value of the services provided, offering clarity for service-related transactions involving vouchers.

#### • **Unredeemed Vouchers (Breakage)**

For vouchers that remain unredeemed, either due to expiration or other reasons, the Council

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

has clarified that they will not be treated as taxable supplies. As a result, no GST will be levied on income recognized from unredeemed vouchers, reducing tax complications for businesses handling voucher breakage.

***Author's Comments:- Section 2(118) of the CGST Act defines a voucher as an instrument that must be accepted as full or partial consideration for the supply of goods or services. In essence, vouchers are Prepaid Payment Instruments used to facilitate payments. However, Sections 12(4) and 13(4) of the Act specify the timing of tax payment on vouchers, implying that the issuance of a voucher constitutes a taxable supply of goods or services. This interpretation has led to various advance rulings treating vouchers as goods, thereby attracting GST liability at the time of issuance. The Karnataka High Court, in its decision in M/s. Premier Sales Promotion Pvt. Ltd. v. UOI [2023 (2) TMI 130 – KARNATAKA HIGH COURT], offered a different perspective. The court held that vouchers are comparable to currency, with their value being relevant only at the time of redemption, not issuance. The court further noted that issuing vouchers is akin to a pre-deposit and does not constitute a supply of goods or services under GST. The proposed clarification seeks to align with this judicial interpretation, confirming that the issuance of vouchers does not qualify as a taxable supply. This change resolves ambiguities, ensures consistency in the treatment of vouchers, and provides much-needed clarity for businesses, simplifying compliance and reducing potential disputes.***

### **Clarification and Late Fee Waiver for Annual Returns and Reconciliation Statements under GST**

The GST Council has recommended issuing a circular to clarify that the late fee under **Section 47(2)** of the CGST Act, 2017 will be levied for delays in filing the complete annual return as required under Section 44 of the CGST Act, 2017. This includes both FORM GSTR-9 (Annual Return) and, where applicable, **FORM GSTR-9C** (Reconciliation Statement).

For annual returns relating to the financial years **2017-18 to 2022-23**, the Council has also proposed issuing a notification under Section 128 of the CGST Act, 2017, **to waive the late fee for FORM GSTR-9C filings that exceed the late fee payable up to the date of filing FORM GSTR-9**. This waiver will apply only if FORM GSTR-9C is filed **on or before 31st March 2025**. This initiative aims to provide relief to taxpayers by reducing their financial burden while encouraging timely compliance with annual return requirements.



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### Proposal to insert new provision for Track and Trace Mechanism

The GST Council has proposed the insertion of **Section 148A** in the CGST Act, establishing an enabling provision to empower the government to implement a Track and Trace Mechanism for specified commodities susceptible to tax evasion. This provision aims to create a legal framework for a system that utilizes unique identification markings affixed to these commodities, ensuring better monitoring and reducing instances of evasion.

### Clarification regarding Recording of Correct Details in case of Supply of Online Services

The GST Council has issued a clarification regarding the supply of online services, such as online money gaming and **OIDAR** (Online Information and Database Access or Retrieval) services, to unregistered recipients:

- For such supplies to unregistered customers, the supplier must record the recipient's State on the tax invoice.
- The recipient's State name will be treated as the address on record for tax purposes.
- This requirement ensures compliance with Section 12(2)(b) of the IGST Act, 2017, and the proviso to Rule 46(f) of the CGST Rules, 2017.

This clarification aims to standardize invoicing practices for online service providers and ensure proper tax allocation based on the recipient's location.

### Proposal for Reduction in Pre-Deposit for Penalty-Only Appeals

The GST Council has proposed amendments to **Sections 107 and 112 of the CGST Act, 2017**, to reduce the pre-deposit requirements for filing appeals in cases involving only penalties, with no associated tax demand. Under the current provisions, a pre-deposit of 25% of the penalty amount is required to file an appeal with the Appellate Authority as per Section 107. The proposed amendment seeks to lower this **requirement to 10% of the penalty amount**, thereby reducing the financial burden on taxpayers and making the appeal process more accessible.

Similarly, a new provision will be introduced in Section 112(8) to specify that for appeals involving penalties without any tax demand, the pre-deposit for filing an appeal with the **Appellate Tribunal will also be set at 10% of the penalty amount**. These changes aim to streamline the appeal mechanism, ease compliance, and provide relief to taxpayers dealing with penalty-only cases.

### Proposal for clarification on Local Fund and Municipal Fund

The GST Council has proposed an amendment to Section 2(69)(c) of the CGST Act, 2017, to provide clarity on the terms 'Local Fund' and 'Municipal Fund'. An explanation will be added

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

to Section 2(69) to explicitly define these terms, ensuring a clear and uniform understanding of their meaning as used in the Act. This amendment aims to eliminate ambiguities and resolve any confusion regarding the interpretation of these terms, thereby enhancing clarity in their application.

### Proposed Amendments to Input Service Distributor (ISD) Provisions for Inter-State RCM Transactions

The GST Council has proposed amendments to the provisions related to **Input Service Distributors (ISD)** under the CGST Act, 2017, and CGST Rules, 2017, to align them more effectively with inter-state **reverse charge mechanism (RCM) transactions**. The proposed changes include amendments to **Section 2(61) and Section 20(1)** of the CGST Act to explicitly include inter-state supplies subject to RCM, such as those taxed under **Sections 5(3) and 5(4) of the IGST Act, 2017**. This will enable **ISDs to distribute input tax credit (ITC) for such inter-state RCM supplies**, thereby enhancing clarity and efficiency in credit allocation.

Additionally, consequential amendments will be made to Section 20(2) of the CGST Act and **Rule 39(1A) of the CGST Rules** to ensure consistency across the GST framework. These amendments are set to **take effect from April 1, 2025**, providing businesses with adequate time to prepare and comply with the revised provisions. By streamlining the ITC distribution process for inter-state RCM transactions, these changes aim to simplify compliance and enhance the operational efficiency of ISDs.

***Author's Comments:- The current provisions defining Input Service Distributor (ISD) and governing the distribution of ITC under Section 20 of the CGST Act are limited to reverse charge taxes paid on intra-state supplies, as outlined in Section 9(3) and 9(4) of the CGST Act. This creates a gap in addressing inter-state supplies under reverse charge. To address this inconsistency, amendments are proposed to include Section 5(3) and 5(4) of the IGST Act, thereby enabling the distribution of ITC for inter-state RCM transactions. These changes aim to ensure a more comprehensive and consistent approach to ITC distribution across both intra-state and inter-state reverse charge mechanisms.***

### Proposal for Temporary Identification Number (TIN) for URP's

The GST Council has proposed the addition of Rule 16A to the CGST Rules, 2017, enabling tax authorities to issue a Temporary Identification Number (TIN). This provision is aimed at individuals or entities who are not required to register under GST but are obligated to make

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

payments in specific situations as per Rule 87(4) of the CGST Rules. This measure seeks to simplify compliance for non-registered entities by providing a mechanism to fulfill their payment obligations without the need for full GST registration.

***Author's Comments:- The current provisions defining Input Service Distributor (ISD) and governing the distribution of ITC under Section 20 of the CGST Act are limited to reverse charge taxes paid on intra-state supplies, as outlined in Section 9(3) and 9(4) of the CGST Act. This creates a gap in addressing inter-state supplies under reverse charge. To address this inconsistency, amendments are proposed to include Section 5(3) and 5(4) of the IGST Act, thereby enabling the distribution of ITC for inter-state RCM transactions. These changes aim to ensure a more comprehensive and consistent approach to ITC distribution across both intra-state and inter-state reverse charge mechanisms.***

### Proposed Amendment for Composition Taxpayers to Update Registered Person Category

The GST Council has proposed an amendment to **Rule 19(1)** of the CGST Rules, 2017, to streamline the process for taxpayers under the Composition Scheme to update their registration details seamlessly.

Key aspects of the proposed amendment include:

- **FORM GST CMP-02:** Taxpayers enrolled under the Composition Scheme, a simplified tax regime for small businesses, will be able to update their “**category of registered person**” in Table 5 of this form.
- **Specific Reference in Rule 19(1):** The rule will now explicitly include **FORM GST CMP-02**, providing clarity and simplifying the procedure for updates.
- **FORM GST REG-14:** Taxpayers can utilize this form to modify their registration details, including any changes related to their category as a registered person.

This amendment is designed to enhance ease of compliance for Composition Scheme taxpayers, offering a more efficient and transparent process for managing their registration information.

### Amendments to CGST Act and Rules for Invoice Management System (IMS)

The GST Council has proposed amendments to the CGST Act, 2017, and CGST Rules, 2017, to enhance the integration of the **Invoice Management System (IMS)** into the GST framework. These changes aim to streamline processes, improve data accuracy, and provide

## ➤➤➤ KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

provide a robust legal foundation for managing Input Tax Credit (ITC) and tax returns.

A key amendment to **Section 38 and Rule 60** will formalize the generation of **GSTR-2B**, a statement that details eligible ITC. This statement will now be generated based on data validated and uploaded by taxpayers through the IMS, ensuring transparency and accuracy. Additionally, **an amendment to Section 34(2) will require recipients to reverse ITC when a supplier issues a credit note for reasons such as returns, discounts, or corrections.** This change allows suppliers to adjust their output tax liability accurately, aligning tax treatment with the purpose of the credit note.

To further simplify tax adjustments, the introduction of **Rule 67B** will provide clear guidelines for suppliers to offset their tax liability using credit notes, ensuring standardized procedures and proper accounting. Moreover, amendments to **Section 39(1) and Rule 61** will mandate that **GSTR-3B (tax return) can only be filed after the corresponding GSTR-2B is available for the period.** This ensures that taxpayers file returns based on accurate and up-to-date ITC data, reducing errors and mismatches.

***Author's Comments:- The Invoice Management System (IMS), introduced by the GSTN in October 2024 as an optional facility, initially allowed registered taxpayers to view Inward Supplies. Later, the functionality to view Outward Supplies was also incorporated. While IMS has been beneficial in streamlining tax compliance, its implementation has sparked debate over the legal basis for introducing such functionality, even on an optional basis. The proposed amendments aim to resolve these legal concerns by providing a robust legislative framework. However, since these amendments require changes to both the CGST Act and corresponding SGST Acts, their enactment is unlikely before March 2025. This delay raises questions about the validity of actions taken under the IMS framework prior to these legislative updates.***

***Further, uncertainties remain regarding the timeline for transitioning IMS from an optional feature to a mandatory compliance requirement. To address these ambiguities, it is crucial that the final text of the proposed amendments provides comprehensive clarity on these issues, ensuring a seamless and legally sound integration of IMS into the GST framework.***

## >>> KEY RECOMMENDATIONS FROM THE 55TH GST COUNCIL MEETING

### Other measures

The GST Council has approved the recommendations of the Committee addressing various issues related to **IGST settlement raised by States**. The Council has directed the Committee to finalize the necessary changes by **March 2025**. Additionally, the Council reviewed and acknowledged the procedural rules proposed for the internal operations of the **GST Appellate Tribunal (GSTAT)**.

The timeline for the **Group of Ministers (GoM)** tasked with restructuring the **GST Compensation mechanism has been extended until June 30, 2025**, to allow for a comprehensive review. Furthermore, the Council has decided to form a new **Group of Ministers Committee** to examine legal and structural aspects and propose a uniform policy for imposing levies in the event of natural disasters or calamities in the States.

On the matter of whether charges collected by municipalities for granting **FSI (Floor Space Index)**, including additional FSI, should attract **GST under the reverse charge mechanism**, the Council has **deferred its decision**. The Central Government has requested further examination, citing that such charges pertain to Municipalities or local authorities, and require careful consideration.



# GST

GOODS AND SERVICE TAX



## *Advisory*

# HIGHLIGHTS



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**55TH GST COUNCIL MEETING  
& OTHER UPDATES**

**CA. SAMARPIT SHARMA**



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

Dec 29th, 2024

1. Under the waiver scheme, for a demand notice or statement or order which has been issued under Section 73 for the tax periods between July 2017 & March 2020, **the taxpayers are required to file an application either in FORM GST SPL-01 or SPL02 in GST portal accordingly.**

**Presently, Form GST SPL 02 is made available in the GST portal. Form GST SPL 01 will be available soon in the GST portal.**

Thanking You,  
Team GSTN

### Filing process of SPL-02

1. Login into GST portal: **Navigate to > Services > User Services > My Applications.**
2. On Navigating to **'My Applications'** page, the taxpayer has to select **'Apply for Waiver Scheme under Section 128A'** option under **'Application type'** dropdown. If the taxpayer wants to file a new application for availing waiver on Interest and Penalty, the taxpayer can click on **'New Application'** button

The screenshot displays the 'My Applications' page on the GST portal. The header includes the Government of India logo and the text 'Goods and Services Tax, Government of India, States and Union Territories'. The navigation menu shows 'Dashboard', 'Services', 'GST Law', 'Downloads', 'Search Taxpayer', 'Help and Taxpayer Facilities', 'e-Invoice', and 'News and Updates'. The breadcrumb trail is 'Dashboard > Services > User Services > My Applications'. The main content area has a title 'My Applications' and a subtitle 'Indicates mandatory fields'. The form contains an 'Application Type' dropdown menu with the selected option 'Application for Waiver Scheme under Section 128A', and two date fields labeled 'From Date' and 'To Date' with date pickers. At the bottom of the form are two buttons: 'SEARCH' and 'NEW APPLICATION'.

3. On click of **'New Application'**, the taxpayer will be able to see two forms, i.e.
  - **SPL-01**: Application for waiver of interest or penalty or both under Section 128(1)(a) in case of notice or statement **(This form will be made available soon).**
  - **SPL-02** : Application for waiver of interest or penalty or both under Section 128(1)(b) & Section 128(1)(c) in case of demand order.

On selection of SPL-02, the **'CREATE APPLICATION'** button will be enabled.



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

Goods and Services Tax  
Government of India, States and Union Territories

Dashboard Services GST Law Downloads Search Taxpayer Help and Taxpayer Facilities e-Invoice News and Updates

Dashboard > Services > User Services > My Applications > Apply For Waiver Scheme

**GSTIN/UIDN/Temporary ID:** 29LALAB1221EP26  
**Legal Name:** AF COMPUTERS  
**Trade Name:** GSTN

Select the Waiver Application Type:

☐ SPL-01 : Application for waiver of interest or penalty or both under Section 128A(1)(a) in case of notice or statement  
☒ SPL-02 : Application for waiver of interest or penalty or both under Section 128A(1)(b) & Section 128A(1)(c) in case of demand order

CREATE APPLICATION

4. On click of **“CREATE APPLICATION”** button, a questionnaire will appear on the dashboard as shown below.

GST SPL - 02: Application for Waiver of interest or penalty or both under Section 128A(1)(b) & Section 128A(1)(c) in case of order

Whether the demand order is issued through the GST portal? ☐ Yes ☒ No

Whether any appeal application filed against the order? ☒ Yes ☐ No

Whether any application filed for the withdrawal of appeal? ☒ Yes ☐ No

Whether the appeal or writ petition against the order been withdrawn before the appellate authority, Appellate Tribunal, High Court, or Supreme Court? ☒ Yes ☐ No

Whether the order issued under Section 73 and / or Section 74?

Whether the order covered under section 75? ☐ Yes ☐ No

Whether the Demand order includes Erroneous Refund ? ☒ Yes ☐ No

BACK NEXT

Guidelines is given below to fill the above questionnaire carefully.



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

Sr No	Questions	Impact
1	Whether the demand order is issued through GST portal? *	<ul style="list-style-type: none"><li>- If DRC 01/07/APL 04 is issued through GST portal, 'Yes' has to be selected.</li><li>- If the demand order is issued manually by the tax department and not available in the GST portal, 'No' has to be selected.</li></ul>
2	Whether any appeal application filed against the order? *	If any appeal application is filed against the DRC 07/APL 04 order before the First Appellate Authority or the High Court, 'Yes' has to be selected.
3	Whether any application filed for the withdrawal of appeal? *	<p>This question will be shown only if, 'Yes' is selected for Sl. No. 2</p> <ul style="list-style-type: none"><li>• If Yes is selected for Sl. No. 2 and if the taxpayer has filed application for withdrawal of the said appeal filed against the demand order, then 'Yes' has to be selected.</li><li>• If the taxpayer has not filed any application for withdrawal of appeal, then 'No' has to be selected.</li></ul>
4	Whether the appeal or writ petition against the order been withdrawn before the appellate authority, Appellate Tribunal, High Court, or Supreme Court? *	<p>This question will be shown only if, 'Yes' is selected for Sl. No. 3</p> <p>If any appeal filed against the DRC 07/APL 04 and the same is withdrawn, then 'Yes' has to be selected.</p>
5	Whether the order issued under either Section 73 and/or Section 74?	Select Yes or No (As per the Original demand order)
6	Whether the order covered under Section 75? *	Select Yes or No (As per the Original demand order)
7	Whether the Demand order includes any Erroneous Refund? *	Select Yes or No (As per the Original demand order)



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

5. After answering all the mandatory questions, taxpayer has to click **NEXT** button to proceed further.

6. The SPL-02 form will be displayed on the dashboard. There will be following tables where the taxpayers have to enter or select the data:

**Table 1: BASIC Details:**

### 1. Basic Details

Mobile Number *	Email ID *	Jurisdiction *
9900000099	aaa@infosys.com	LVO 025 - BENGALURU;Bangalore DVO 4;Kar
Address *		
252,Gold Hill Supreme,Shantipura Cross Roads,Electronic City Phase 2, ,560123		

Mobile No. & E-mail ID are to be selected from the drop-down list.

**Table 2: Details of Demand Order:**

### 2. Details of Demand Order

Order Number *	Date of issuance of Order *	
ZD123456789222A	20/12/2024	
Section under which the Order has been issued *		
Select		
Whether any appeal or writ petition is filed against order before the Appellate Authority/ Appellate Tribunal/ High Court/ Supreme Court? *	If Yes, whether the order for withdrawal of appeal or writ petition is issued or not? *	Whether demand order involves demand of erroneous refunds *
Yes	Yes	Yes
Financial Year From *	Financial Year To *	
2017-2018	2020-2021	

#### i. Order Id:

- Select Order Reference No. or Manual entry (in case of an offline/manual order which is not available in GST portal):
- The demand orders issued against the taxpayer through GST portal will be available for selection in drop down menu.
- In case, the demand order is issued offline and the demand order is not available in the GST portal, then "Manual entry" has to be selected. The taxpayer has to enter the reference number of manual order in "Order number" field.





## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

### ii. Date of Issuance of Order:

This field will be auto-populated if the selected order is online. It is user entry field, if the order is manual.

### iii. Section under which the order has been issued:

User entry field. The section under which the demand notice/order is issued against need to be selected.

### iv. Whether any appeal or writ petition is filed against order before AA/ appellate tribunal/ high court/ supreme court

If any appeal application is filed against the DRC 07/APL 04 order before the First Appellate authority or the High Court, then 'Yes' has to be selected.

### v. If yes, whether the order for withdrawal of appeal or writ petition is issued or not

If the order for withdrawal of appeal or writ petition is issued by the appellate form, then 'Yes' has to be selected.

### vi. Whether demand order involves demand of erroneous refunds

### vii. Financial year From & To

As per the demand order for Sl. No. vi and vii

### Table 3A. Amount demanded in the Order

For the online orders (orders available in GST portal), the details will be auto-populated. For the offline orders, the taxpayer has to enter all the details.

3A. Amount Demanded in the Order

Overall Tax Period			
From		To	
JUL	2017	MAR	2020

DEMAND DETAILS

Financial Year

2017-182018-192019-20

Tax Period				ACT TYPE	Place of Supply (Name of State)
From		To			
APR	2019	MAR	2020	IGST	Maharashtra



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

Financial Year

2017-18		2018-19		2019-20	
Cess (₹)	Interest (₹)	Penalty (₹)	Fee (₹)	Others (₹)	Total (₹)
2000	2000	2000		2000	0000

### **Table 3B. Out of demand in table 3A, ITC denied as per Section 16 (4) & subsequently eligible under Section 16(5) & Section 16(6):**

The amount pertaining to Ineligible ITC as per Section 16 (4) & subsequently made eligible under Section 16(5) & Section 16(6) which is involved in the notice/order has to be entered manually by the taxpayer. The taxpayer has to enter the amount against IGST/CGST/SGST/Cess. This amount cannot be more than demand amount entered in Table 3A

3B. Out of amount in Table 3A, ITC denied as per Section 16(4) and subsequently eligible under Section 16(5) and 16(6)

2017-18		2018-19		2019-20	
ACT TYPE		Tax/Cess (₹)			
IGST					0
CGST					0
SGST/UTGST					500
CESS					0
Total					500

### **Table 4: Amount paid through payment facility against demand order:**

For the demand order (DRC 07/APL 04) issued through the GST portal and the payment is made through "Payment towards Demand" option in GST portal:

The details of payment made against the demand will be auto populated and the user is not required to make entries in the Table 4.

4. Amount paid through payment Facility against demand order

Credit Entry Reference Number	Reference Number of Form GSI DRC-03	Reference Number of Form GSI DRC-03A	IGST (₹)	CGST (₹)	SGS
DC2912240000197	-NA-	-NA-	0	2000	
Total			0.00	2000.00	



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

4. Amount paid through payment Facility against demand order

IGST (₹)	CGST (₹)	SGST (₹)	CESS (₹)	TOTAL TAX/CESS (₹)	Action
0	2000	2000	0	4000	
0.00	2000.00	2000.00	0.00	4000.00	

**For the demand order (DRC 07/APL 04) issued through the GST portal and the payment is made using DRC 03 under the causes of payment as “Voluntary” and “Others”:**

- The taxpayer is required to map the payment made using DRC 03 (Cause of payment is ‘Voluntary’ or ‘Others’) with the demand order using the Form GST DRC 03A. The navigation link for filing DRC 03A in GST portal is Services >> User Services >> My Applications >> FORM GST DRC-03A.
- After mapping DRC 03 with a demand order (for which SPL 02 is being filed) using DRC 03A, the details of the payment made will be auto populated in the Table 4 of SPL 02 and the user is not required to make entries in the table.

4. Amount paid through payment Facility against demand order

Credit Entry Reference Number	Reference Number of Form GST DRC-03	Reference Number of Form GST DRC-03A	IGST (₹)	CGST (₹)	SGST (₹)
-NA-	AD2912240008639	AD291224000869X	3250	3250	
Total			3250.00	3250.00	

4. Amount paid through payment Facility against demand order

IGST (₹)	CGST (₹)	SGST (₹)	CESS (₹)	TOTAL TAX/CESS (₹)	Action
3250	3250	3250	0	9750	
3250.00	3250.00	3250.00	0.00	9750.00	

**For the demand order (DRC 07/APL 04) issued offline (manually) i.e. not issued through the GST portal and the payment is made through DRC 03:**

The DRC 03s filed by the taxpayer will be available in the dropdown of the field “Acknowledge Reference Number”. The applicant has to select the relevant ARN of DRC 03. Also, multiple DRC 03s can be selected.

4. Amount paid through payment Facility against demand order

Acknowledge Reference Number\*

Select

- ☐ AD290624000014L
- ☐ AD2908240001476
- ☐ AD2912240008639
- ☐ AD2912240008829
- ☐ AD291224001003U

Reference Number of Form GST DRC-03	Reference Number of Form GST DRC-03A	IGST (₹)	CGST (₹)	SGST (₹)
No data available				



## ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A

The payment details related to the selected DRC 03 will be reflected in Table 4.

### 4. Amount paid through payment Facility against demand order

Acknowledge Reference Number \*

Select

Credit Entry Reference Number	Reference Number of Form GST DRC 03	Reference Number of Form GST DRC 03A	IGST (₹)	CGST (₹)	SGST
DC2912240000180	AD291224001003U	-NA-	4000	4000	
Total			4000.00	4000.00	

**7. Upload Supporting Documents:** The taxpayer is required to upload the mandatory as well as other relevant supporting documents. A maximum of five documents, each with a **size limit of 5 MB**, can be uploaded. Upon uploading the documents, the taxpayer must complete the Declaration & Verification section in order to proceed with saving and previewing the form. Once the form is saved and previewed, the taxpayer may click the "File" button to submit the SPL-02 form.

8. Upon clicking the '**File**' button, a warning message will be displayed to the taxpayer:

*"Do you wish to proceed with filing the application?"*

Select **Ok** to continue or **Cancel** to make modifications to the form. Upon selecting Ok, the application can be filed using either a Digital Signature Certificate (DSC) or an Electronic Verification Code (EVC). **ARN will be generated upon the successful submission of the form**



## ADVISORY FOR ENTRY OF RECEIPT NUMBERS PERTAINING TO LEASED WAGONS IN THE E-WAY BILL SYSTEM

### Guidelines for Accurate Entry of Receipt Numbers in the E-Way Bill (EWB) System for Leased Wagons

Dear Taxpayers,

This advisory is issued to provide specific instructions for entering Receipt Numbers related to Leased Wagons in the E-Way Bill (EWB) system.

Advisories have already been issued regarding the correct format for entering Parcel Way Bill (PWB) numbers and Railway Receipt (RR) numbers for goods transported under the Parcel Management System (PMS) and the Freight Operations Information System (FOIS). This advisory focuses on the requirements specific to Leased Wagons.

#### **1. Prefixing Receipt Numbers in the EWB System**

- Taxpayers transporting goods via Leased Wagons must prefix Receipt Numbers with the identifier "L" when entering them into the EWB system.
- Similarly, the taxpayers transporting goods via PMS and FOIS have already been advised to enter PWB/RR numbers with Prefix P for PMS and F for FOIS systems (refer to the advisories issued for PMS and FOIS). Users will be mandated to input PWB/RR numbers with the appropriate prefixes to ensure proper validation in the EWB system. These changes would come into effect from Jan 1st, 2025.

#### **2. Updating Part-B of the EWB for Rail Transport**

While generating an EWB for goods transported by rail, taxpayers should:

- Select the transport mode as "Rail" in Part-B of the EWB using the "Multi-Transport Mode" option on the EWB portal.
- Enter the Receipt Number with the prefix "L" to indicate that the transport is via Leased Wagons.

#### **3. Format for Number Entry in the EWB System**

Taxpayers must use the following format when entering Receipt Numbers related to Leased Wagons:

*L <Receipt Number>*

Example:

- For a Leased Wagon Receipt number: L123456789

#### **4. Validation Process in the EWB System**

Once the Receipt Number is entered:

- The system will validate the entry against the designated database for Leased Wagons.
- In case of discrepancies such as mismatched or missing numbers, taxpayers will receive an alert and must correct the entry promptly.





## ADVISORY FOR ENTRY OF RECEIPT NUMBERS PERTAINING TO LEASED WAGONS IN THE E-WAY BILL SYSTEM

### 5. Assistance and Support

For further assistance or clarification regarding the entry of Receipt Numbers for Leased Wagons, taxpayers may:

- Raise a ticket with the EWB support team through the support portal.
- Provide the details of the entry, including the prefix used, for quick resolution.

Your adherence to these guidelines will ensure the efficient processing of E-Way Bills and smooth transportation of goods via the rail network

Issued by: GST Network (GSTN)

Date: ## December 2024

Thanking You,

Team GSTN





## ADVISORY FOR ENTRY OF RR NO./ET-RRS IN EWB SYSTEM POST EWB-FOIS INTEGRATION

### Guidance for Accurate Entry of RR No./eT-RRs following the Integration of E-Way Bill (EWB) with Freight Operation Information System (FOIS) system of Indian Railways.

Dear Taxpayers,

This advisory is being issued to inform you that the FOIS of Indian Railways has now been integrated with the E-Way Bill (EWB) system via Application Programming Interfaces (APIs). In light of this, it is important that taxpayers follow the correct process for entering **RR no (Railway Receipt Number)/eT-RRs** into the EWB system. Adherence to the guidelines below will help avoid any potential discrepancies or mismatches.

#### **1. Applicability of RR No./eT-RRs Entry in the EWB System**

Taxpayers transporting goods via the Indian Railways FOIS must ensure the correct entry of the number or RR No./eT-RRs in the EWB system. The format for entering RR No./eT-RRs has been standardized to ensure consistency and accuracy.

#### **2. Updating Part-B of EWB for Rail Transportation**

a) Suppliers with a pre-existing E-Way Bill (EWB) for goods transported from the factory to the railway station, and who are subsequently transporting goods by rail under the FOIS, must follow these steps:

- i. Update **Part-B** of the E-Way Bill using the "Multi-Transport Mode" option on the EWB portal.
- ii. In the updated section, select **Rail** as the mode of transport..

After selecting this option, the system will prompt you to enter the corresponding **RR No./eT-RRs**

#### **3. RR Number/eT-RRs for FOIS**

For goods transported via the Freight Operations Information System (FOIS) the RR number shall be entered in the following format in the EWB system.

Format: **F<FromStationCode><RR No>**

For eg: If the goods are dispatched from the station SJWT and RR no. is 123456789 then the same needs to be entered as FSJWT123456789

#### **4. EWB and RR No./eT-RRs Validation**

After entering the **RR No./eT-RRs** into the EWB system:

- a) The EWB system will validate the **RR No./eT-RRs** against the data received from the FOIS.
- b) If a mismatch is detected or the **RR No./eT-RRs** is not found in the database, an alert will be generated. Thus it is strongly advised that taxpayers ensure the correct entry of RR



## ADVISORY FOR ENTRY OF RR NO./ET-RRS IN EWB SYSTEM POST EWB-FOIS INTEGRATION

No./eT-RRs to avoid future discrepancies

### 5. Importance of Accurate Entry

It is crucial for taxpayers to ensure that the RR number/eT-RRs is entered correctly in the EWB system to allow smooth tracking and verification of goods being transported via Indian Railways. Accurate entry will also facilitate the validation process and avoid unnecessary delays or complications.

### 6. Assistance and Clarifications

For further assistance or if there are any discrepancies in entering **RR No./eT-RRs** taxpayers are encouraged to raise a ticket with the support team, clearly mentioning the RR No./eT-RRs.

The customers who are transporting goods using Railway FOIS system shall adhere to the guidelines issued by Indian Railways for e-Demand customers.

We appreciate your cooperation in ensuring compliance with these guidelines.

Issued by: GST Network (GSTN)

Date: ## December 2024

Thanking You,

Team GSTN



## ADVISORY ON UPDATES TO E-WAY BILL AND E-INVOICE SYSTEMS

GSTN is pleased to announce that NIC will be rolling out updated versions of the E-Way Bill and E-Invoice Systems effective from **1st January 2025**. These updates are aimed at enhancing the security of the portals, in line with best practices and government guidelines.

### 1. Multi-Factor Authentication (MFA):

One of the key changes involves the implementation of Multi-Factor Authentication (MFA). Currently, MFA, which requires login using a username, password, and OTP (sent to the registered mobile number, Sandes app, or similar platforms), is mandatory for taxpayers with an Annual Aggregate Turnover (AATO) **exceeding Rs 100 Crores** since 20th August 2023 and optional for those with AATO exceeding Rs 20 Crores since 11th September 2023.

a) Starting **1st January 2025**, MFA will become mandatory for taxpayers with AATO exceeding Rs 20 Crores, from **1st February 2025** for those with AATO exceeding **Rs 5 Crores**, and from **1st April 2025** for all other taxpayers and users.

b) Taxpayers are encouraged to activate and start using MFA immediately, and detailed instructions are available on the E-Invoice and E-Way Bill portals. It is advised to ensure that the registered mobile number is updated with your GSTIN.

### 2. Restricting the period of EWB generation from the date of base document:

The generation of E-Way Bills will be restricted to documents dated within **180 days** from the date of generation. For instance, documents dated earlier than **5th July 2024** will not be eligible for E-Way Bill generation starting **1st January 2025**.

### 3. Restricting the extension of EWB for specific time/period from the eWB generation date:

Furthermore, the extension of E-Way Bills will be limited to **360 days** from their original date of generation. For example, an E-Way Bill generated on **1st January 2025** can only be extended up to **25th December 2025**.

Taxpayers are requested to familiarize themselves with these updates and incorporate the necessary adjustments into their compliance processes. For additional details, please visit the respective portals.

Thanking You,

Team GSTN

## MORE INFORMATION ABOUT US



### The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

**Email us for a copy and for more info!**

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