

July 2024

# NEWSLETTER

## TAX

- Income Tax
- Goods and Services Tax



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## **Income Tax**

### **1. Income tax exemption for “Uttaranchal Board of Technical Education, Roorkee”.**

CBDT

Notification No. 53/2024 dated 15.07.2024

Vide this notification CBDT has notified that following income arising to the “**Uttaranchal Board of Technical Education, Roorkee**” will be exempt from income tax subject to conditions specified in the notification.

<b>S. No.</b>	<b>Income</b>
1	Grants/subsidies received from Government/government bodies.
2	Fees, Fines and Penalties collected as per the provisions of Uttaranchal Board of Technical Education Act, 2003
3	Receipts from sale of printed application forms and educational material.
4	Receipts from disposal of assets, sale of scrap material or waste papers.
5	Rent received in form of let out of properties.
6	Royalty of license fees for providing technical knowledge and infrastructure.
7	Interest on Bank deposits.

[Notification No. 53](#)

## Goods and Service Tax

### 1. Central Goods and Services Tax (Amendment) Rules, 2024.

CBIC

Notification No. 12/2024 dated 10.07.2024

Vide this notification, CBIC has brought the following amendments-

- **Manner of interest calculation on delayed payment of tax:** Proviso is inserted in rule 88B(1) of the CGST Rules to provide that the amount credited in the electronic cash ledger (ECL) on or before the due date of filing return but debited from ECL after the due date will not be considered for calculating the interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing the return.

This is a taxpayer-friendly amendment in line with the proposal of the 53rd GST Council meeting held on 22 June 2024. Now, the taxpayer will get the benefit of interest on delayed filing of return when payment is made through ECL.

- **Form GSTR-1A notified:** The GST Council in its meeting dated 22 June 2024, had recommended to provide a new optional facility by way of form GSTR-1A to facilitate the taxpayers to amend the details in form GSTR-1 for a tax period and/ or to declare additional details. Now, the CBIC has notified Form GSTR-1A which will be available on the GST common Portal. GSTR-1A will, however, have to be filed before filing of return in GSTR-3B for the said tax period.

- **Mechanism for distribution of GST Input credit by Input Service Distributor (ISD):** Rule 39 of the CGST Rules is substituted to provide for a mechanism for distribution of credit by an ISD. An additional sub-rule is inserted in rule 39 of the CGST Rules to provide for the transfer of credit, regarding the taxes paid under reverse charge by the head office, to the ISD for which an invoice as prescribed under rule 54(1A) of the CGST Rules needs to be raised.

This amendment appears to be a reorganisation of the provisions that existed under the erstwhile section 20 of the CGST Act, 2017 and the erstwhile rule 39 of the CGST Rules and combining them under the newly substituted rule 39 of the CGST Rules.

A new sub-rule has been inserted to link rule 54(1A) to 39 of the CGST Rules to enable the transfer of credit of taxes paid under reverse charge by the Head Office, to the ISD, which was absent in the erstwhile rule 39 of the CGST Rules. However, it is to be noted that rule 54(1A) of the CGST Rules allows the Head Office to issue an invoice on the ISD for the transfer of all common credit and not just credit of taxes paid under reverse charge for invoices that may have been inadvertently raised on the Head Office instead of the ISD. This non congruence between the rules needs further analysis. Notably as per the discussion in the 25th GST Council meeting rule 54(1A) of the CGST Rules was proposed to be inserted to transfer credit related to taxes paid under reverse charge.

[Notification No. 12](#)

### 2. Clarification on various issues pertaining to taxability and valuation of supply of services of providing corporate guarantee between related persons

CBIC

Circular No. 225/19/2024 dated 11.07.2024 & Notification No. 12/2024 dated 10.07.2024

Vide this circular, CBIC has amended/clarified the following in respect of taxation of services of providing corporate guarantee between related persons.

- Sub-rule (2) of rule 28 of the CGST Rules provided for the valuation mechanism of corporate guarantee provided by a supplier to any banking company or financial institution on behalf of the related party recipient for the purpose of levy of GST irrespective of whether the full input tax credit (ITC) is available to the recipient of services.
- The phrase 'who is a related person located in India' has now been inserted in the sub-rule, thereby narrowing its scope to guarantees provided to related parties situated within India.
- Valuation norm for GST purpose shall be '**one percent of the guarantee offered per annum**'. The guarantee amount on an annualised basis will be the base for calculating the valuation on a yearly basis to levy GST.
- A proviso has now been inserted stating that value in the invoice will be deemed to be the value of the said supply, when ITC is eligible.
- Valuation of the corporate guarantee service has to be done based on the amount guaranteed, not on the actual loan disbursed. ITC will be available irrespective of the loan disbursement status.
- When multiple entities provide a guarantee, valuation thereof is based on actual consideration or 1% of the guaranteed amount, whichever is higher. Each co-guarantor's GST liability is proportionate to their share of the guarantee.
- In terms of the amended rule 28(2) of the CGST Rules, GST is to be computed based on 1% of the guarantee offered per annum or the actual consideration, whichever is higher.
  - **Guarantees extending over multiple years (at the time of issue itself):** GST is payable upfront on the valuation arrived at, by multiplying 1% of guaranteed amount to the number of years it extends to or the actual consideration, whichever is higher.
  - **Guarantees renewed annually:** GST is payable annually at 1% of the guaranteed offer per annum or the actual consideration, whichever is higher.
  - **Guarantees issued for periods shorter than a year:** GST is calculated proportionately for part of the year

[Circular No. 225](#) & [Notification No. 12](#)

### 3. Annual Return exemption for small taxpayers.

CBIC

Notification No. 14/2024 dated 10.07.2024

Vide this notification, CBIC has exempted registered persons whose aggregate turnover in the financial year 2023-24 is up to Rs. 2 crores from filing an annual return for the said FY.

In the previous financial year also, exemption was provided to taxpayers having aggregate turnover up to Rs. 2 crores from filing an annual return.

[Notification No. 14](#)

#### 4. Reduction in rate of Tax Collected at Source (TCS) for supplies being made through electronic commerce operator (ECOs)

CBIC

Notification No. 15/2024 dated 10.07.2024

Vide this notification, CBIC has reduced the rate of TCS from **1%** [CGST + SGS or IGST or UTGST)] to **0.5%** (CGST + SGST or IGST or UTGST) for supplies being made through ECOs.

This will reduce working capital blockage for the suppliers supplying through ECOs.

[Notification No.15](#)

#### 5. Guidelines for recovery of outstanding dues, in cases where first appeal has been disposed of, till Appellate Tribunal comes into operation.

CBIC

Circular No. 224/18/2024 dated 11.07.2024

Vide this circular, CBIC has issued guidelines for recovery of outstanding dues and adjustment of demand already paid in the pre-deposit for filing appeal to Appellate Tribunal. These are cases where demand was confirmed by first appellate authority but further appeal could not be filed to the second appellate authority due to non-constitution of Appellate Tribunal.

Details are as under:

- In cases where taxpayer decides to file an appeal against the order of the first appellate authority and wishes to make payment of the amount of pre-deposit as per sub-section (8) of section 112 of CGST Act, he can make the payment of an amount equal to the amount of pre-deposit by navigating to **Services >> Ledgers>> Payment towards demand**, from his dashboard. The amount so paid would be mapped against the Demand order and demand amount would be reduced. The said amount deposited by the taxpayer will be adjusted against the amount of pre-deposit required to be deposited at the time of filing appeal before the Appellate Tribunal.
- The taxpayer needs to file an undertaking/ declaration with the jurisdictional proper officer that he will file appeal against the said order of the appellate authority before the Appellate Tribunal, as and when it comes into operation. On providing the said undertaking and on payment of an amount equal to the amount of pre-deposit as per the procedure mentioned in para above, the recovery of the remaining amount of confirmed demand as per the order of the appellate authority will stand stayed as per provisions of sub-section (9) of section 112 of CGST Act.
- In case, the taxpayer does not make the payment of the amount equal to amount of pre-deposit or does not provide the undertaking/ declaration to the proper officer, then it will be presumed that taxpayer is not willing to file an appeal against the order of the appellate authority and in such cases, recovery proceedings can be initiated as per the provisions of law.
- Similarly, when the Tribunal comes into operation, if the taxpayer does not file appeal within the timelines specified in Section 112 of the CGST Act, the remaining amount of the demand will be recovered as per the provisions of law.
- It has also been noticed that some taxpayers have already paid amounts that were intended to have been paid towards a demand, through FORM GST DRC-03. In such cases, the said person can file an application in FORM GST DRC-03A, electronically on the common portal, and the amount so paid and intimated through the FORM GST DRC-03 shall be adjusted as if the said payment was made towards the said demand on the date of such intimation through FORM GST DRC-03.

- Accordingly, in cases where the concerned taxpayer has paid an amount that was intended to have been paid towards a particular demand through FORM GST DRC-03, has submitted an application in FORM GST DRC-03A on the common portal, the amount so paid and intimated through the FORM GST DRC-03 will be considered as if the payment was made towards the said demand on the date of such intimation through FORM GST DRC-03. The amount so paid shall also be liable to be adjusted towards the amount required to be paid as pre-deposit, before the appellate authority or the appellate tribunal and the remaining amount of confirmed demand as per the order of the adjudicating authority or the appellate authority, as the case may be, will stand stayed. However, if the taxpayer does not file appeal within the prescribed timelines, the remaining amount of the demand will be recovered as per the provisions of law.

[Circular No. 224](#)

## **6. Mechanism for refund of additional Integrated Tax (IGST) paid on Accounts of upward revision in price of goods subsequent to exports**

CBIC

Circular No. 226/20/2024 dated 11.07.2024

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

Vide this circular, CBIC has provided following mechanism for claiming of refund of such additional IGST.

- Exporters may file an application for refund of additional IGST paid in **FORM GST RFD-01** electronically on the common portal and such application for refunds would be processed by the jurisdictional GST officer of the concerned exporter.
- Refund can be filed under “**any other**” category in Form GST RFD -01 with remarks “*Refund of additional IGST paid on account of increase in price subsequent to export of goods*” along with the relevant documents as prescribed in clause (bb) of sub-rule (2) of rule 89 of the CGST Rules. The exporter shall also upload the statements 9A & 9B as prescribed in clause (bb) & clause (bc) of sub-rule (2) of rule 89 of the CGST Rules along with the said refund claim. The exporter may also upload any other document to establish that the refund is admissible to him.
- GSTN is also in the process of development of a separate category of refund in FORM GST RFD-01, for filing an application of refund of such additional IGST paid, till its development, exporters are advised to file refund in “any other” category as mentioned in para above.
- Minimum Amount for which refund can be claimed is **Rs. 1000.**
- Rule 89 1(B) of CGST Rules, inserted vide Notification No. 12/2024-CT dated 10.07.2024, provides that refund application can be filed before the expiry of **two years from the relevant date** as per clause (a) of Explanation (2) of section 54 of the CGST Act. However, in cases, where the relevant date s per section 54 of the CGST Act was before the date on which sub rule 89(1B) of CGST Rules has come into force, such refund application can be filed before the expiry of a period of two years from the date on which the said sub-rule has come into force.

- The following documents are required to be accompanied with the refund claim in order to establish that refund is due to such exporter:
- Copy of shipping bill or bill of exports;
  - Copy of original invoices
  - Copy of contract/ other document(s), as applicable, indicating requirement for the revision in price of such goods subsequent to exports
  - Copy of the original invoices as well as relevant debit note(s)/ supplementary invoices
  - Proof of payment of additional IGST and applicable interest and details of the relevant FORM GSTR-1/ FORM GSTR-3B furnished by the applicant in which the said debit note(s)/ supplementary invoice(s) were declared and tax and interest thereon had been paid by the applicant
  - Proof of receipt of remittance of additional foreign exchange (FIRC) issued by Authorized Dealer-I banks
  - A certificate of a practicing-chartered accountant or a cost accountant certifying therein that the said additional foreign exchange remittance is on account of such upward revision in price of the goods subsequent to export
  - Statement 9A of FORM GST RFD 01
  - Statement 9B of FORM GST RFD 01.
- The concerned officer shall scrutinize the application with respect to its completeness and eligibility and only if he is satisfied that the whole or any part of the amount claimed is payable as refund, he shall proceed to issue the refund sanction order in **FORM GST RFD-06** and the payment order in **FORM GST RFD-05**.

[Circular No. 226](#)

## **7. Clarification regarding GST Rates and classification of Goods based on the recommendations of the GST Council in its 53<sup>rd</sup> meeting held on June 22, 2024**

CBIC

Circular No. 229/23/2024 dated 15.07.2024

Vide this circular, CBIC has clarified the GST Rates applicable on various goods as detailed below:

- **GST Rates on Solar Cookers:** Solar cookers whether running on single energy source or dual energy source will attract GST rate of **12%** and is appropriately classified under the heading **8516**.
- **GST Rates on Fire Water Sprinklers:** All type of sprinklers including Fire Water Sprinklers will attract GST Rate of **12%**.
- **GST Rates on parts of Poultry -keeping machinery:** Parts of Poultry -keeping machinery will attract GST @**12%** and is classifiable under tariff item **8436 91 00**.
- **GST payable on Agriculture Farm Produce:** Supply of Agriculture Farm Produce **exceeding 25 Kilograms or 25 Litres** is **exempt** from GST, rest supply ( $\leq 25$  Kgs or 25 Lts) will attract **5%** GST rate. Classification of the Agriculture Farm Produce as “pre-packaged and labelled” as defined by the Legal Metrology Act, 2009 is no more relevant in determining the GST taxability.

[Circular No. 229](#)

**Disclaimer:**

This is not a complete listing of all circulars/notifications issued during the month.  
Instead, it is only a listing of some of the circulars/notifications that we considered important



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