

JUNE 2024

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax**1. Specifying Forms prescribed in Appendix-II of the Income Tax Rules 1962, to be furnished electronically under Rule 131(2)(i) of the Income-tax Rules, 1962.**

CBDT

Notification No. 01/2024-25 dated 24.06.2024

Vide this notification CBDT has specified following forms to be submitted electronically. Earlier these forms were filed manually.

S. No.	Form	Description
1	3CN	Application for notification of affordable housing project as specified business under section 35AD of the Income-tax Act
2	3CS	Application for notification of a semiconductor wafer fabrication manufacturing unit as specified business under section 35AD of the Income Tax Act.
3	3CEC	Application for a Pre-filing meeting
4	3CEFB	Application for Opting for Safe Harbour in respect of Specified Transactions
5	59	Application for approval of issue of public companies under section 80C(2) (xix) of the Income Tax Act
6	59A	Application for approval of Mutual funds investing in the eligible issue of public companies under section 80C(2)(xx) of the Income Tax Act

Notification No. 1

Goods and Service Tax

1. Reduction of Government Litigation – fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court

CBIC

Circular No. 207/01/2024 dated 26.06.2024

Vide this circular, CBIC has fixed monetary limits for filing appeals or applications by the Department as follows:

Appellate Form	Monitory Limit (Amount involved in Rs.)
GSTAT	20 Lakhs
HIGH COURT	1 Crore
SUPREME COURT	2 Crore

[Circular No. 207](#)

2. Clarification on place of supply in case of unregistered person on the e-commerce platforms.

CBIC

Circular No. 209/01/2024 dated 26.06.2024

Vide this circular, CBIC has clarified as under regarding the place of supply in respect of supplies made to unregistered persons on the ecommerce portal.

- In cases, involving supply of goods to an unregistered person, where the address of delivery of goods recorded on the invoice is different from the billing address of the said unregistered person on the invoice, the place of supply of goods in accordance with the provisions of clause (ca) of sub-section (1) of section 10 of IGST Act, **shall be the address of delivery of goods recorded on the invoice.**
- Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods.

[Circular No. 209](#)

3. Valuation of supply of import of services by related person where recipient is eligible for full input tax credit (ITC)

CBIC

Circular No. 210/01/2024 dated 26.06.2024

Vide this circular, CBIC has issued clarification in respect of valuation of supply of import of services by a related person where recipient is eligible for full input tax credit.

- Representations have been received from trade and industry stating that demands are being raised by some of the field formations against registered persons seeking tax on reverse charge basis in respect of certain activities undertaken by their related persons based outside India, by considering the said activities as import of services by the registered person in India, based on an expansive interpretation of the deeming fiction in Schedule I of CGST Act, though no consideration is involved in the said activities and the same are not considered as supplies by the said related person in India.

- Now, CBIC has clarified that in cases where the foreign affiliate is providing certain services to the related domestic entity, and where full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules and the GST will be paid accordingly.
- Further, in cases where full input tax credit is available to the recipient, if an invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate, the value of such services may be deemed to be declared as Nil, and may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules and no GST will be charged accordingly.

[Circular No. 210](#)

4. Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons

CBIC

Circular No. 211/01/2024 dated 26.06.2024

Vide this circular, CBIC has issued the clarification on time limit for taking input tax credit in respect of RCM supplies received from unregistered persons.

- As per the CGST Act, a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after **the thirtieth day of November following the end of financial year to which such invoice or debit note pertains** or after furnishing of the relevant annual return, whichever is earlier.
- Accordingly, ITC can be availed by the recipient only on the basis of invoice or debit note or other duty paying document, and as in case of RCM supplies received by the recipient from unregistered supplier, invoice has to be issued by the recipient himself, **the relevant financial year, to which invoice pertains, for the purpose of time limit for availment of ITC under section 16(4) of CGST Act in such cases shall be the financial year of issuance of such invoice.**
- In cases, where the recipient issues the said invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax.
- it is also clarified that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and where invoice is to be issued by the recipient of the supplies in accordance with section 31(3)(f) of CGST Act, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act, subject to payment of tax on the said supply by the recipient and fulfilment of other conditions and restrictions of section 16 and 17 of CGST Act. In case, the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax.

[Circular No. 211](#)

5. Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers

CBIC

Circular No. 212/01/2024 dated 26.06.2024

As per section 15(3)(b)ii of the CGST Act, in cases where discounts are offered by suppliers through tax credit notes, after the supply has been effected, the said discount is not to be included in the taxable value only if the service recipient has reversed the Input tax credit attributable to the said discount.

Now, vide this circular, CBIC has specified what can constitute as evidence of the fact that Service Recipient has reversed the Input tax credit attributable to the discount, so that the said discount does not form part of the taxable supply.

Currently there is no functionality/ facility available on the common portal to enable the suppliers as well as the tax officers to verify whether the input tax credit attributable to such discounts has been reversed or not.

Now, the supplier may procure a certificate from the recipient of supply, issued by a Chartered Accountant (CA) or the Cost Accountant (CMA), certifying that the recipient has made the required proportionate reversal of input tax credit at his end in respect of such credit note for discount issued by the supplier.

The said CA/CMA certificate may include details such as the details of the credit notes, details of relevant invoice number against which the said credit note has been issued, amount of ITC reversal in respect of each of the said credit notes along with the details of the FORM GST DRC-03/ return / any other relevant document through which such reversal of ITC has been made by the recipient.

Such certificate issued by CA or CMA shall contain UDIN (Unique Document Identification Number)

[Circular No. 212](#)

6. Clarification on the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company

CBIC

Circular No. 213/01/2024 dated 26.06.2024

Vide this circular, CBIC has issued clarification on the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company.

- It is clarified that the issue of ESOP/ESPP/RSU by a company to its employees through its overseas holding company is outside the ambit of GST. Hence, GST will not be payable.
- It is further clarified that if the foreign holding company charges any additional fee, markup, or commission from the domestic subsidiary company for issuing ESOP/ESPP/RSU to the employees of the domestic subsidiary company, then the same shall be considered to be in nature of consideration for the supply of services of facilitating/ arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. In this case, GST will be leviable on such amount of the additional fee, markup, or commission, charged by the foreign holding company from the domestic subsidiary for issuance of its securities/shares to the employees of the latter. GST shall be payable by the domestic company on reverse charge basis on such import of services from the foreign holding company.

[Circular No. 213](#)

7. Clarification on the requirement of reversal of input tax credit in respect of the portion of the premium for life insurance policies which is not included in taxable value

CBIC

Circular No. 214/01/2024 dated 26.06.2024

Vide this circular, CBIC has clarified as under -

The amount of the premium for taxable life insurance policies, which is not included in the taxable value cannot be considered as pertaining to a non-taxable or exempt supply and therefore, there is no requirement of reversal of input tax credit as per provisions of Rule 42 or rule 43 of CGST Rules, in respect of the said amount.

[Circular No. 214](#)

8. Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors

CBIC

Circular No. 220/01/2024 dated 26.06.2024

Vide this circular, CBIC has issued clarification in respect of Place of supply applicable for custodial services provided by banks or Financial Institutions to Foreign Portfolio Investors.

It is clarified that custodial services are different from normal routine services provided by banks to Account holders, thus the place of supply of services will not be the location of service provider but instead the location of service recipient where it is known and the location of service provider otherwise.

[Circular No. 220](#)

9. Clarification on time of supply of services of spectrum usage under GST

CBIC

Circular No. 222/01/2024 dated 26.06.2024

Vide this circular, CBIC has issued clarification in respect of time of supply of services of spectrum usage under GST.

- It is clarified that in case where full upfront payment is made by the telecom operator, GST would be payable when the payment of the said upfront amount is made or is due, whichever is earlier, whereas in case where deferred payment is made by the telecom operator in specified installments, GST would be payable as and when the payments are due or made, whichever is earlier. The due date of payment is ascertainable from the contract or Notice by Government inviting applications or Frequency assignment letter (FAL) issued to telecom companies.
- It is also clarified that the similar treatment regarding the time of supply, as is discussed in the above para, may apply in other cases also where any natural resources are being allocated by Government to the successful bidder.

[Circular No. 222](#)

10. Recommendations of 53rd GST Council Meeting

The 53rd GST Council meeting was conducted on 22 June 2024 in New Delhi. The Union Finance Minister, Nirmala Sitharaman, headed this meeting.

Following is the list of the recommendations made by the council.

**This list does not contain recommendations for which sperate circulars has been issued by the CBIC as they are already covered in the above points (1-9).*

A. Revise GST rates on Goods

Item	Previous GST Rate	Revised GST Rate	Remarks
Aircraft parts and components	Variable	5%	Uniform rate for parts, components, testing equipment, tools, tool-kits
Milk cans (steel, iron, aluminium)	Variable	12%	This applies to all types
Cartons, boxes, and cases (paper board)	18%	12%	HS codes 4819 10 and 4819 20
Solar cookers	Variable	12%	Includes single or dual energy sources
Defence forces equipment	Variable	Exempt	IGST exemption extended for 5 years till June 30, 2029
RAMA research equipment	Variable	Exempt	Subject to specified conditions
Compensation Cess for SEZ imports	Variable	Exempt	Effective from July 1, 2017
Aerated beverages (Defense supply)	Variable	Exempt	Supply by Unit Run Canteens under the Ministry of Defense

B. Revised GST rate for services- The council recommended that following services should be exempt from GST.

Service Description	Previous GST Rate	Revised GST Rate	Remarks
Indian Railways services to the public	Variable	Exempt	Includes platform tickets, retiring rooms, waiting rooms, cloakroom services, battery-operated car services
Special Purpose Vehicles (SPV) services to Indian Railways	Variable	Exempt	Infrastructure use and maintenance services supplied by Indian Railways
Accommodation services (up to ₹20,000 per month)	Variable	Exempt	A minimum continuous period of 90 days required

Co-insurance premium apportionment	Variable	No Supply	Regularization of past practices
Ceding/re-insurance commission transactions	Variable	No Supply	Regularization of past practices
Reinsurance services for specific insurance schemes	Variable	No Supply	Regularization for services covered under notification No. 12/2017-CT
Retrocession (re-insurance of re-insurance)	Variable	Exempt	Clarification provided
RERA statutory collections	Variable	Exempt	Clarification provided
Incentive sharing for RuPay/BHIM-UPI transactions	Variable	Not Taxable	Clarification provided

C. Measures taken for Facilitation of Trade

- **Conditional waiver of interest and Penalties:** Interest and penalties will be waived for demand notices issued u/s 73 of CGST (applicable for fiscal years 17-18, 18-19 and 19-20) for cases not involving fraud, suppression and misstatement. It is applicable to cases where the taxpayer pays the full amount indicated in the notice by 31st Mar 2025.
- **Changes in section 73 and 74 of the CGST Act:** A common time limit will be set for issuing demand notices and orders under both these provisions without differentiating cases as fraud/non-fraud. The time limit for the taxpayers to claim the benefit of reduced penalty, by paying the tax demanded along with interest, would be increased from 30 to 60 days.
- **Reduction in pre-deposit limit for filing GST Appeals:** The maximum amount for pre-deposit for filing appeal before appellate authorities shall be reduced from Rs.25 crore under CGST and Rs.25 crore under SGST to Rs.20 crore respectively. Moreover, the amount of pre-deposit for appeal before the GST Appellate Tribunal has been reduced from 20% with a maximum amount of Rs.50 crores under CGST and Rs.50 crores under SGST to 10% with a maximum of Rs.20 crores under CGST and Rs.20 crores under SGST.
- **Extra Neutral alcohol** used for manufacture of liquor is recommended to be exempt from GST to facilitate liquor manufacturers.
- **TCS Rate reduction on Electronic Commerce operators (ECO):** ECOs had to collect Tax Collected at Source (TCS) at 1% (0.5% each under CGST and SGST/ 1% under IGST) on net taxable supplies under Section 52(1) of the CGST Act. It is recommended to reduce this to 0.5 % (0.25% under CGST and 0.25% under SGST/UTGST/0.5% under IGST).
- **Modification in section 16(4) which deals with allowability of GST input tax credit (ITC)-**
 - The time limit to avail ITC for invoices or debit notes in any GSTR-3B filed up to 30th November 2021 (applicable for fiscal years 17-18, 18-19, 19-20 and 20-21) may

be deemed to be 30th November 2021, which will apply retrospectively from 1st July 2017.

- Section 16(4) shall be relaxed where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, are filed by the registered person *within thirty days of the order of revocation*.

- **Extension of time for filing appeal before GSTAT:** The GST Council recommended modifying Section 112 to provide a three-month time for filing appeals before the GST Appellate Tribunal. It will start from a *date yet to be notified by the Government*. Originally, the time period for filing appeal was *three- months from the date of receipt of order*.

This amendment offers significant relief to taxpayers with pending appeals related to assessment orders or revisions. It provides them with additional time to prepare and file their appeals before the Appellate Tribunal. It also provides relief to taxpayer who failed to file appeals due to time barring.

- **IGST Refund due to upward price revisions after exports:** A mechanism is being introduced for claiming refund of additional IGST paid due to any upward revision in price of the goods after their export helping taxpayers claim refunds for paying additional IGST due to such move.

D. Compliance Related recommendations

- **Change in due date for filing Annual Return for composition taxpayers:** Extending due date for filing FORM GSTR-4 from April 30 to June 30, effective from FY 2024-25
- **Section 11A Insertion for Duty Regularization:** Empowering the government to regularize non-levy or short levy of GST due to common trade practices
- **Interest Calculation Adjustment:** The GST Council has recommended not to charge interest on the amount available in the electronic cash ledger on the due date of GSTR-3B and is debited while filing the said return in cases of delayed filing of GSTR-3B.
- **Mandatory filing of Form GSTR:** GSTR-7 return (*Filed by taxpayers who deduct TDS*) must be filed mandatorily even if no TDS is deducted. No late fee will be charged for nil filing.
- **Reporting B2C supplies in GSTR-1:** The threshold for reporting Business-to-Consumers (B2C) interstate supplies invoice-wise in Table 5 of GSTR-1 will be reduced from Rs.2.5 lakh to Rs.1 lakh.
- **Re-introduction of Form GSTR-1A:** GSTR-1A allowed a registered taxpayer to update the details of sales for GSTR-1 which was filed earlier. The form is no longer in use since 2017 but has been reintroduced in June 2024. The information would come from the buyer's GSTR-2B when he modified any data. The seller could either accept or reject the changes. Changes accepted by the seller would have automatically reflected in the GSTR-3B.

E. Other Recommendations

- **Biometric-Based Aadhaar Authentication:** The GST council has recommended rolling out of the nationwide Biometric-Based Aadhar Authentication for new registrations in phased manner.
- **DRC-03 Circular expected to be notified:** A circular will be issued to prescribe a mechanism for adjusting any demand amount paid through DRC-03 against the amount payable as pre-deposit for filing GST appeal.

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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