

SUPPLEMENTARY MATERIAL

SUPPLY UNDER GST

1. CASINOS, HORSE RACING AND ONLINE GAMING EXCLUDED FROM THE PURVIEW OF SCHEDULE III TO CLARIFY THEIR TAXABILITY [ENTRY 6 OF SCHEDULE III AMENDED]:

a. Amended Entry 6 provides as follows: “Actionable claims, other than specified actionable claims.”

Note: Earlier Entry 6 provided as follows: “Actionable claims, other than betting, gambling and lottery.”

- **Specified Actionable claim [Sec 2(102A)]:** Specified actionable claim means the actionable claim involved in or by way of—
 - i. betting
 - ii. casinos
 - iii. gambling
 - iv. horse racing
 - v. lottery or
 - vi. online money gaming.
- **Online gaming [Sec 2(80A)]:** Online gaming means offering of a game on the internet or an electronic network and includes online money gaming.
- **Online money gaming [Sec 2(80B)]:** Online money gaming means online gaming
 - in which players pay or deposit money or money's worth, including virtual digital assets,
 - in the expectation of winning money or money's worth, including virtual digital assets,
 - in any event including game, scheme, competition or any other activity or process,
 - whether or not its outcome or performance is based on skill, chance or both and
 - whether the same is permissible or otherwise under any other law for the time being in force.
- **Definition of supplier amended [Section 2(105)]:** The definition of supplier has been amended to incorporate a proviso which provides that
 - a person who organises or arranges, directly or indirectly, supply of specified actionable claims,
 - including a person who owns, operates or manages digital/electronic platform for such supply,
 - shall be deemed to be a supplier of such actionable claims,
 - whether such actionable claims are supplied by him or through him and
 - whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner,
 - and all the provisions of CGST Act shall apply to such supplier of specified actionable claims,
 - as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims.

2. SUPPLY OF FOOD AND BEVERAGES AT CINEMA HALLS TAXABLE AS RESTAURANT SERVICE [Circular No. 201/13/2023 GST dated 01.08.2023]:

It is hereby clarified that:

- a. supply of food or beverages in a cinema hall is taxable as ‘restaurant service’ as long as:

- i. The food or beverages are supplied by way of or as part of a service, and
 - ii. supplied independent of the cinema exhibition service.
- b. where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

3. CLARIFICATION ON TAXABILITY OF SHARES HELD IN A SUBSIDIARY COMPANY BY HOLDING COMPANY [Circular No. 196/08/2023 GST dated 17.07.2023]:

- a. The issue which arose for consideration is whether the holding of shares in a subsidiary company by the holding company will be treated as 'supply of service' and whether the same will attract GST or not.
- b. It is clarified that securities are considered neither as goods nor as services in terms of definition of goods under section 2(52) and the definition of services under section 2(102). Further, securities include 'shares' as per definition of securities.
- c. This implies that the securities held by the holding company in the subsidiary company are neither goods nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services.
- d. For a transaction/activity to be treated as supply of services, there must be a supply as defined under section 7.
- e. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC2 entry '997171' in the scheme of classification of services mentioning; "the services provided by holding companies, i.e. holding securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest.", unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7.
- f. Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

CHARGE OF GST

A. TAX ON SERVICES SUPPLIED BY DIRECTOR OF A COMPANY IN HIS PERSONAL CAPACITY SUCH AS RENTING OF IMMOVABLE PROPERTY TO THE COMPANY/BODY CORPORATE NOT PAYABLE UNDER RCM [Circular No. 201/13/2023 GST dated 01.08.2023]:

1. Tax on services supplied by director of a company/body corporate to the said company or the body corporate is payable by the company/body corporate under reverse charge mechanism (RCM).
2. It is hereby clarified that services supplied by a director of a company/body corporate to the company/body corporate in his private/personal capacity such as services supplied by way of renting of immovable property are not taxable under RCM.
3. Only those services supplied by director of company/body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate.

B. AMENDMENTS IN THE LIST OF NOTIFIED SERVICES TAX ON WHICH IS PAYABLE UNDER REVERSE CHARGE BY THE RECIPIENT [Notification No. 14/2023 CT(R) dated 19.10.2023 and Notification No. 17/2023 IT(R) dated 19.10.2023]:

With effect from 20.10.2023, the said list of services, tax on which is payable under reverse charge has been amended as follows:

1. **Entry no – 5:** Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, -
 - a. renting of immovable property, and
 - b. services specified below-
 - (i) services by the Department of Posts **and the Ministry of Railways (Indian Railways)**
 - (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (iii) transport of goods or passengers.
2. Services supplied by the Central Government **excluding the Ministry of Railways (Indian Railways)**, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act.

C. SECTION 9(5): The Government may, on the recommendations of the GST Council, notify specific categories of services the tax [CGST/SGST/IGST] on supplies of which shall be paid by the electronic commerce operator (ECO) if such services are supplied through it. Such services shall be notified on the recommendations of the GST Council.

The following services were notified for this purpose:

- a. Services by way of transportation of passengers by a radio-taxi, motorcab, maxicab, motor cycle, or **any other motor vehicle except omnibus**.
- ia. **Services by way of transportation of passengers by an omnibus except where the person supplying such service through ECO is a company.**
- b. Services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.

- c. Services by way of house-keeping, such as plumbing, carpentering etc, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section 22(1) of the CGST Act.
- d. Supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises.

Note:

- a. **Omnibus** means any motor vehicle constructed or adapted to carry more than 6 persons excluding the driver.
- b. **Specified premises'** would mean premises providing hotel accommodation service having declared tariff of any unit of accommodation above ₹ 7,500 per unit per day or equivalent.

PLACE OF SUPPLY

A. PLACE OF SUPPLY OF GOODS PURCHASED OVER THE COUNTER IN ONE STATE AND TRANSPORTED TO ANOTHER STATE BY THE BUYER [SECTION 10 OF THE IGST ACT AMENDED]:

1. Section 10(1)(ca) [Newly added]:

- where the supply of goods is made to a person other than a registered person,
- the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c), be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and
- the location of the supplier where the address of the said person is not recorded in the invoice.

Explanation: For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

Note: The above covers the cases where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State (generally, the State where he resides). For instance, migrant workers, tourists, etc. who come to a State for work, tourism, etc. and purchase goods in that State to take it to their respective State. Similarly, in automobile sector, the residents of a State may travel to another State to purchase vehicle from that State to take advantage of lower registration charges and road tax, which vary from State to State and thereafter, take the vehicle to their State.

B. CLARIFICATION REGARDING PLACE OF SUPPLY IN CASE OF SUPPLY OF SERVICES IN RESPECT OF ADVERTISING SECTOR: Advertising companies are often involved in procuring space on hoardings/ bill-boards erected and mounted on buildings/land, in different States, from various suppliers ("vendors") for providing advertisement services to its corporate clients. There may be variety of arrangements between the advertising company and its vendors as below:

1. ISSUE 1:

- Issue:** There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?
- Clarification:**
 - The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act.
 - As per section 12(3)(a) of the IGST Act, the place of supply of services directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or coordination of construction work shall be the location at which the immovable property is located.

- iii. Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

2. ISSUE 2:

a. Issue:

- i. There may be another case where the advertising company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor.
- ii. The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person.
- iii. The vendor is responsible for display of the advertisement of the advertisement company at the said location.
- iv. During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure.
- v. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

b. Clarification:

- i. In this case, as the service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property.
- ii. Accordingly, the place of supply of the same shall not be covered under section 12(3)(a) of IGST Act.
- iii. Vendor is in fact providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location.
- iv. Therefore, such services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be determined in terms of section 12(2) of IGST Act.

EXEMPTIONS FROM GST

A. AMENDMENTS IN THE EXISTING EXEMPTIONS:

1. **Entry 19C: Satellite launch services** ~~supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited.~~
2. **Entry 6 – Services by Govt:** Services by the Central Government, State Government, Union territory or local authority excluding the following services—
 - a. services by the Department of Posts and the **Ministry of Railways (Indian Railways);**
 - b. Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - c. Transport of goods or passengers; or
 - d. Any service, other than services covered under entries (a) to (c) above, provided to business entities.
3. **Entry 7 Services provided by Govt to business entities:** Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017.

Explanation - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-

 - a. Services,-
 - (i) by the Department of Posts and the **Ministry of Railways (Indian Railways);**
 - (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (iii) of transport of goods or passengers; and
 - b. Services by way of renting of immovable property.
4. **Entry 8 – Services provided by one Govt to another Govt:** Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority.

However, nothing contained in this entry shall apply to services-

 - (i) by the Department of Posts and the **Ministry of Railways (Indian Railways);**
 - (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (iii) of transport of goods or passengers.
5. **Entry 9 - Services by Govt where consideration does not exceed 5000:** Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed ₹ 5,000.

However, nothing contained in this entry shall apply to—

 - (i) Services by the Department of Posts and the **Ministry of Railways (Indian Railways);**
 - (ii) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (iii) transport of goods or passengers.

Further, in case where continuous supply of service is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed ₹ 5,000 in a FY.

B. NEW EXEMPTIONS INTRODUCED:

1. Entry 3B: Services provided to a Governmental Authority by way of —

- a. Water supply;
- b. Public health;
- c. Sanitation conservancy;
- d. Solid waste management; and
- e. Slum improvement and upgradation.

TIME OF SUPPLY

TAX TO BE PAID ON SPECIFIED ACTIONABLE CLAIMS AT THE TIME OF RECEIPT OF PAYMENT FOR SUCH SUPPLIES BY THE SUPPLIERS:

1. Notification No. 66/2017 CT dated 15.11.2017 was earlier issued to exempt all registered persons from the requirement of payment of tax at the time of receipt of advances in case of supply of goods and provides for payment of tax in such cases at the time of supply as specified in section 12(2)(a).
2. With effect from 01.10.2023, said notification has been amended to exclude registered persons making supply of specified actionable claims from the said exemption, so that in case of specified actionable claims, the tax can be paid at the time of receipt of payment for such supplies by the suppliers [Notification No. 50/2023 CT dated 29.09.2023].

REGISTRATION

A. REQUIREMENT OF THE PRESENCE OF THE APPLICANT FOR PHYSICAL VERIFICATION OF BUSINESS PREMISES DONE AWAY WITH [PROVISO TO RULE 9(1) AMENDED AND RULE 25 SUBSTITUTED]:

1. Amended proviso to rule 9(1): Where—

- a. a person, fails to undergo Aadhaar authentication or does not opt for Aadhaar authentication; or
- b. a person, who has undergone Aadhaar authentication, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or
- c. the proper officer deems it fit to carry out physical verification of places of business,

the registration shall be granted within 30 days of submission of application, after physical verification of the place of business, ~~in the presence of the said person~~ in the manner provided under rule 25 and verification of such documents as the proper officer may deem fit.

2. Corresponding amendment in Rule 25:

- i. **Where the proper officer is satisfied that the physical verification of the place of business of a person is required AFTER the grant of registration:** He may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal within a period of 15 working days following the date of such verification.
- ii. **Where the physical verification of the place of business of a person is required BEFORE the grant of registration the grant of registration in the circumstances specified in the proviso to rule 9(1) [as given above]:** the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal at least 5 working days prior to the completion of the time period specified in the said proviso(i.e. 30 days of application).

B. RULE 10A AMENDED: TIME LIMIT FOR FURNISHING THE BANK ACCOUNT DETAILS BY THE APPLICANT:

Amended rule 10A provides that the registered person (except TDS deductor/TCS collector), after obtaining certificate of registration and a GSTIN, is allowed to furnish information with respect to details of bank account on the common portal,

- within a period of **30 days from the date of grant of registration**, or
- before furnishing the details of outward supplies of goods or services or both under section 37 in Form GSTR-1 or using IFF (Invoice Furnishing Facility),

whichever is earlier.

***Note:** Earlier, this time limit was 45 days from the date of grant of registration or the due date of furnishing return under section 39, whichever is earlier.*

C. RULE 21A(2A) SUBSTITUTED AND THIRD PROVISO TO RULE 21A(4) INSERTED: System based suspension of registration in case of failure to furnish the details of valid bank account within stipulated time. Automatic revocation on furnishing said details:

1. Substituted rule 21a(2a): Where,-

(a)

- (i) A comparison of the returns furnished by a registered person under section 39 with:
- the details of outward supplies furnished in Form GSTR-1 or
 - the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their Form GSTR-1,

OR

- (ii) Such other analysis, as may be carried out on the recommendations of the Council, show that there are significant differences or anomalies indicating contravention of the provisions of the CGST Act or the rules made thereunder, leading to cancellation of registration of the said person, or

(b) There is a contravention of the provisions of rule 10A by the registered person,

the registration of such person shall be suspended.

Note: Said person shall be intimated in prescribed form by sending a communication to his e-mail address provided at the time of registration or as amended from time to time. In this intimation for suspension and notice for cancellation of registration, the said differences and anomalies are highlighted and said person is asked to explain, within a period of 30 days, as to why his registration shall not be cancelled.

- 2. Third proviso to rule 21A(4): where the registration has been suspended as above for contravention of provisions of rule 10A and the registration has not already been cancelled by the proper officer under rule 22, the suspension of registration shall be deemed to be revoked upon compliance with the provisions of rule 10A [Newly added].**

D. RULE 23(1) AMENDED: TIME-LIMIT FOR FILING APPLICATION FOR REVOCATION OF CANCELLATION OF REGISTRATION INCREASED TO 90 DAYS AND EXTENSION OF 180 DAYS PERMITTED ON SUFFICIENT REASON BEING SHOWN:

Amended portion of rule 23(1) provides as follows:

A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, **within a period of 90 days from the date of the service of the order of cancellation of registration.**

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, **for a further period not exceeding 180 days.**

Earlier Rule 23(1) is stated as under: A registered person, whose registration is cancelled by the proper officer on his own motion, may subject to the provisions of rule 10B submit an application for revocation of cancellation of registration to such proper officer, within a period of thirty days from the date of the service of the order of cancellation of registration or within such time period as extended by the Additional Commissioner or the Joint Commissioner or the Commissioner, as the case may be, in exercise of the

powers provided under the proviso to sub-section (1) of section 30, at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

E. RULE 8(1) AMENDED: Rule 8(1) has been amended to exclude a person supplying online money gaming from a place outside India to a person in India from declaring their PAN and State/Union territory for applying for registration.

F. UNREGISTERED PERSONS WITH AGGREGATE TURNOVER UPTO THRESHOLD LIMIT PERMITTED TO SUPPLY GOODS THROUGH AN ECO:

1. Every ECO (Electronic Commerce Operator) who is required to collect tax at source under section 52 is required to take compulsory registration.
2. Persons who supply goods and/or services, other than supplies specified under section 9(5), through such ECO who is required to collect tax at source under section 52, are required to take compulsory registration.

Note: However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available in case of suppliers supplying services through ECO.

3. **Notification No. 34/2023 CT dated 31.07.2023:** With effect from 01.10.2023, Notification No. 34/2023 CT dated 31.07.2023 provided that the persons making supplies of goods through an ECO who is required to collect TCS under section 52 and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit in accordance with the provisions of section 22(1), are exempted from obtaining registration, subject to the following conditions, namely:
 - i. such persons shall not make any inter-State supply of goods;
 - ii. such persons shall not make supply of goods through ECO in more than one State/Union territory;
 - iii. such persons shall be required to have a PAN issued under the Income tax Act, 1961;
 - iv. such persons shall, before making any supply of goods through ECO, declare on the common portal:
 - a. their PAN
 - b. address of their place of business and
 - c. State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
 - v. such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
 - vi. such persons shall not be granted more than one enrolment number in a State/UT;
 - vii. no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
 - viii. where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.

TAX INVOICE, CREDIT AND DEBIT NOTES

A. THRESHOLD LIMIT FOR E-INVOICING REDUCED TO ₹ 5 CRORE [Notification No. 10/2023 CT dated 10.05.2023]:

With effect from 01.08.2023, the threshold limit for issuing e-invoice has been reduced to ₹ 5 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore.

B. APPLICABILITY OF E-INVOICING TO GOVERNMENT DEPARTMENTS/PSUS ETC. REGISTERED SOLELY FOR THE PURPOSE OF DEDUCTION OF TAX AT SOURCE AS PER PROVISIONS OF SECTION 51 [Circular No. 198/10/2023 GST dated 17.07.2023]:

1. The issue which arose for consideration was whether e-invoicing is applicable for supplies made by a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, to Government Departments or establishments/ Government agencies/ local authorities/ PSUs which are registered solely for the purpose of deduction of TDS as per provisions of section 51.
2. It is clarified that Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct TDS under section 51, are liable for compulsory registration in accordance with section 24(vi).
3. Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of TDS as per provisions of section 51, are to be treated as registered persons under the GST law as per provisions of section 2(94).
4. Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc under rule 48(4).

PAYMENT OF TAX

A. CLARIFICATION ON CHARGING OF INTEREST UNDER SECTION 50(3) IN CASES OF WRONG AVAILMENT OF IGST CREDIT AND REVERSAL THEREOF [Circular No. 192/04/2023 GST dated 17.07.2023]:

The issues which arose for consideration are as to:

- 1. Whether in the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B, whether the balance of ITC available in electronic credit ledger (ECL) under the head of IGST only needs to be considered or total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.**
 - a. Since the amount of ITC available in ECL, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total ITC available in ECL, under the heads of IGST, CGST and SGST taken together, that has to be considered for calculation of interest under rule 88B and for determining as to whether the balance in the ECL has fallen below the amount of wrongly availed ITC of IGST, and to what extent the balance in ECL has fallen below the said amount of wrongly availed credit.
 - b. Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under section 50(3) if, during the time period starting from such availment and up to such reversal, the balance of ITC in the ECL, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in ECL individually falls below the amount of such wrongly availed IGST credit.
 - c. However, when the balance of ITC, under the heads of IGST, CGST and SGST of ECL taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the extent of utilization will be the extent to which the total balance in ECL under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as per section 50(3) read with section 20 of the IGST Act, 2017 and of rule 88B(3).
- 2. whether the credit of compensation cess available in ECL shall be taken into account while considering the balance of ECL for the purpose of calculation of interest under rule 88B(3) in respect of wrongly availed and utilized IGST, CGST or SGST credit.**

Since ITC in respect of compensation cess can be utilised only towards payment of compensation cess. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/ or reversals of credit under the said heads. Accordingly, credit of compensation cess available in ECL cannot be taken into account while considering the balance of ECL for the purpose of calculation of interest under rule 88B(3) in respect of wrongly availed and utilized IGST, CGST or SGST credit.

TAX DEDUCTION AT SOURCE AND COLLECTION OF TAX AT SOURCE

RULE 67(2) AMENDED - DETAILS OF TCS FURNISHED BY ECO TO BE MADE AVAILABLE ELECTRONICALLY TO ONLY REGISTERED SUPPLIERS:

Amended rule 67(2) provides as follows:

The details of tax collected at source under section 52(1) furnished by the ECO shall be made available electronically to each of the registered suppliers on the common portal after filing of Form GSTR-8 for claiming the amount of tax collected in his electronic cash ledger after validation.

RETURNS

A. RULE 59(6) AMENDED - ADDITIONAL CASES PRESCRIBED WHEREIN A REGISTERED PERSON IS DEBARRED FROM FURNISHING DETAILS OF OUTWARD SUPPLIES IN FORM GSTR-1/IFF:

Cases wherein a registered person is debarred from furnishing details of outward supplies in Form GSTR-1/IFF:

- a. A registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month.
- b. A registered person, required to furnish return for every quarter under the proviso to subsection (1) of section 39, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period.
- d. A registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88C in respect of a tax period, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of sub-rule (2) of rule 88C.
- e. *A registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88D(1) in respect of a tax period/periods, shall not be allowed to furnish GSTR-1/IFF for a subsequent tax period, unless he has either paid the amount equal to the excess ITC as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess ITC that still remains to be paid, as required under the provisions of rule 88D(2).*
- f. *A registered person shall not be allowed to furnish GSTR-1/IFF, if he has not furnished the details of the bank account as per the provisions of rule 10A.*

B. NEW RULE 88D INTRODUCED:

- (1) Where the amount of ITC availed by a registered person in the return for a tax period(s) furnished by him in Form GSTR-3B exceeds the ITC available to such person in accordance with the auto-generated statement containing the details of ITC in Form GSTR-2B in respect of the said tax period(s), by specified amount and percentage, the said registered person shall be given an intimation in prescribed form electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time. Said intimation shall highlight the said difference and will direct him to:
 - a. pay an amount equal to the excess ITC availed in the said Form GSTR 3B, along with interest payable under section 50, through prescribed form, OR
 - b. explain the reasons for the aforesaid difference in ITC on the common portal, within a period of 7 days.
- (2) Such registered person shall, upon receipt of said intimation, either,
 - a. pay an amount equal to the excess ITC, as specified in intimation, fully or partially, along with interest payable, through prescribed form and furnish the details thereof, electronically on the common portal, or

b. furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess ITC that has still remained to be paid, within 7 days' period.

- (3) Where any amount specified in the intimation remains to be paid within 7 days' period and where no explanation/reason is furnished by the registered person in default or where the explanation/reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 section 74.