

# CA INTER MAY 2025 GST AMENDMENTS

## INTRODUCTION TO GST

Levy of GST Compensation cess extended till 31<sup>st</sup> March 2026.

## SUPPLY UNDER GST

Amendment in SCHEDULE III:

Actionable claims, other than specified actionable claims.

Specified actionable claim means the actionable claim claims involved in or by way of –

- (i) betting;
- (ii) casinos;
- (iii) gambling;
- (iv) horse racing;
- (v) lottery; or
- (vi) online money gaming [Section 2(102A)].

**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.

Supply of food and beverages at cinema halls taxable as restaurant service

The cinema operator:

- (i) may run these refreshment/eating stalls/ kiosks/ counters/ restaurant themselves or
- (ii) they may give it on contract to a third party. The customer may like to avail the services supplied by these refreshment/snack counters or choose not to avail these services. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through coin-operated machines etc. which a customer may or may not avail.

It is hereby clarified that:

- i. supply of food or beverages in 'restaurant service' as long as:
  - a. the food or beverages are supplied by way of or as part of a service, and
  - b. supplied independent of the cinema exhibition service.
- ii. 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 Circular No. 207/73/2023 GST dated 01.08.2023

**Replacement of parts and goods under warranty:**

Issue: When distributors replace parts or goods under warranty on behalf of manufacturers, several questions arise:

Is there a supply transaction between the distributor and the manufacturer?

Is the distributor required to reverse the input tax credit (ITC) for the replaced parts?

Clarification:

**(a) Scenario 1: Distributor Replaces Parts and Invoices Manufacturer**

Process: The distributor replaces parts using their own stock or by purchasing from a third party, then invoices the manufacturer.

GST Implication: GST is payable by the distributor on the invoice to the manufacturer. The manufacturer can claim ITC. Further, no reversal of ITC is required by the distributor.

Example: Distributor X replaces a faulty part using their stock and invoices Manufacturer A, charging GST

**(b) Scenario 2: Manufacturer Supplies Parts to Distributor Without Consideration**

Process: The distributor requests the manufacturer to supply parts for replacement under warranty, and the manufacturer provides these parts without charging consideration.

GST Implication: No GST is payable and no reversal of ITC is required.

Example: Distributor X requests parts from Manufacturer A, who supplies them without issuing an invoice. No GST is involved, and no ITC reversal is necessary.

**(c) Scenario 3: Manufacturer Issues Credit Note for Parts Supplied to Distributor**

Process: The distributor uses parts previously supplied by the manufacturer, who then issues a credit note.

GST Implication: The manufacturer adjusts the tax liability, and the distributor must reverse the ITC availed on these parts.

Example: Distributor X uses parts from Manufacturer A's previous supply. Manufacturer B issues a credit note, and Distributor A reverses the corresponding ITC.

New Point as per Circular No. 216/10/2024-GST:

**(d) Scenario 4: Distributor Replenishes Stock from Manufacturer**

Process: The distributor replaces parts from their stock and later requests replenishment from the manufacturer, who supplies the parts via a delivery challan.

GST Implication: No GST is payable on the replenishment and no reversal of ITC is required to be made by the manufacturer

Example: Distributor X replaces parts from their stock and requests replenishment from Manufacturer A, who supplies the parts through a delivery challan without charging GST.

Note:

If the distributor provides repair services as a part of warranty and subsequently charges manufacturer then GST would be payable on such provision of service by the distributor to the manufacturer.

### **Extended Warranty Provisions**

Issue: Is GST payable when companies offer extended warranty options to customers at different times?

Clarification: (a) Extended Warranty at Original Supply

Process: If a customer purchases an extended warranty at the time of the original supply, it forms part of the composite supply.

GST Implication: The consideration for the extended warranty is included in the price of the goods, and GST is payable on the total amount.

Note: If the warranty is supplied by a different entity, it is treated as a separate supply.

Example: Customer X buys an AC with an extended warranty at purchase time. GST is charged on the total price, including the warranty.

(b) Extended Warranty After Original Supply

Process: If a customer purchases an extended warranty after the original supply, it is considered a separate contract.

GST Implication: GST is payable by the service provider based on the contract nature (goods, services, or composite supply).

Example: Customer X buys an extended warranty for their AC a year later. This is treated as a separate supply of services, and GST is charged accordingly.

### **CHARGE OF GST**

**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 reverse charge mechanism**

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).

It is 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.

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.

Circular No. 201/13/2023 GST dated 01.08.2023

**RCM In Case of Services As Per Section 9(3) Of CGST Act - New Entry Added:**

Description of supply of services	Supplier of Services	Recipient of Services
Service by way of renting of any property other than residential dwelling	Any unregistered person	Any registered Person

**TIME OF SUPPLY****Clarification on the time of supply in respect of time of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model**

**Issue:** Under the Hybrid Annuity Mode (HAM) model of National Highways Authority of India (NHAI), the concessionaire has to construct the new road and provide Operation & Maintenance of the same which is generally over a period of 15-17 years and the payment of the same is spread over the years. What is the time of supply for the purpose of payment of tax on the said service under the HAM model?

**Clarification:** Under the Hybrid Annuity Model (HAM) of concession agreements, the highway development projects are under Design, Build, Operate and Transfer model (DBOT), wherein the concessionaire is required to undertake new construction of Highway, as well as the Operation and Maintenance (O&M) of Highways. The payment terms for the construction portion as well as the O&M portion of the contract are provided in the agreement between National Highways Authority of India (NHAI) and the concessionaire.

A HAM contract is a single contract for construction as well as operation and maintenance of the highway. The payment terms are so staggered that the concessionaire is held accountable for the repair and maintenance of the highway as well. The contract needs to be looked at holistically based on the services to be performed by the concessionaire and cannot be artificially split into two separate contracts for construction and operation and maintenance, based on the payment terms. The concessionaire is bound contractually to complete not only the construction of the highway but also to operate and maintain the same.

In HAM contract, the payment is made spread over the contract period in installments and payment for each installment is to be made after specified periods, or on completion of an event, as specified in the contract. The same appears to be covered under the 'Continuous supply of services' as defined under section 2(33) of the CGST Act, 2017. It is clarified that the tax liability on the concessionaire under the HAM contract, including on the construction portion, would arise at the time of issuance of invoice, or receipt of payments, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of an event, as specified in the contract. The same appears to be covered under the 'Continuous supply of services' as defined under section 2(33) of the CGST Act, 2017.

It is clarified that the tax liability on the concessionaire under the HAM contract, including on the construction portion, would arise at the time of issuance of invoice, or receipt of payments, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of the event

specified in the contract, as applicable. If invoices are not issued on or before the specified date or the date of completion of the event specified in the contract, tax liability would arise on the date of provision of the said service (i.e., the due date of payment as per the contract), or the date of receipt of the payment, whichever is earlier.

It is also clarified that as the installments/annuity payable by NHAI to the concessionaire also includes some interest component, the amount of such interest shall also be includible in the taxable value for the purpose of payment of tax on the said annuity/installment in view of the provisions of section of the CGST Act, 2017.

Circular No. 221/15/2024 GST dated 26.06.2024

### **EXEMPTIONS UNDER GST**

#### **Services provided by Government**

Services provided by Ministry of Railways (Indian Railways) to individuals by way of

- (a) sale of platform tickets
- (b) facility of retiring rooms/waiting rooms;
- (c) cloak room services;
- (d) battery operated car services

#### **Services provided by one zone/division under Ministry of Railways (Indian Railways) to under Ministry of Railways (Indian Railways)**

#### **Clarification related to GTA:**

It is clarified by CBIC that ancillary or incidental services provided by GTA in the course Of transportation of goods by road, such as loading/unloading, packing/unpacking, transshipment, warehousing etc. will be treated as composite supply of transport of goods.

The method of invoicing used by GTAS Will not generally alter the nature of the composite supply of service.

However, if such services are not provided in the course of transportation of goods and are invoiced separately, then these services will not be treated as composite supply of transport of goods.

#### **General insurance business services**

Entry 36A

Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 or 40" "Retrocession " means a reinsurance transaction whereby a part of assumed reinsured risk is further

ceded to another Indian Insurer or a CBR (Cross Border Reinsurer). It has been clarified" that the term "reinsurance" includes "retrocession" services.

### **Services provided to the Government**

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

### **Other exempt services**

#### **Entry 12A**

Supply of accommodation services having value of supply less than or equal **to twenty thousand rupees per person** per month provided that the accommodation service is supplied for **a minimum continuous period of ninety days**.

#### **Entry 25A**

Supply of services by way of providing metering equipment on rent, testing meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission and of electricity provided by electricity transmission distribution utilities to their consumers.

#### **Entry 66A**

Services of affiliation provided by a Central or State Educational or Council or any other similar by whatever name called, to an established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.

Accordingly, affiliation provided to other schools, universities and colleges would be taxable.

#### **Entry 44A**

Research and development services against consideration received in the form of grants supplied by–

(a) a Government Entity; or

(b) a research association, university, college or other institution, notified under clauses (ii)

or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961.

The condition to be fulfilled in this case is that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of the research and development service.

### **PLACE OF SUPPLY:**

In case of supply of goods to unregistered person through ECO, POS shall be the delivery address and not the billing address – Section 10(1)(ca) of IGST Act.

### **INPUT TAX CREDIT**

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

It is 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 the CGST Act, 2017 the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of the CGST Act, 2017 will be the financial year in which the invoice has been issued by the recipient under section 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 the CGST Act, 2017.

#### **Time limit or taking ITC in case revoked registration cancellation [Section16(6)]**

In case where registration of a taxpayer is cancelled and subsequently, it is revoked, return for the period from date of cancellation/ effective date of cancellation till the date of revocation of cancellation cannot be filed on the portal by the taxpayers till their cancellation of registration is revoked. In such cases, where the recipient has not claimed the ITC in respect of any invoice/debit note pertaining to that financial year and in the meantime, time-limit stipulated in section 16(4) lapses, he would not be able to claim ITC on the said invoice/debit note.

Consequently, relaxation has been given and the time limit to avail ITC under section 16(4) in respect of any invoice/debit note, is extended till the date of filing return in cases where the returns for the period from date of cancellation of registration/effective date of cancellation of registration till the date of revocation of cancellation of registration are filed within 30 days of revocation of cancellation of registration, subject to the condition that the time limit to avail ITC in respect of the said invoice or the debit note under section 16(4) had not already expired on the date of cancellation of registration.

#### **Clarification on availability of ITC on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5)**

Issue: Whether the input tax credit on the ducts and manholes used in network of optical fiber cables (OFCs) for providing telecommunication services is barred in terms of clauses (c) and (d) of section 17(5) of the CGST Act, read with Explanation to section 17 of the CGST Act, 2017?

Clarification: Ducts and manholes are basic components for the optical fiber cable (OFC) network used in providing telecommunication services. The OFC network is generally laid with the use of PVC ducts/sheaths in which OFCs are housed and service/connectivity manholes, which serve as nodes of the network, and are necessary for not only laying of optical fiber cable but also their upkeep and

maintenance. In view of the Explanation in section 17 of the CGST Act, 2017 it appears that ducts and manholes are covered under the definition of "plant and machinery" as they are used as part of the OFC network for making outward supply of transmission of telecommunication signals from one point to another.

Moreover, ducts and manholes used in network of optical fiber cables (OFCs) have not been specifically excluded from the definition of "plant and machinery" in the Explanation to section 17 of the CGST Act, 2017 as they are neither in nature of land, building or civil structures nor are in nature of telecommunication towers or pipelines laid outside the factory premises.

Accordingly, it is clarified that availment of input tax credit is not restricted in respect of such ducts and manhole used in network of optical fiber cables (OFCs), either under clause (c) or under clause (d) of section 17(5) of the CGST Act, 2017.

Circular No. 219/13/2024 GST dated 26.06.2024

**Clarification on availability of input tax credit in respect of demo vehicles which are motor vehicles for transportation of passengers having approved seating capacity of not more than 13 persons (including the driver), in terms of clause(g) of section 17(5):**

As demo vehicles are used by authorized dealers to provide trial run and to demonstrate features of the vehicle to potential buyers, it helps the potential buyers to make a decision to purchase a particular kind of motor vehicle. Therefore, as demo vehicles promote sale of similar type of motor vehicles, they can be considered to be used by the dealer for making 'further supply of such motor vehicles'. Accordingly, input tax credit in respect of demo vehicles is not blocked under clause (a) of section 17(5) of CGST Act

**REGISTRATION**

Person making intra-State supplies of good through an ECO with aggregate turnover up to the threshold limit are exempt from applying registration subject to the following conditions, namely:

- ❖ Such persons shall not make any inter-State supply of goods;
- ❖ Such persons shall not make supply of goods through ECO in more than one State/Union territory;
- ❖ Such persons shall be required to have a PAN issued under the Income-tax Act, 1961;
- ❖ Such persons shall, before making any supply of goods through ECO, declare on the common portal:
  - their PAN
  - address of their place of business and
  - State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- ❖ Such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
- ❖ Such persons shall not be granted more than one enrolment number in a State/UT;
- ❖ 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

- ❖ Where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.  
[Notification No. 34/2023 CT dated 31.07.2023]

#### **Furnishing of bank account details [Rule 10A]**

The registered person is allowed to furnish information **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 GSTR-1 or using IFF, whichever is earlier, furnish information with respect to details of bank account on the common portal.** In short, a taxpayer has an option to give his bank account details after obtaining registration, within 30 days from the date of grant of registration or the due date of furnishing details of outward supplies, whichever is earlier. However, this relaxation is not available for those who have been granted registration as TDS deductor / TCS collector under rule 12 or Suo-motu registration under rule 16. They are mandatorily required to furnish the bank account details at the time of filing the application for registration.

#### **Revocation of cancellation of registration [Section 30 read with rule 23]**

##### **Procedure for revocation of cancellation**

- Where the registration of a person is cancelled suo-motu by the proper officer, such registered person, subject to the provisions of rule 10B, may apply for revocation of the cancellation to such proper officer, **within a period of 90 days\*\* from the date of the service of the order of cancellation of registration.**
- Said period of 90 days 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/Joint Commissioner, as the case may be, **for a further period not exceeding 180 days.**
- If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order **within 30 days** of receipt of application and communicate the same to applicant.
- Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification within 7 working days of service of SCN. The proper officer shall dispose the application (accept/reject the same) within 30 days of receipt of clarification.

#### **TAX INVOICE, DEBIT NOTE AND CREDIT NOTE**

##### **Particulars of a tax invoice Sections 31(1) & (2) read with rule 46**

In cases involving supply of online money gaming or in cases where any taxable service is supplied by or through an ECO to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the State of the recipient and the same shall be deemed to be the address on record of the recipient.

## **PAYMENT OF TAX:**

### **Manner of calculating interest on delayed payment of tax (rule 88B)**

However, where any amount has been credited in the Electronic Cash Ledger as per provisions of section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such 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 return.

## **TDS and TCS:**

Addition in list of deductors - Notified Persons/category of persons [Section 51(1)(d)]:

(d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975, from other registered person

Rate of TCS has been reduced to 0.25% + 0.25%.

## **RETURNS**

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 10(A)

### **Details of outward supplies are required to be furnished in GSTR-1 and IFF:**

Additional details or the amendments of the details of outward supplies of goods or services or both furnished in Form GSTR- 1A, as per the requirement of the registered person

SI.NO	Invoice -wise details of ALL	Consolidated details of ALL	Debit and Credit Notes
(i)	Interstate and intra state supplies made to registered persons B2B supplies	Intra state supplies made to unregistered persons for each rate of tax	Issued during the month for invoices issued previously
(ii)	Inter-State supplies to unregistered supplies with invoice value exceeding Rs.1,00,000 B2C Supplies	Inter -State Supplies made to unregistered persons with invoice value Rs.1,00,000 for each rate of tax separately for each State	

From the above discussion, it can be inferred that for B2B supplies, details of all invoices need to be uploaded in GSTR-1/ Form GSTR-1A irrespective of whether they are intra-State or inter-State supplies. This is because the recipient will take ITC basis such invoices.

For B2C supplies, uploading of details in general is not required as the buyer will not be taking ITC. However, still to implement the destination-based principle, details of invoices of value more than Rs.1 lakh in inter-State B2C supplies need to be uploaded.

For inter-State invoices upto Rs.1 lakh, State wise summary is sufficient and for all intra-State invoices, only consolidated details need to be given.

**How are the details of outward supply furnished in the current period amended? [Proviso to rule 59 (1)]**

In cases where a taxpayer, after having filed Form GSTR-1, realizes that some amendment (downward or upward) is required to be made in his tax liability in Form GSTR-1, an optional Form GSTR-1A is provided to him.

This allows him to add any particulars of the current tax period missed out in reporting in Form GSTR-1 of current tax period or amend any particulars already declared in Form GSTR-1 of current tax period (including those declared in IFF, for the first and second months of a quarter, if any, for quarterly taxpayers).

A registered person may, after furnishing the details of outward supplies of goods or service or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period [Proviso to rule 59(1)]

**GSTR 4-time limit amendment:**

GSTR-4 for a financial year is required to be filled by **30<sup>th</sup> June** following the end of Financial Year.