



Indirect Tax Compendio

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Newsletter from Mukesh Manish & Kalpesh, Chartered Accountants

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Article

Insolvency and GST Dues under IBC – Even Corporate Debtors feel the pinch

- **The** enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), aimed at refining the resolution process for distressed assets, has yielded multifaceted positive outcomes. This comprehensive analysis seeks to dissect the intricate legal dynamics that unfold when corporate debtors find themselves entangled in Goods and Services Tax (GST) dues amid insolvency proceedings..
- Section 5(21) defines “Operational Debt” as a claim in respect of the provision of goods or services including employment or a debt in respect of the payment of dues arising under any law for the time being in force and payable to the Central Government, any State Government, or any local authority.

I. Operational Creditor Perspective: GST Dues under IBC:

GST Law Precondition:

- The admissibility of input tax credit under GST hinges on tax payment to the Government. Section 16¹ mandates that the tax charged in respect of such supply has been actually paid to the Government.
- In numerous instances, it is commonly observed that in cases where insolvency petitions are admitted, the proposed corporate debtor may have non-complied with the submission of GST returns and the subsequent remittance of payments to the Government.
- Such cases trigger notices to the recipient requiring them to reverse input tax credit. Legal remedies available to such recipients warrant exploration and necessitates a meticulous study.

Operational Creditor Status:

- The IBC strategically categorizes tax authorities as operational creditors concerning pre-admission claims.
- Section 5(20) of the IBC defines “Operational Creditor” as a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred.

- Under Section 5(21) and Section 5(20) of the IBC, it is evident that GST dues which are to be paid to the Central Government and/or State Government, are operational debts and these entities would qualify as Operational Creditors.

II. Treatment of GST Dues under IBC:

- CIRP Regulations : The meticulous framework laid down in Regulation 12(2) stipulates a stringent timeline for creditors, including the GST department, to submit their claims to the Interim Resolution Professional (IRP) or Resolution Professional (RP) within 90 days of the initiation of Corporate Insolvency Resolution Process (CIRP).
- Thus, the Department is required to make a claim of any tax liability which remains unpaid.
- This position has also been stated in Circular No. 134/04/2020-GST. The circular clarifies that no coercive action can be taken against the corporate debtor with respect to the dues of the period prior to the commencement of Corporate Insolvency Resolution Process (CIRP). Such dues will be treated as ‘operational debt’, and the claims may be filed by the proper officer before the NCLT in accordance with the provisions of the IBC.

III. IBC's Supremacy and Impact on GST Dues:

- Section 238 of IBC: This section stands as a sentinel, asserting its overriding effect on other laws. Its symbiotic relationship with Section 82 of the CGST Act delineates the unassailable supremacy of IBC. Once claims find admission and resolution plans garner NCLT approval, the implied settlement of GST dues forms a pivotal aspect of this legal landscape.
 - **Sundaresh Bhatt Case³** : The imposition of a moratorium emerges as a shield, limiting Customs authority during insolvency and accentuating IBC's protective stance.
 - **Paschimanchal Vidyut Vitran Nigam Ltd. Case⁴** : Government dues, including taxes, find a prioritized status under Section 53(1)(f) of IBC, elucidating the hierarchical landscape of creditor claims.
- **Ghanashyam Mishra Case⁵** : This landmark judgment clarifies that claims embedded within a resolution plan assume precedence, while those omitted stand extinguished.
- In light of the legal provisions, it is the author's view that upon the extinguishment of tax dues, it can be construed that the obligations owed to the Government are considered waived.
- It is a trite law that a deeming provision is an admission of the non-existence of the fact deemed⁶. Thus, once the IBC law deems that the liability of the Government is settled, the condition in the GST law requiring payment of tax must also be cumulatively satisfied. It cannot be open for the Government to argue that the amount remains unpaid for the purpose of GST law alone.

References: (Article published in TIOL)

1. Section 16(2)(c), Central Goods and Services Tax Act, 2017
2. Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016
3. Sundaresh Bhatt, Liquidator of ABG Shipyard v. Central Board of Indirect Taxes and Customs, (2023) 1 SCC 472
4. Paschimanchal Vidyut Vitran Nigam Ltd . v. Raman Ispat Private Limited and Ors., (2023) 10 SCC 60
5. Ghanashyam Mishra and Sons Pvt. Ltd. v. Edelweiss Asset Reconstruction Company Ltd., (2021) 9 SCC 657
6. G. Viswanathan v. The Hon'ble Speaker, Tamil Nadu Legislative Assembly, Madras and Ors., (1996) 2 SCC 353

Key Rulings and Insights

1. M/s. Vardan Associates Pvt Ltd (SC)

Facts of the case

- ↳ **The question of law before the Hon'ble SC was the requirement of deposit of tax and penalty for non-compliance on generation of E-Way bill.**
- ↳ Brief facts are that the appellant was transporting machinery from one state to another. During the movement, the initial E-way bill expired, leading to the interception of the consignment by tax authorities.
- ↳ Subsequently, the authorities imposed a substantial penalty of ₹54,00,000 along with the corresponding tax through an order in DRC 07.
- ↳ The appellant, in response, filed an appeal by paying a 10% pre-deposit and providing a bank guarantee for the remaining amount, requesting the release of the goods. However, the goods were not released as the 1st Appellate Authority did not pass any order on the appeal. Faced with this situation, the appellant approached the Hon'ble High Court seeking relief.
- ↳ The High Court directed the appellant to deposit the tax and 50% of the penalty amount, further requiring the provision of a bank guarantee for the remaining 50% of the penalty. Dissatisfied with this order, the appellant appealed to the Hon'ble Supreme Court.
- ↳ In its judgment, the Hon'ble Supreme Court acknowledged that while the law allowed for the imposition of the full penalty, it, in the interest of justice, decided to reduce the penalty to 50%, amounting to ₹27,00,000.
- ↳ **The Court exercised its powers under Article 142 of the Constitution of India to pass this order, emphasizing that the decision should not be treated as a precedent.**
- ↳ Upon compliance with the reduced penalty, the Hon'ble Supreme Court directed the immediate release of the vehicle and consignment.

Key insights

- ↳ This case highlights the significant financial implications and challenges associated with non-compliance or errors in the generation of E-way bills, making it a costly affair for businesses involved in interstate transportation. Though the decision is only in respect of detention and has not declared the law as such, assessee should note that non-compliances on e-way bills are now viewed very strictly.
- ↳ **Citation** - Civil Appeal No. 8302 OF 2023 (SLP (C) NO. 21079 of 2022)

2. Reckitt Benckiser India Private Limited (Del HC)

Facts of the case

- ↳ **The Batch of writ petitioners challenged the Constitutional Validity of the provisions relating to Anti profiteering under the GST Law.**
- ↳ The Hon'ble Delhi High Court upheld the constitutional validity of Section 171 of the Central Goods and Services Tax Act, 2017, read with Rules 122, 124, 126, 127, 129, 133, and 134 of the Central Goods and Services Tax Rules, 2017.
- ↳ In respect of the principles for determining the constitutionality, the Hon'ble court emphasized that a statute can be declared unconstitutional only where it violates fundamental rights, legislates on unauthorized subjects, abdicates legislative functions, or is arbitrary. The Court noted that it is a presumption in favor of the constitutionality of an enactment.
- ↳ The Court also highlighted the normal approach to Tax or Economic Laws. It was held that economic laws are to be viewed with greater latitude, and the constitutionality of such legislation should be judged by the generality of its provisions, not by potential abuses.
- ↳ The Hon'ble Court held that Section 171 mandated the passing on of tax benefits to consumers, embodying the principle of unjust enrichment.
- ↳ The provision is to be construed and considered as a consumer welfare regulatory measure.
- ↳ Such provision, according to the Hon'ble Court fell within the legislative competence of Parliament under Article 246A, dealing with ancillary and necessary aspects of Goods and Services Tax.
- ↳ The Court further clarified that Section 171 is not a price-fixing mechanism and does not violate constitutional provisions.
- ↳ The court further affirmed that it is the prerogative of the legislature to decide how the benefit is passed on to consumers.
- ↳ On the argument of possibility of abuse, the court rejected the argument that Section 171 could be abused, emphasizing that statutes are not to be declared unconstitutional based on hypothetical scenarios.

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2. Reckitt Benckiser India Private Limited (Contd.)

- ↳ On the extremely critical aspect relating to the vested Right of Appeal, the Hon'ble court asserted that there was no inherent and vested right of appeal, and the availability of an appeal is a matter of legislative policy.
- ↳ GST Collected on Additional Realization: GST collected on the additional realization is rightfully included in the profiteered amount, as it goes against the intent of the government and consumer interest.
- ↳ In respect of the powers of expansion of Investigation, the court held that the powers granted to DGAP under Section 171 was very wide and provided for expansion of the investigation beyond the scope of the complaint.
- ↳ Further, the Court held that the time limit for furnishing a report by DGAP was directory, not mandatory, emphasizing the beneficial nature of anti-profiteering provisions.

Key insights

- ↳ The decision is an authority on various provisions relating to challenge to a statutory provision and a multitude of issues which were raised in the batch right from the validity till the powers of the authorities have been addressed. The decision provides a relief for Real Estate companies.
- ↳ The court acknowledged the complexity of determining profiteering in real estate projects, suggesting that a proper mechanism must be put in place to calculate total savings and ensuring equal benefits to flat buyers
- ↳ **Citation** - 2024 (1) TMI 1248

3. Kalyan Jewellers v. UOI (Mad HC)

Facts of the case

- ↳ **The following four questions of law were raised before the Hon'ble Madras High Court against the decision of the AAAR:**
 - ↳ Whether the "Gift Voucher/Card" issued by the petitioner qualifies as an "actionable claim" under Section 2(1) of the respective GST Enactments, read with Section 3 of the Transfer of Property Act, 1882, and is thereby exempt from GST, as per Schedule III?
 - ↳ Whether the "Gift Voucher/Card" can be considered a "debt instrument" acknowledging a debt within the meaning of Section 3(18) of the General Clause Act, 1897 and Section 2(14) of the Indian Stamp Act, 1899?
 - ↳ If the "Gift Vouchers/Cards" are for a specified item of jewelry of a specified value, does it constitute a supply, and is GST payable at the time of issuance under Section 12(4)(a) of the respective GST Enactments?
 - ↳ If there is no supply (transfer) at the time of issuance, does the time of supply get postponed to the actual redemption date, and is GST payable at the time of redemption under Section 12(4)(b) of the respective GST Enactments?
- ↳ The Hon'ble Court held that the "Gift Voucher/Card" is considered an "actionable claim" within the meaning of Section 2(1) of the respective GST Enactments, and since "actionable claims" are specified in Schedule III, no GST is payable on them.
- ↳ The court further held that the "Gift Voucher/Card" is a "debt instrument" and is, therefore, an "actionable claim," exempt from GST. The gift cards are considered as a "document" under Section 3(18) of the General Clause Act, 1897, and therefore, an "instrument" as per Section 2(14) of the Indian Stamp Act, 1899.
- ↳ The same created a right/liability and acknowledged a debt.

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3. Kalyan Jewellers v. UOI (Contd.)

- ↳ The Court further noted that the value specified in the "Gift Voucher/Card" was meant to offset the payment for merchandise traded by the petitioner. Customers could redeem the voucher for purchases as per the scheme's terms. If the voucher is not used within its validity period, the amount is refundable to the customer.
- ↳ The petitioner is obligated to accept the voucher for set-off against the purchase of merchandise in its retail outlets.
- ↳ In case of breach or failure to allow redemption, customers had the right to enforce their claims. If amounts are not credited to the customer's account after the voucher expires, customers can recover the amount through legal means, including approaching a civil court. The scheme operates under the RBI's Master Direction for Prepaid Instruments (PPIs).
- ↳ The Court noted that where the petitioner fails to honor the voucher during a sale or neglects to credit the amount after the voucher's validity period, customers had all legal options to seek recourse in a civil court to enforce their rights.
- ↳ For all these reasons, Hon'ble Court concluded that gift cards would be construed as actionable claims.
- ↳ In so far as time of supply for discharging tax was considered, it was held that if the "Gift Vouchers/Cards" are for a specified item of jewelry of a specified value, GST is payable at the time of issuance as there is a supply (transfer) within the meaning of Section 7(1-A) of the respective GST Enactments.
- ↳ If there is no supply at the time of issuance, the time of supply gets postponed to the actual redemption date, and GST is payable at the time of redemption under Section 12(4)(b) of the respective GST Enactments.

Key insights

- ↳ With technological advancements, the voucher industry has been growing at a very rapid pace but the lack of clarity on the taxability was proving to be a hindrance on the growth.
- ↳ Seen in this backdrop, the decision of the Hon'ble Court is a landmark authority on the taxability of vouchers. Numerous AAR and AAARs had taken different positions on the taxability and time of supply of the vouchers and the Hon'ble Madras High Court has now provided a detailed and well reasoned decision on the nature and claim of the vouchers as well as points on time of supply.

Citation: W.P. No. 5130 of 2022 and W.M.P. Nos. 5227 and 5228 of 2022

4. Eicher Motors (Mad HC)

Facts of the case

- ↳ **The Question of law before the Hon'ble Court was whether the deposit of GST amount into the Electronic Cash Ledger (ECL) within the due date, even without filing GSTR-3B, amounts to payment of tax, and if the failure to file GSTR-3B results in interest liability as contended by the Department?**
 - ↳ In this specific case, where the GST amount was paid by generating GST PMT-06 before the due date, without any delay, the court ruled that the payment of interest would only arise for amounts deposited after the due date, in accordance with Section 50(1) of the Act.
 - ↳ The court clarified that the key aspect is the payment of tax to the Government, not the filing of GSTR-3B, and emphasized that the last date for furnishing the monthly return is crucial. The court held that the interpretation in the judgment of the Hon'ble Division Bench of Jharkhand High Court, which stated that no payment of tax can be made until the filing of GSTR-3B, is against the provisions of Section 39(1) and 39(7) of the Act.
 - ↳ The court further clarified that the payment of tax to the Government can be made either with or without filing monthly returns, making the filing of GSTR-3B immaterial for tax remittance. The court rejected the interpretation that ties tax payment exclusively to the filing of GSTR-3B, citing potential disastrous consequences on the utilization of GST collections by the exchequer.
 - ↳ The court emphasized that once GSTR-3B is filed, it quantifies the total tax amount, determining the discharge of tax liabilities. The interpretation regarding the deposit made to the Private Ledger Account (PLA) is deemed applicable to the Electronic Cash Ledger (ECL) in this case.
 - ↳ Therefore, the court concluded that the deposit of GST into the ECL within the due date, even without filing GSTR-3B, constitutes payment of tax, and any interest liability arises only for amounts deposited after the due date.
- ### Key insights
- ↳ The decision of the Hon'ble Madras High Court provides relief in multiple cases, especially to assessee who were not able to transition the valid credits in the GST due to Trans-1 related portal issues.
 - ↳ The decision has wide reaching implications as the rationale of the decision can be used and it can be argued that interest is not payable for delayed filing so long as balance was maintained in the ledger.
 - ↳ Having noted, the finding of the Court that 'no payment of tax can be made until the filing of GSTR-3B being not the correct position' would be subject to scrutiny at higher forums.
 - ↳ **Citation:** W.P. Nos. 16866 and 22013 of 2023 and W.M.P. No. 32200 of 2023

5. M/s. Malabar Fuel Corporation (Ker HC)

Facts of the case

- ↳ **The question of law was the the validity of Circular No. 135/05/2020-GST. The petitioner challenged the circular, arguing that it contradicts the statutory provision under Section 54 of the CGST Act.**
- ↳ Brief facts were that the petitioner was engaged in bottling Liquefied Petroleum Gas (LPG) for domestic and commercial use.
- ↳ GST on procurements were paid at 18% on bulk supply of LPG. However, the rate of tax on output were 5% and 18% for domestic and commercial customers, respectively.
- ↳ This led to a difference in input tax credit (ITC) as the tax on input is higher than the tax on domestic output supplies.
- ↳ The petitioner filed refund applications under Section 54 of the CGST Act for accumulated ITC, but they were rejected based on Circular No. 135/05/2020-GST dated 31.3.2020.
- ↳ The Circular, issued on 31.3.2020, clarified various issues related to GST refunds. It included details on bunching of refund claims across financial years, refund of accumulated ITC due to changes in GST rates, and the procedure for refund of tax paid on supplies other than zero-rated supplies.
- ↳ High Courts in Gauhati, Calcutta, Rajasthan, and Delhi held that the condition in the Circular denying refund in cases of higher tax on inputs than output supplies, even when they are the same, should be ignored.
- ↳ Considering the decisions of the four High Courts, the Kerala High Court also has rendered a favorable decision and has held that the petitioner is entitled to a refund of accumulated ITC due to the payment of a higher tax rate on input supplies.

Key insights

- ↳ The decision of the Hon'ble High Court will assist the assessee who are facing inverted duty structure, and the rate of predominant input and output are the same.
- ↳ Similar interpretation and relief has been extended by other High courts in the recent past. The sectors where the decision would play a positive factor will be gold and imitation jewellery, fertilizer and footwear.
- ↳ **Citation:** WP(C) Nos. 26112/2023, 20511/2023, 36699/2023

6. M/s Pricewaterhousecoopers Service Delivery Centre (CESTAT, Kolkata)

Facts of the case

- ↳ **The primary question of law revolved around the denial of CENVAT credit for certain input services. The Department sought the deny the refund on assertions that the input services were admissible under Rule 2(l) of the Cenvat Credit Rules, 2004, and discrepancies in addresses, invoices, and insurance policy timelines.**
- ↳ The Hon'ble Tribunal carefully examined each ground for denial and rendered the following decisions:
- ↳ Denial Based on Input Services: The Court observed that objections to the nature of input services were not raised at the time of availing CENVAT credit. Therefore, such objections could not be raised during the refund claim process, and the Appellant was entitled to the refund claim.
- ↳ Discrepancies in Address: The Court found that discrepancies in the appellant's address were not substantial, especially considering that the registration matched the invoices issued by the supplier. The Court emphasized that rectifiable discrepancies should not be a basis for rejecting a refund claim.
- ↳ Building Number not Mentioned in Invoices: The Court held that as long as there was a registration number of the service provider and service recipient on the invoice, the absence of a building number did not warrant denial of CENVAT credit.
- ↳ Invoices in Name of Employees: The Court acknowledged that invoices mentioning employees along with the appellant were admissible since the appellant's name was explicitly stated. This made the appellant eligible for CENVAT credit, and the refund claim was upheld.
- ↳ Insurance Policy Timeline: The Court ruled in favor of the appellant, stating that since the service tax was paid within the claim period, the delay in issuing the insurance policy did not disentitle the appellant from availing CENVAT credit.

Key insights

- ↳ The principles of decision of the Tribunal, though rendered in the Cenvat Credit regime, would equally be relevant and beneficial in the GST regime itself. In many refund cases, the denials are made on the merits of the credit without there being a separate proceeding initiated.
- ↳ The Tribunal has reiterated the principle that the refund proceedings are separate from the credit proceedings. Further, various types of discrepancies which have been raised by the Department has rightly been condoned by the Hon'ble Tribunal. This clearly re-emphasizes that vested right cannot be denied for procedural irregularities.
- ↳ **Citation:** Service Tax Appeal No.75508 to 75512/2021; Final order no. 77710-77714/2023.

7. M/s Bharat Heavy Electricals Ltd (CESTAT, TN)

Facts of the case

- ↳ **The question of law before the Hon'ble Tribunal was whether the imposition of service tax on liquidated damages for delay in supply contract and service charges, as per the written agreement with suppliers, is valid?**
- ↳ The appellant, a Public Sector Undertaking, had identical show cause notices issued for various units, and appeals against similar orders were filed with CESTAT.
- ↳ The tribunal had previously considered the same issue in the case of a different unit of the appellant (The Principal Commissioner, CGST, Central Excise & Service Tax, Bhopal (M.P.) v. M/S Bharat Heavy Electricals Limited [2022 (9) TMI 1457 - CESTAT New Delhi]) and ruled in favor of the appellant, setting aside the demand for service tax.
- ↳ The show cause notice alleged that liquidated damages for delay in supply contract attract service tax under Clause (e) of Section 66E of the Finance Act, 1994.

Key insights

- ↳ This decision adds to the long list of favorable decisions on the taxability of liquidated damages and provides a concise discussion on the subject issue by discussing various judicial precedents.
- ↳ The principles of the decision would mutatis mutandis apply to GST law as well.
- ↳ **Citation:** Service Tax Appeal No.70525 of 2019; Order no. 70283/2023.

8. M/s. Innodata India Pvt. Ltd (CESTAT , Allahabad)

Facts of the case

- ↳ The Question of law before the Hon'ble Tribunal was whether the services provided by the appellant fall under the category of Online Database Access and Retrievable (OIDAR) Services during the period from July 2012 to November 2016.
- ↳ The appellant provided digitized, abstracted, and indexed data out of raw data received from third parties. The data was transmitted to the owners of the data/content through the internet or electronic means for their own use or business.
- ↳ The Tribunal referred to the definition of OIDAR services as per Section 65(75) of the Finance Act, 1994, and clarified that OIDAR services involve providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network.
- ↳ The tribunal emphasized that services involving minimal human intervention and delivered automatically over the internet are considered OIDAR services.
- ↳ However, certain services, such as those related to data conversion, processing, and IT-enabled services, were found to fall outside the purview of OIDAR services.
- ↳ The ownership of data was crucial in determining whether the services provided by the appellant qualified as OIDAR services.
- ↳ The tribunal considered the fact that the appellant did not have ownership or title over the processed data, which remained the intellectual property of the content providers.
- ↳ The decision referred to the State Bank of India v. Commissioner of Service Tax, Mumbai-II, where the tribunal held that services enabling data retrieval through a Virtual Private Network (VPN) did not constitute OIDAR services.
- ↳ The Tribunal considered the appellant's bona fide belief that its activity was not liable to service tax. It held that the issue involved the interpretation of statutes, and no mala fide could be attributed to the appellant, thus rejecting the invocation of the extended period of limitation.

Key insights

- ↳ The Taxability of OIDAR services remains a vexed and crucial question involving interpretation of law.
- ↳ The decision of the Hon'ble Tribunal, which would also be relevant to the GST law, lays out the importance of understanding the nature of services provided and the specific criteria for classifying them as OIDAR services under the relevant legal provisions.
- ↳ **Citation:** Service Tax Appeal No. 70060 of 2020; Final order no. 70006/2024

9. Supreme Treves Pvt Limited Pvt Ltd (CESTAT, Ahmedabad)

Facts of the case

- ↳ The Question of law revolved around the issue of whether the remuneration paid by the appellant (Supreme Treves Pvt Limited) to its directors should be subject to service tax on a reverse charge basis.
- ↳ The Assessee contended that the remuneration paid to its directors is in the nature of salary, and there is a clear employer - employee relationship between the company and its directors. The directors are declared as employees under the Income Tax Act, and TDS on their salaries is duly deducted and deposited.
- ↳ The department argued that the payment was only remuneration as a service and argues that the provisions of the Companies Act have been misinterpreted.
- ↳ Pursuant to remand, the Hon'ble Tribunal relied on the decisions of M/S Bengal Beverages Pvt. Ltd. v. Cgst & Excise, Howrah [2020 (11) Tmi 622 - Cestat Kolkata] which concluded that whole-time directors are essentially employees of the company.

Key insights

- ↳ The order emphasizes the significance of the employer-employee relationship, highlighting the responsibilities and liabilities assigned to whole-time directors under the Companies Act.
- ↳ The issue whether reverse charge mechanism will apply to a director who is an employee has been one of the most litigated areas even under the GST regime and the decision of the Hon'ble Tribunal can be relied to conclude that GST would not apply to salary payments to whole time directors.
- ↳ **Citation:** Service Tax Appeal no. 11459 of 2016, Final order no. 11736 - 11737/2023.

Notifications, Circulars and Other Developments

GST Advisories – Portal updates

1. Functionalities available on GST portal for GTA Taxpayers

Goods Transport Agencies (GTAs) have the option to collect and pay GST on a forward charge by filing Annexure V. If they do not opt to do so, the recipient is liable to pay tax under reverse-charge mechanism. On the other hand, Annexure VI may be filed to revert to reverse charge mechanism.

The portal now facilitates online filing of declarations in Annexure V and Annexure VI, allowing GTAs to choose between Forward Charge and Reverse Charge mechanisms.

↳ Option for Existing GTA Taxpayers

- ↳ Existing GTA taxpayers can file online declaration in Annexure V and VI from 1st January to 31st March of 2024 for the Financial Year 2024-25.

↳ New GTA Taxpayers

- ↳ Newly registered taxpayers can file their online declaration in Annexure V to choose Forward Charge for the Financial Year 2023-24.
- ↳ It can be filed within 45 days from date of applying for GST registration or one month from date of obtaining registration.

↳ Manually submitted form - Annexure V

- ↳ GTA taxpayers who manually submitted Annexure V for FY 2023-24 are required to upload acknowledged copies on the portal.

2. Introduction of Table 14 and 15 in GSTR-1

- ↳ Notification No. 26/2022 – Central Tax dated 26.12.2022 introduced Tables 14 and 15 in GSTR-1. These tables are applicable for taxpayers who supply through e-commerce operators or are liable to pay tax under Section 9(5) of CGST Act.
- ↳ These tables have been made available from the returns of January 2024.

3. Payment through Credit Card /Debit Card and UPI

- ↳ GST payments through Credit Cards/Debit Cards and UPI are now enabled on the GST Portal.
- ↳ At present the facility is available in 10 states.

4. Furnishing of bank account details

- ↳ As per rule 10A of the CGST Rules, new GST registrants are required to furnish their bank details on the GST Portal.
- ↳ Taxpayers are required to furnish details of their bank account/s within 30 days of the grant of registration or before the due date of filing GSTR-1/IFF, whichever is earlier.

Interim Union Budget 2024 –GST Highlights

- ↳ The Finance Bill, 2024 was present on 01st February 2024.
- ↳ Only one major amendment is sought to be made under the GST Act.
- ↳ In line with the recommendations of 52nd GST council meeting, Input Service Distributor (ISD) registration has now been proposed to be made mandatory.
- ↳ The Finance Bill, 2024 proposes amendment to definition of ISD under Section 2(61) of the CGST Act, 2017. The amendment seeks to specify that ISD would include office which receives invoice '**for and on behalf of distinct person**'.
- ↳ The amended definition reads as follows:

'(61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;'
- ↳ Section 20 is also proposed to be substituted to outline the manner of registration and distribution of credit by Input Service Distributor.
- ↳ Erstwhile companies were allowed to Cross Charge to distribute the accumulated credit.
- ↳ Now, assessee with multiple units across different states need to register for ISD to claim input tax credit for services provided by the head office to the branch office.
- ↳ **Section 1 of the bill specifies that this amendment would be effective from a notified date.**

Indirect Tax Compliance Calendar for February 2024

February 2024

Important Due Dates under Indirect Tax

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

Important Due Dates under Indirect Tax

Due Date	Description
10 February 2024	<ul style="list-style-type: none">↳ Filing of GSTR-7 - By Tax Deductor for the month of January 2024↳ Filing of GSTR-8 - By E-Commerce Operator for the month of January 2024
11 February 2024	<ul style="list-style-type: none">↳ Monthly filing of GSTR-1 for the month of January 2024 (Regular taxpayers)
13 February 2024	<ul style="list-style-type: none">↳ IFF by Taxpayers under QRMP Scheme for the month of January 2024↳ Filing of GSTR-5 - By Non-Resident Taxable Persons for the month of January 2024↳ Filing of GSTR-6 - By Input Service Distributor for the month of January 2024
20 February 2024	<ul style="list-style-type: none">↳ Filing of GSTR-3B (Regular Taxpayers) for the month of January 2024↳ Filing of GSTR-5A by OIDAR Service Providers for the month of January 2024
25 February 2024	<ul style="list-style-type: none">↳ GST PMT-06 - Challan for depositing GST for the first month of the quarter by taxpayers who have opted for QRMP Scheme for the quarter Jan – Mar 2024.
28 February 2024	<ul style="list-style-type: none">↳ Filing of GSTR-11 - Statement of Inward supplies by persons having Unique Identification Number (UIN) for claiming GST refund.
29 February 2024	<ul style="list-style-type: none">↳ Last date to amend ITC reversal opening balance

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