

Indirect Tax

June 2024



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CBIC issued Circular on reduction of Government Litigation – fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court

The CBIC issued Circular No. 207/1/2024-GST dated June 26, 2024 regarding the reduction of Government Litigation – fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court.

Section 120 of the Central Goods and Services Tax Act, 2017 (CGST Act) empowers the Central Board of Indirect Taxes & Customs (the Board) to set monetary limits for filing appeals by tax authorities. This section mandates that appeals should not be filed if the disputed amount is below specified limits:

| Appellate Forum | Monetary Limit (amount involved in INR) |
|-----------------|--|
| GSTAT | 20,00,000 |
| High Court | 1,00,00,000 |
| Supreme Court | 2,00,00,000 |

Exceptions to these limits include cases involving constitutional questions, recurring legal issues, or significant public interest.

This approach aims to decrease litigation frequency, provide certainty in tax assessments, and enhance administrative efficiency.

Source: GST Circulars

CBIC issued clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities

The CBIC vide Circular No. 208/2/2024-GST dated June 26, 2024 has issued clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024 - Central Tax dated 05.01.2024.

Source: GST Circulars



CBIC issued clarification on the provisions of clause (ca) of Section 10(1) of the IGST Act relating to place of supply of goods to unregistered persons

The CBIC vide **Circular No.209/3/2024-GST dated June 26, 2024** has issued Clarification on the provisions of clause (ca) of Section 10(1) of the Integrated Goods and Service Tax Act, 2017 relating to place of supply of goods to unregistered persons.

Source: GST Circulars

CBIC issued clarification on valuation of supply of import of services by a related person where recipient is eligible to full input tax credit

The CBIC vide **Circular No.210/4/2024-GST dated June 26, 2024** has issued clarified that valuation of supply of import of services by a related person where recipient is eligible to full input tax credit will be considered the open market value under Rule 28(1) of CGST Rules.

Source: GST Circulars

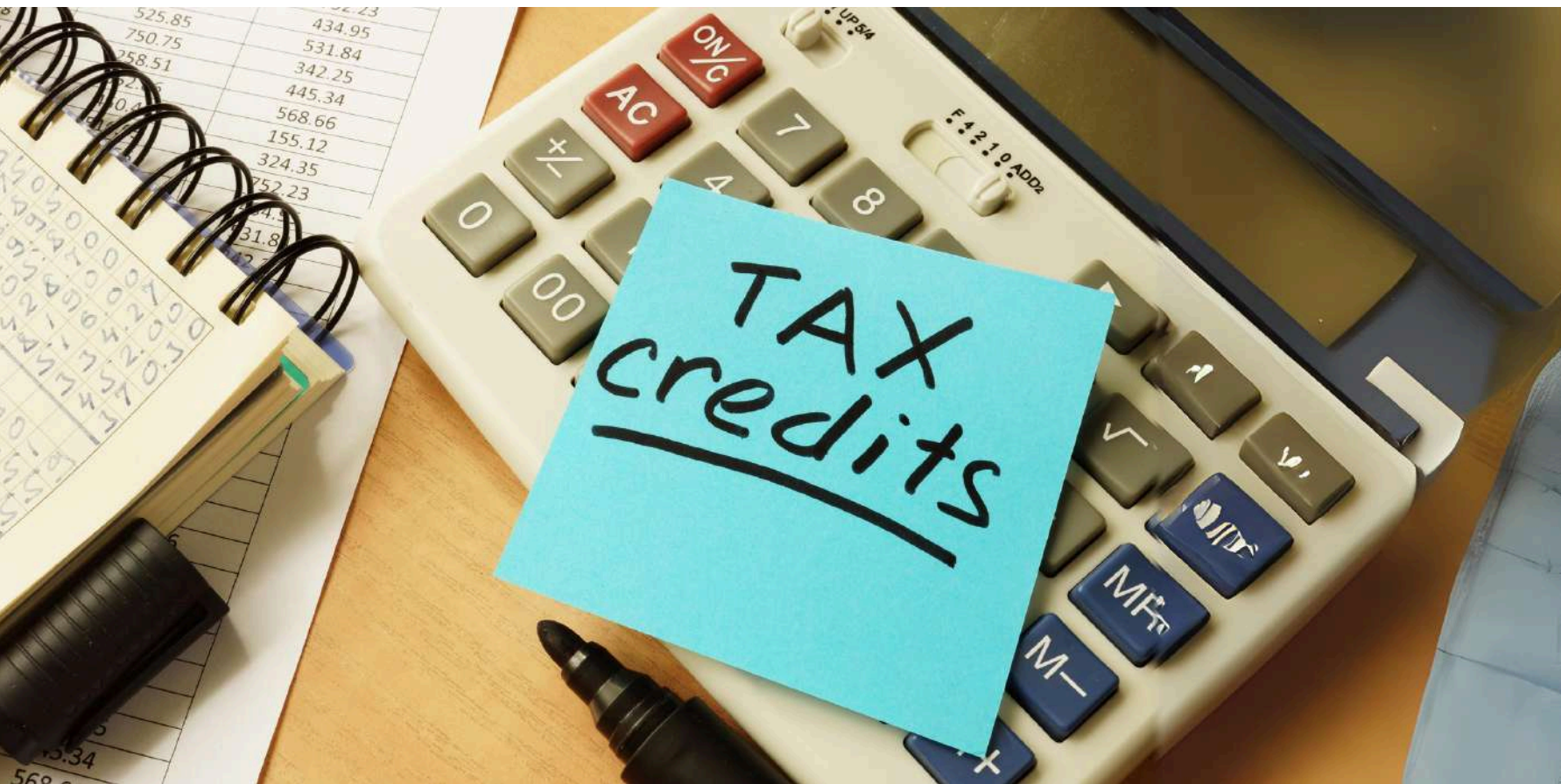
CBIC issued very Important clarification on time limit under Section 16(4) of CGST Act, in respect of RCM supplies received from unregistered persons

The CBIC **Circular No. 211/5/2024-GST dated June 26, 2024** has issued clarification on time limit under Section 16(4) of CGST Act, 2017 in respect

of RCM supplies received from unregistered persons.

- For supplies where the supplier is unregistered, and the recipient is registered and pays tax under RCM, the recipient must issue an invoice per section 31(3)(f) and pay tax.
- ITC can only be availed if the recipient possesses the tax invoice or other duty-paying document.
- For RCM supplies from unregistered suppliers, the relevant financial year for section 16(4) time limit is the financial year in which the recipient issues the invoice.
- If the invoice is issued late, the recipient must pay interest on delayed tax payment and may face penalties under section 122 of the CGST Act.

Source: GST Circulars





CBIC issued Circular on Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, by the suppliers

The CBIC issued **Circular No.-212/6/2024-GST** dated **June 26, 2024** on Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers.

Source: GST Circulars

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

The CBIC vide **Circular No. 213/07/2024-GST** dated **June 26, 2024** clarifies that the standard transactions related to ESOPs, ESPPs, and RSUs involving direct issuance of shares by a foreign holding company to employees of an Indian subsidiary, with reimbursement on a cost-to-cost basis, do not attract GST. However, if there is any additional fee charged for facilitating the transaction, GST is applicable on that fee, payable by the Indian subsidiary on a reverse charge basis.

Source: GST Circulars



CBIC issued clarification on requirement of reversal of input tax credit in respect of the portion of the premium for life insurance policies which is not included in taxable value

The CBIC vide **Circular No. 214/8/2024-GST dated June 26, 2024** clarifies that the amount of the premium for taxable life insurance policies, which is not included in the taxable value as determined under rule 32(4) of CGST Rules, cannot be considered as pertaining to a non-taxable or exempt supply and therefore, there is no requirement of reversal of input tax credit as per provisions of Rule 42 or Rule 43 of CGST Rules, read with sub-section (1) and sub-section (2) of Section 17 of CGST Act, in respect of the said amount.

Source: GST Circulars

CBIC issued clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle

The CBIC vide **Circular No. 215/9/2024-GST dated June 26, 2024** has issued a clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle.

Source: GST Circulars





CBIC issued clarification in respect of GST liability and input tax credit (ITC) availability in cases involving Warranty/ Extended Warranty

The CBIC vide **Circular No. 216/10/2024-GST** dated **June 26, 2024** has issued a clarification in respect of GST liability and input tax credit (ITC) availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No. 195/07/2023-GST dated 17.07.2023.

Source: GST Circulars

CBIC issued Circular on entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement

The CBIC issued **Circular No. 217/11/2024-GST** dated **June 26, 2024** regarding the entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement.

Source: GST Circulars

CBIC issued clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person

The CBIC vide **Circular No.218/12/2024-GST** dated **June 26, 2024** has



Notifications & Updates

issued a clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person.

Source: GST Circulars

CBIC issued clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act

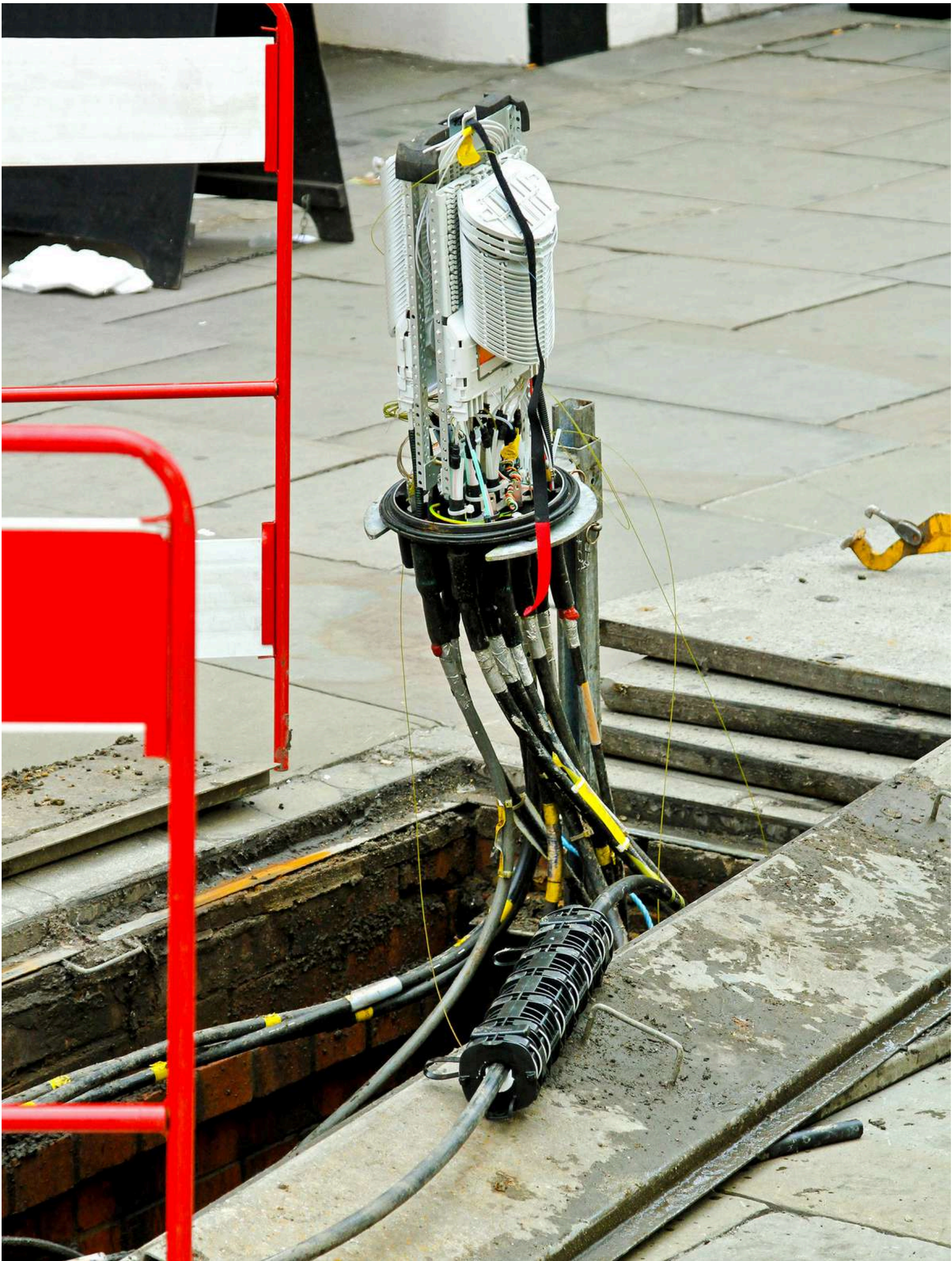
The CBIC vide **Circular No. 219/13/2024-GST dated June 26, 2024** has issued a Clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017.

Source: GST Circulars

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

The CBIC vide **Circular No 220/14/2024-GST dated June 26, 2024** has issued a on Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors.

Source: GST Circulars





CBIC issued clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of NHAI in HAM model

The CBIC vide **Circular No.-221/15/2024-GST dated June 26, 2024** has issued a clarification on time of supply in respect 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.

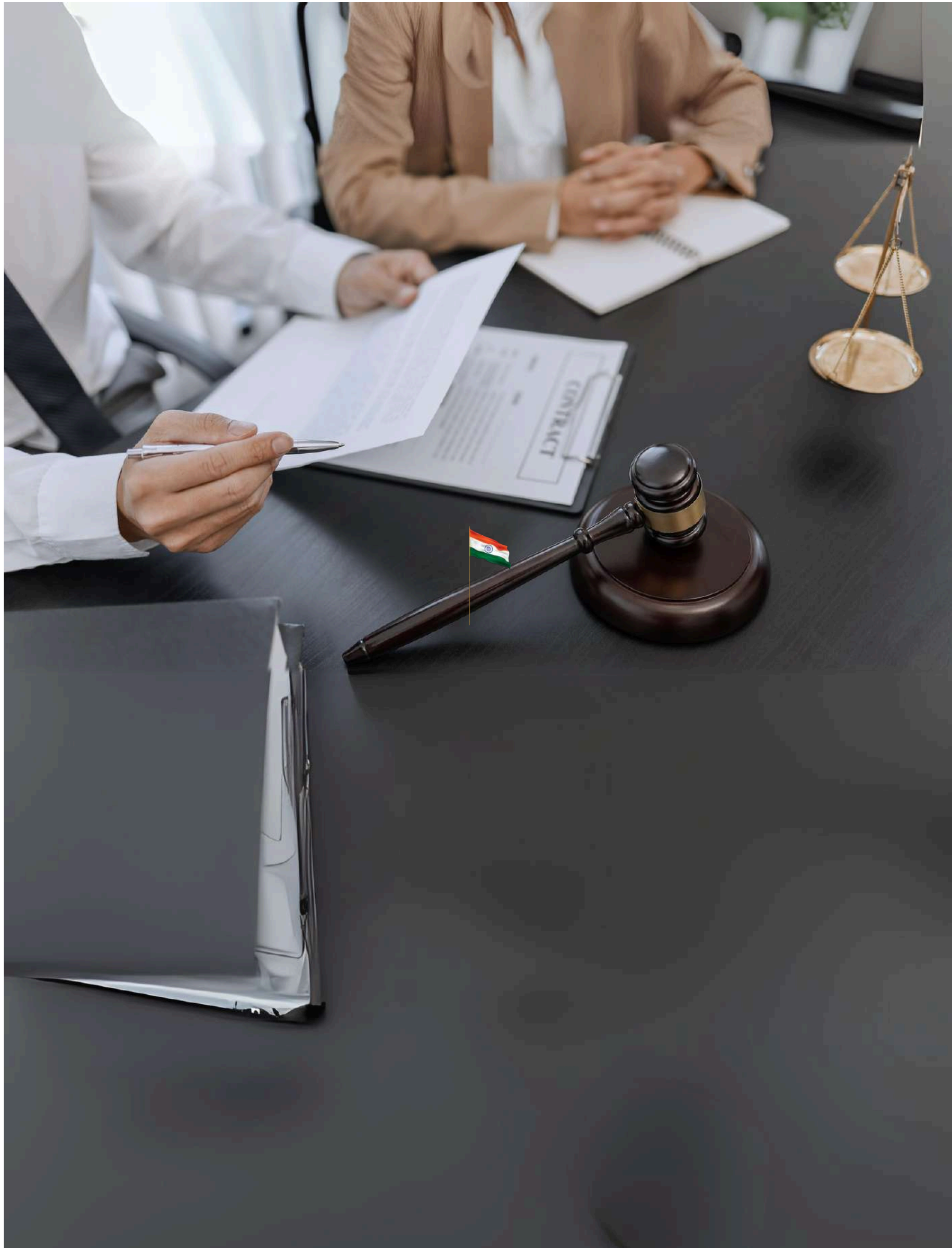
Source: GST Circulars

CBIC issued clarification on time of supply of services of spectrum usage and other similar services under GST

The CBIC issued **Circular No. 222/16/2024-GST dated June 26, 2024** has issued a clarification on time of supply of services of spectrum usage and other similar services under GST.

Source: GST Circulars





Delay in filing an appeal could be condoned if the appellant is prevented by sufficient cause

The Tamil Nadu Appellate Authority for Advance Rulings (AAAR), in the case of M/s. Faiveley Transport Rail Technologies India Limited, In re [A.R. Appeal No. 03/2024 AAAR dated May 21, 2024], held that the delay in filing the appeal by the appellant beyond the normal time limit of 30 days can be condoned under the proviso to Section 100(2) of the Central Goods and Services Tax Act, 2017 (“the CGST Act”) / Tamil Nadu Goods and Services Tax Act, 2017 (“the TNGST Act”) if sufficient cause is demonstrated.

Held

The Tamil Nadu AAAR, in **A.R. Appeal No. 03/2024 AAAR** held as under:

- Observed that, the Appellant received the advance ruling on February 02, 2024. Therefore, as per Section 100(2) of the CGST Act, the Appellant should have filed an Appeal before the Appellate Authority for Advance Ruling by March 16, 2024. However, the appeal was filed after a delay of 27 days i.e. on April 12, 2024. The appeal was filed within the condonable time limit of 30 days.
- Opined that, the Appellant was prevented by the sufficient cause from presenting the appeal for this medical certificate was furnished at the time of the personal hearing which stated that the Chartered Accountant, representing the certificate was under treatment owing to health issues from March 05, 2024 to March 15, 2024.

Judgements

Further, on March 14, 2024, a letter was furnished to the Commissioner of Commercial Taxes, Chennai in this regard seeking an extension for filing an appeal.

- Held that, going by the documents available on record, the Authority believed that they had a sufficient cause that prevented the Appellant from filing an appeal within the normal period. Therefore, the delay of 27 days beyond the normal time limit in filing the appeal is condonable under Section 100 (2) of the CGST Act. The authority is empowered under Section 101(1) of the CGST Act to pass such orders as deem fit. Hence, the appeal will be taken up for consideration on merits.

CA Certificate not required to claim refund of unutilized ITC

The Hon'ble Delhi High Court in **M/s. Svera Agro Ltd. v. Commissioner of Central Tax [W.P. (C) No. 11926 of 2023 dated February 29, 2024]**, quashed the deficiency memo requiring the assessee to furnish CA certificate for seeking refund of unutilized ITC, since proviso to Rule 89(2) (m) waive the requirements of furnishing CA certificate in case refund is sought for unutilized ITC.

Facts

M/s. Svera Agro Ltd. ("the Petitioner") filed a refund application for the claim of unutilized Input Tax Credit (ITC), which was rejected by the Revenue Department through the issuance of deficiency memos.

These memos required the Petitioner to furnish a certificate issued by a Chartered Accountant (CA) as per Rule 89(2)(m) of the Central Goods and Services Tax Rules, 2017 ("the CGST Rules").

Aggrieved by the deficiency memo, the Petitioner filed a writ petition before the Hon'ble Delhi High Court. The Petitioner contended that the refund sought is for unutilized ITC, which falls under Section 54(3) of the CGST Act. According to the Petitioner, the law does not mandate the furnishing of a CA certificate in such cases.

Held

The Hon'ble Delhi High Court in W.P.(C) No.11926 of 2023 held as under:

- Observed that the case of the Petitioner pertains to a refund of unutilized Input Tax Credit (ITC) covered under Section 54(3) of the CGST Act.
- Noted that Rule 89(2) of the CGST Rules mandates the filing of documentary evidence to establish that a refund is due to the Applicant, and clause (l) provides that the Applicant is required to furnish a CA certificate if the refund exceeds Rs. 2 lakh. However, the proviso to Rule 89(2)(m) stipulates that a CA certificate is not required if the Applicant seeks a refund of unutilized ITC.
- Held that the deficiency memos issued to the Petitioner, requiring the furnishing of a CA certificate, are not sustainable and are accordingly set aside.



CBIC extended the exemption provide to imports of specified defence equipment's for a further period of 5 years

The CBIC vide **Notification No. 26/2024-Customs dated June 28, 2024** extends the exemption provide to imports of specified defence equipment's for a further period of 5 years.

“In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), read with sub-section (12) of section 3, of Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 19/2019-Customs, dated the 6th July, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 476 (E), dated the 6th July, 2019, namely:-

In the said notification, in paragraph 2, for the figures “2024” the figures “2029” shall be substituted.”

Source: Customs - Notifications



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