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Circulars and Notifications:

1. The FOIS of Indian Railways has now been integrated with the E-Way Bill (EWB) system via Application Programming Interfaces (APIs).

Considering this, it is important that taxpayers follow the correct process for entering railway receipt number into the EWB system. Taxpayers transporting goods via the Indian Railways FOIS must ensure the correct entry of the number or RR No. in the EWB system. The format for entering RR No. has been standardized to ensure consistency and accuracy.

Source: <https://services.gst.gov.in/>

2. The updated versions of the E-Way Bill and E-Invoice Systems will be effective from 1st January 2025. These updates are aimed at enhancing the security of the portals, in line with best practices and government guidelines.



Mandatory Multi-Factor Authentication (MFA)	
Current Rules	<ul style="list-style-type: none"> • Mandatory for taxpayers with AATO > ₹100 Cr since 20th August 2023. • Optional for AATO > ₹20 Cr since 11th September 2023.
Upcoming Deadlines	<ul style="list-style-type: none"> • 1st January 2025: Mandatory for AATO > ₹20 Cr. • 1st February 2025: Mandatory for AATO > ₹5 Cr. • 1st April 2025: Mandatory for all taxpayers.
Advisory	<ul style="list-style-type: none"> • Taxpayers are encouraged to activate MFA immediately and ensure their registered mobile number is updated. Instructions are available on relevant portals.
E-Way Bill (EWB) Updates	
Document Date Restriction	<ul style="list-style-type: none"> • Effective 1st January 2025, E-Way Bills can only be generated for documents dated within 180 days. • Example: Documents dated before 5th July 2024 will not be eligible.
Extension Restriction	<ul style="list-style-type: none"> • Extensions will be limited to 360 days from the original generation date. • Example: An EWB generated on 1st January 2025 can only be extended until 25th December 2025.
Advisory	<ul style="list-style-type: none"> • Taxpayers are advised to adjust compliance processes and refer to the E-Invoice and E-Way Bill portals for detailed guidance.

Source: <https://services.gst.gov.in/>





3. ITC on Vouchers:

1. Vouchers recognized as RBI-approved prepaid instruments are treated as "money" and exempt from GST. Non-monetary vouchers are actionable claims, also exempt, with GST applicable only on the goods or services redeemed. Breakage (unredeemed vouchers) is not taxable.

Source: GST Circular dated 31.12.2024

3. ITC for Ex-Works Contracts:

ITC is allowed for goods delivered under Ex-Works contracts when handed to a transporter if used for business and conditions under Sections 16 and 17 of the CGST Act are met. ITC is disallowed if goods are lost, stolen, or diverted for non-business use.

Source: GST Circular dated 31.12.2024

3. ITC for E-Commerce Operators:

ECOs paying tax under Section 9(5) are not required to reverse ITC for inputs or services related to notified supplies like restaurant services. However, tax for these supplies must be paid entirely in cash, and ITC cannot be used for this liability. The ITC can still be utilized for the ECO's other taxable supplies, such as platform fees or commissions.

Source: GST Circular dated 31.12.2024

6. Place of supply in case of online services to unregistered persons:

The place of supply for online services to unregistered recipients is clarified under Section 12(2)(b) of the IGST Act. Suppliers must record the recipient's state on invoices, which is deemed the address on record. This ensures the place of supply is determined as the recipient's location, not the supplier's.

The rule applies to services like digital subscriptions, OIDAR services, and online gaming, including supplies through electronic commerce operators. Suppliers must collect state details before service provision and include them in GSTR-1 filings. Non-compliance may lead to penalties under the CGST Act.

Source: GST Circular dated 31.12.2024

55th GST Council Meeting

7. Key Recommendations of the 55th GST Council Meeting:

The 55th GST Council Meeting, held on December 21, 2024, introduced significant reforms to streamline taxation and improve compliance. Key decisions include a GST rate reduction to 5% on Fortified Rice Kernels (FRK) and a full exemption for gene therapy. The GST on used vehicles, including EVs, has increased to 18%, applicable only on the margin. AAC blocks with over 50% fly ash content will attract 12% GST. Exemptions were granted on contributions to the Motor Vehicle Accident Fund and





Source: Judgement High Court, New Delhi

penal charges imposed by banks/NBFCs, while vouchers were clarified as non-taxable transactions.

Procedural enhancements include the introduction of a Track and Trace Mechanism, a Temporary Identification Number for non-registered taxpayers, and a legal framework for FORM GSTR-2B generation under the Invoice Management System. Legal amendments include a clarification on ITC provisions for plant and machinery (retrospective from July 1, 2017) and a reduction in pre-deposit for penalty-only appeals from 25% to 10%. In the hospitality sector, GST on hotel and restaurant services will be linked to actual value of supply from April 1, 2025, while the Input Services Distributor mechanism will explicitly cover inter-state RCM transactions from the same date. These decisions aim to simplify compliance, enhance tax clarity, and ensure a fair and efficient GST regime.

Source: Press Release dated 21.12.2024

Judgements

The Delhi High Court has ruled in favor of Bharti Airtel, allowing Input Tax Credit (ITC) on telecommunication towers, holding that they are movable properties. The court clarified that the exclusion of telecommunication towers from the definition of "plant and machinery" under the GST framework does not automatically render them immovable property. Telecommunication towers, which can be dismantled and relocated, lack the permanence required to be classified as immovable property.

Let's Connect

+91.135.2743283, +91.135.2747084

3rd Floor, MJ Tower, 55, Rajpur Road, Dehradun - 248001

E: info@vkalra.com | W: vkalra.com

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