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Notifications & Updates

Notified Sections of the Finance (No. 1) Act, 2024

The CBIC issued **Notification No. 16/2024-Central Tax dated August 06, 2024**, announcing that section 13 of the Finance (No.1) Act, 2024, will take effect on October 01, 2024, and section 11 and section 12 will take effect on April 1, 2025.

Section 2(61) – Input Service Distributor, effective from April 01, 2025

Section 11 of the Finance (No. 1) Act, 2024, introduces mandatory provisions for the Input Service Distributor (ISD) model. This change requires the head office (HO) to distribute Input Tax Credit (ITC) for common input services acquired from third parties that are applicable to either the HO, one or more branch offices (BOs), or both. With this amendment, ISD will be able to pay GST on common input services under the reverse charge mechanism (Sections 9(3) and 9(4) of the CGST Act) and distribute the corresponding ITC.

Section 20 – Manner of Distribution of Credit by Input Service Distributor, effective from April 01, 2025

Section 12 of the Finance (No. 1) Act, 2024, mandates that ISDs must be registered to distribute ITC for common input services among distinct persons under Section 25 of the CGST Act. Previously, the 50th GST Council Meeting and CBIC Circular No. 199/11/2023-GST (dated July 17,

2023) allowed flexibility for HO to distribute ITC either through ISD or cross-charge mechanisms. The proposed changes now mandate the ISD mechanism for distributing credit, ensuring a standardized approach for common input services.



Source: GST Notifications



Section 122A – Penalty for failure to register certain machines used in manufacture of goods as per special procedure, effective from October 01, 2024.

Section 13 of the Finance (No. 1) Act, 2024, introduces a new Section 122A that imposes penalties for failing to register specific machines used in manufacturing goods under a special procedure, such as those for tobacco and pan masala, notified under Section 148 of the CGST Act. An additional penalty of Rs. 1 lakh per unregistered machine is stipulated. This penalty is in addition to other penalties under Chapter XV or other provisions of the CGST Act. The Act also allows for the seizure and confiscation of unregistered machines, unless the penalty is paid and registration is completed within three days of receiving the penalty order.

These updates follow the CBIC's Notification No. 30/2023-Central Tax (July 31, 2023), which outlined the special procedure for manufacturers of pan masala and tobacco goods, including reporting requirements for packing machines, inputs, and production records. Subsequent updates were made through Notification No. 03/2024-Central Tax and Notification No. 04/2024-Central Tax (both dated January 5, 2024), further refining the special procedures to be followed by registered manufacturers of notified goods. These procedures include maintaining detailed daily records of inputs, waste generation, electricity usage, and production.

Source: GST Notifications



GSTR-1A is now visible and functional on the GST portal

The GSTN has enabled the GSTR-1A form, which allows taxpayers to make changes, corrections, and amendments to the data filled in GSTR-1 for the same month before filing GSTR-3B for that month or quarter. This new form has been introduced through an amendment in Rule 59, as notified by Notification No. 12/2024 – Central Tax dated July 10, 2024, marking a significant update to the GST filing process.

Source: News and Updates

GSTN issued Important Advisory for furnishing bank account details before filing GSTR-1/IFF

The GSTN issued Advisory No. 513 dated August 23, 2024, reminding taxpayers to furnish their bank account details before filing GSTR-1 or using the Invoice Furnishing Facility (IFF), as required by Notification No. 38/2023 – Central Tax dated August 4, 2023. This advisory enforces Rule 10A of the Central Goods and Services Tax Rules, 2017, originally introduced by Notification No. 31/2019 dated June 28, 2019. According to Rule 10A, taxpayers must provide details of a valid bank account either within 30 days of receiving their GST registration or before submitting their outward supply details via GSTR-1/IFF—whichever occurs first.

Although previous advisories and communications have been issued to inform taxpayers of this requirement, starting September 1, 2024, enforcement will begin. As a result, taxpayers will not be able to file GSTR-1





RCM LIABILITY / ITC STATEMENT

Source: GST Notifications

or IFF for the tax period of August 2024 and onwards without first furnishing their bank account details in the GST registration.

Taxpayers who have yet to submit their bank account information are advised to do so promptly. To update their details, they should navigate to the "Amendment of Registration Non-Core Fields" section under the "Services" tab on the GST Portal. Failure to comply with this requirement will prevent taxpayers from filing GSTR-1 or IFF for the August 2024 return period and beyond.

Source: News and Updates

GSTN issued very Important Advisory on the Introduction of RCM Liability/ITC Statement

The GSTN issued **Advisory No. 514 dated August 23, 2024** on the Introduction of RCM Liability/ITC Statement.

To assist taxpayers in correctly reporting Reverse Charge Mechanism (RCM) transactions, a new statement called "RCM Liability/ITC Statement" has been introduced on the GST Portal. This statement will enhance accuracy and transparency for RCM transactions by capturing the RCM liability shown in Table 3.1(d) of GSTR-3B and its corresponding ITC claimed in Table 4A(2) and 4A(3) of GSTR-3B for a return period. This statement will be applicable from tax period August 2024 onwards for monthly filers and from the quarter, July-September-2024 period for



Notifications & Updates

quarterly filers. The RCM Liability/ITC Statement can be accessed using the navigation: Services >> Ledger >> RCM Liability/ITC Statement.

Reporting Opening Balance in RCM ITC Statement.

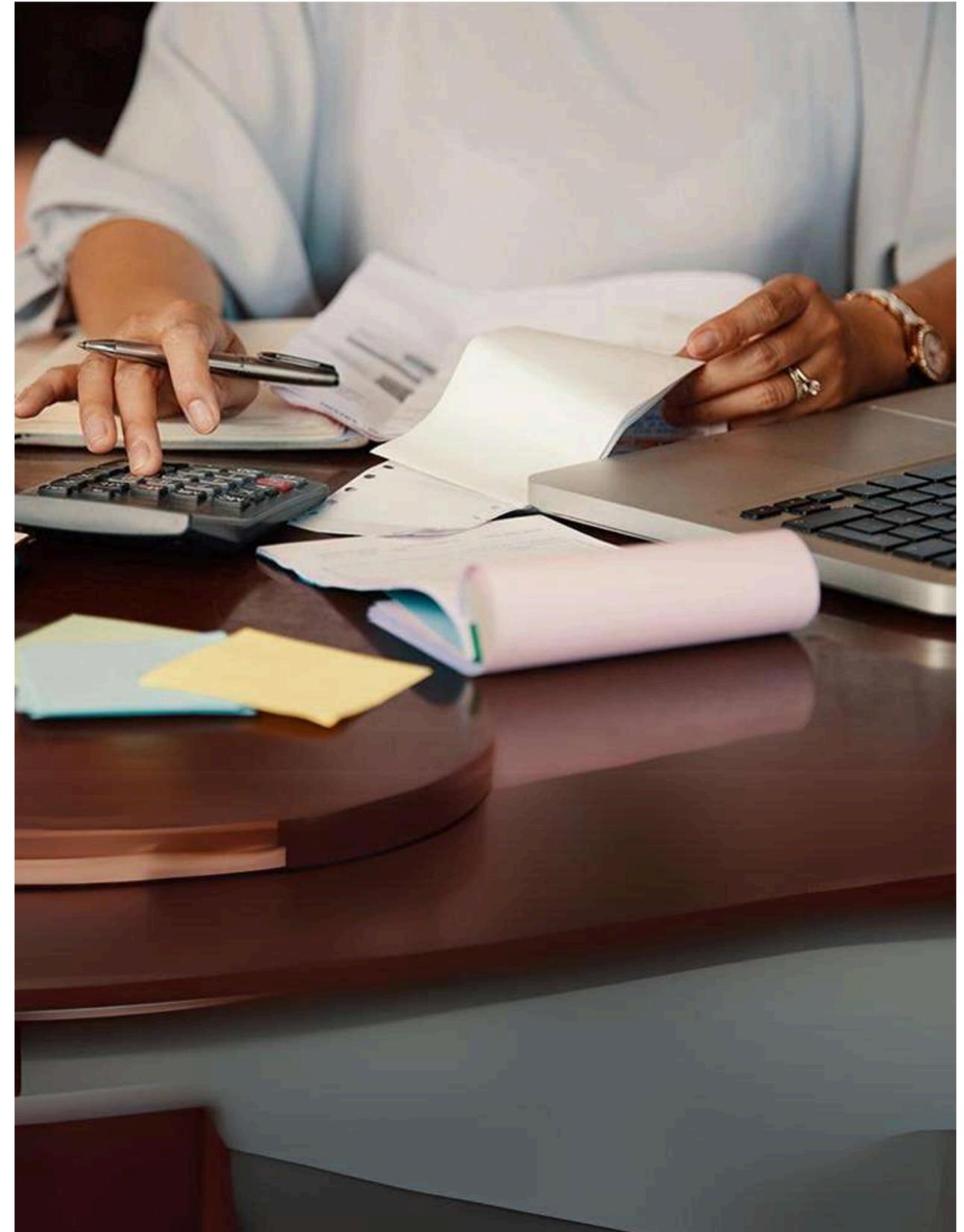
RCM ITC opening balance can be reported by following below navigation:

Login >> Report RCM ITC Opening Balance or Services >> Ledger >> RCM Liability/ITC Statement >> Report RCM ITC Opening Balance

In case the taxpayers have already paid excess RCM liabilities by declaring the same in Table 3.1(d) of GSTR-3B however he hasn't availed corresponding ITC through Table 4(A)2 or 4(A)3 of GSTR-3B, due to any reason, in such cases taxpayer need to fill Positive value of such excess paid liability as RCM ITC as opening balance in RCM statement.

In case the taxpayers have already availed excess RCM ITC through Table in Table 4(A)2 or 4(A)3 of GSTR-3B however he hasn't paid corresponding liability by declaring the same in table 3.1(d) of GSTR-3B, in such cases taxpayer will be needed to fill a negative value of such excess claimed ITC as RCM as opening balance in RCM Statement.

In case taxpayer need to reclaim the RCM ITC, which was reversed in earlier tax periods through Table 4(B)2 of GSTR-3B, if eligible, he can reclaim such RCM ITC in Table 4A(5) of GSTR-3B. Please note that such RCM ITC shall not be reclaimed through Table 4(A)2 and 4(A)3 of GSTR-3B. Such RCM ITC reversal need not to be reported as RCM ITC opening balance.





Source: GST Notifications

For Opening Balance pls reconcile till tax Period:

Monthly filers: Report the opening balance considering RCM ITC till the July-2024 return period.

Quarterly filers: Report the opening balance up to Q1 of FY 2024-25, considering RCM ITC till the April-June, 2024 return period.

Deadline to declare Opening Balance: Opening balance can be declared till 31.10.2024.

Amendments in Opening Balance: Taxpayers can rectify any errors committed while declaring the opening balance on or before 30.11.2024, he shall be provided three opportunities for the same.

This amendment facility shall be discontinued after 30.11.2024.

Source: News and Updates

Judgements

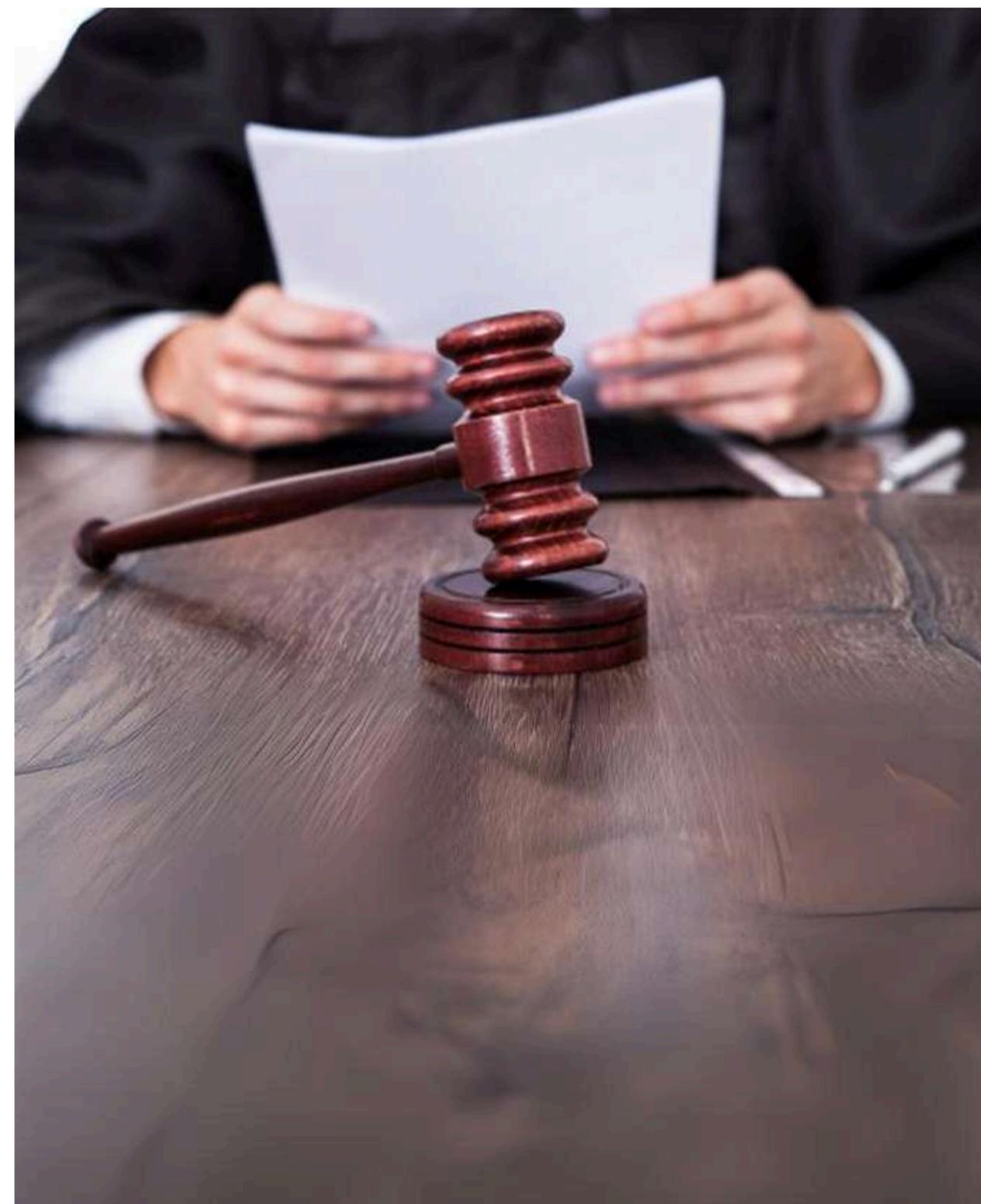
ITC to bona fide purchasers cannot be denied if selling dealer fails to deposit tax

In the case of **National Plasto Moulding Pvt. Ltd. v. State of Assam & Ors. [WP(C)/2863/2022, decided on August 5, 2024]**, the Hon'ble Gauhati High Court examined whether Input Tax Credit (ITC) could be denied to purchasing dealers when the selling dealer fails to remit the tax collected under the Assam Goods and Services Tax Act, 2017, and the Central Goods and Services Tax Act, 2017. The court drew from the Delhi High Court's ruling in *On Quest Merchandising India Private Limited v. Government of NCT of Delhi*, which held that honest purchasing dealers should not be penalized for the selling dealer's failure to pay the tax. The Gauhati High Court agreed with this principle, concluding that tax authorities cannot refuse ITC to purchasing dealers who have engaged in genuine transactions. Instead, recovery actions should be taken against the defaulting seller. Consequently, the show cause notices and orders issued against the petitioners were quashed.

Appeal should be heard despite delay in filing when adjudicating authority passed order without granting opportunity of being heard

The Hon'ble Madras High Court in the case of **Tvl. Sri Sai Traders v. Deputy Commissioner (ST), Goods and Services Tax Appeals, Coimbatore and Ors. [W.P. No. 12860 of 2024 dated June 07, 2024]**, set aside the appellate order passed by the Department, thereby, dismissing the appeal filed by the the Assessee on the ground of limitation, as the order-in-original was

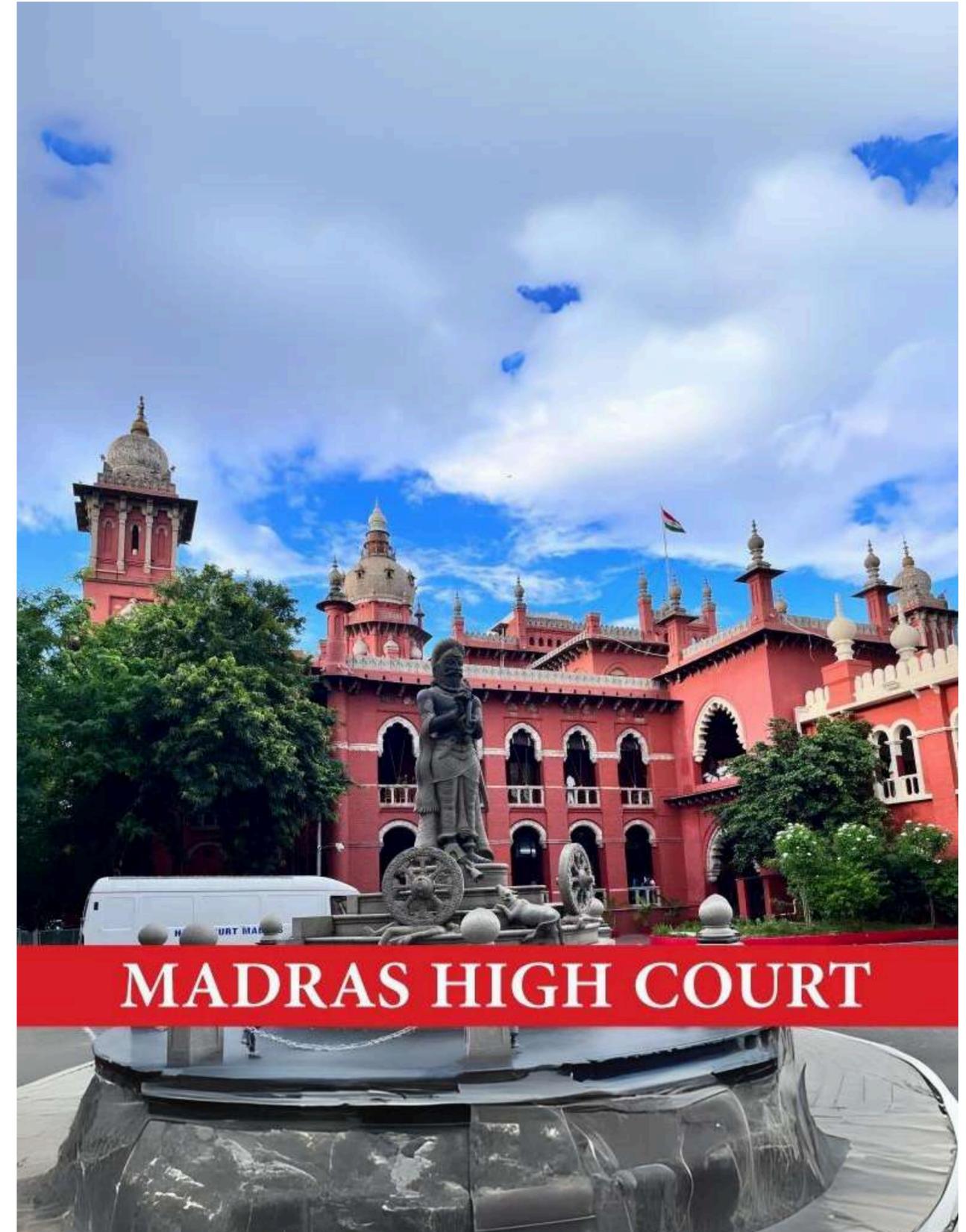
passed without granting any opportunity of hearing



Judgements

Held

The Hon'ble Madras High Court in **W.P. No. 12860 of 2024** opined that since the order in original has been passed without granting any opportunity of hearing to the Petitioner, therefore, the Petitioner's appeal should be considered and order needs to be passed as per merits by the Respondent, despite delay in filing of appeal. Hence, the Impugned Order is set aside and the matter is remanded back to the Respondent for disposal of appeal on merits.



CBIC Revises Duty Drawback Rates for Gold and Silver Jewellery/Articles

The CBIC vide **Notification No. 55/2024-Customs (N.T.)** dated **August 23, 2024**, has amended Notification No. 77/2023-Customs (N.T.) dated October 20, 2023, to revise the All Industry Rates (AIR) of duty drawback for gold and silver jewellery/articles. The amendments update the drawback caps for specific tariff items under Chapter 71. For gold jewellery (711301), the cap is revised from ₹704.1 to ₹335.50 per gram, while for silver jewellery (711302) and silver articles (711401), the cap is revised from ₹8949 to ₹4468.10 per kg.

Source: Custom Notifications

Table Tariff Item	Description of goods	Unit	Drawback Rate	Drawback cap per unit in Rs. (₹)
(1)	(2)	(3)	(4)	(5)
711301	Articles of jewellery and parts thereof, made of gold	Gms.	335.50 per gram of net gold content (.995 or more purity) in the jewellery	-
711302	Articles of jewellery and parts thereof, made of silver	Kg.	4468.10 per kg. of net silver content (.999 purity) in the jewellery	-
711401	Articles made of silver	Kg.	4468.10 per kg. of net silver content (.999 purity) in the jewellery	-



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