

53RD GST COUNCIL MEETING

SUMMARY OF SOME IMPORTANT RECOMMENDATIONS

1. Insertion of Section 128A in CGST Act, to provide for **conditional waiver of interest or penalty** or both :- Waiving interest and penalties for demand notices issued under Section 73 of the CGST Act for the FYs 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto March 31, 2025. The waiver does not cover demand of erroneous refunds.

2. **Fixing monetary limits for filing appeals** :- To prescribe monetary limits, subject to certain exclusions, for filing of appeals in GST by the department, to reduce government litigation, before:-

Authority	Limit
GST Appellate Tribunal	Rs 20 Lakh
High Court	Rs 1 crore
Supreme Court	Rs 2 crore

3. Amendment in Section 107 and Section 112 of CGST Act for **reducing the amount of pre-deposit** for filing of appeals under GST :- To ease cash flow and working capital blockage for the taxpayers, the maximum amount for filing appeals to be reduced as:-

	Existing Pre-deposit	Proposed Pre-deposit
Appeal with the appellate authority	Rs. 25 crores CGST and Rs. 25 crores SGST	Rs. 20 crores CGST and Rs. 20 crores SGST
Appeal with the Appellate Tribunal	20% with a maximum amount of Rs. 50 crores CGST and Rs. 50 crores SGST	10 % with a maximum of Rs. 20 crores CGST and Rs. 20 crores SGST

4. **Reduction in rate of TCS to be collected by the ECOs** : Electronic Commerce Operators (ECOs) are required to collect Tax Collected at Source (TCS) on net taxable supplies under Section 52(1) of the CGST Act. To reduce the TCS rate from present 1% (0.5% CGST + 0.5% SGST/ UTGST, or 1% IGST) to 0.5 % (0.25% CGST + 0.25% SGST/UTGST, or 0.5% IGST).

5. **Time for filing appeals in GST Appellate Tribunal**: To amend Section 112 of the CGST Act, 2017 to allow the three-month period for filing appeals before the Appellate Tribunal to start from a date to be notified by the Government in respect of appeal/ revision orders passed before the date of said notification. This will give sufficient time to the taxpayers to file appeal before the Appellate Tribunal in the pending cases.

6. Relaxation in condition of section 16(4) of the CGST Act:

a) In respect of initial years of GST, i.e., FYs 2017-18 to 2020-21:

The time limit to avail input tax credit in respect of any invoice or debit note under Section 16(4) of CGST Act, through any return in Form GSTR 3B filed upto Nov 30, 2021 for the FYs 2017-18 to 2020-21, may be deemed to be Nov 30, 2021.

b) With respect to cases where returns have been filed after revocation:

To make amendment in Section 16(4) of CGST Act, to be made effective from July 1st, 2017, to conditionally relax the provisions of section 16(4) of CGST Act in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, are filed by the registered person within thirty days of the order of revocation.

7. Change in due date for filing of return in Form GSTR-4 for composition taxpayers from 30th April to 30th June :- To amend clause (ii) of sub-rule (1) of Rule 62 of CGST Rules, 2017 and Form GSTR-4 to extend the due date for filing of return in Form GSTR-4 for composition taxpayers from 30th April to 30th June following the end of the financial year 2024-25 onwards.

8. Amendment of Rule 88B of CGST Rules, 2017 in respect of interest under Section 50 of CGST Act on delayed filing of returns, in cases where the credit is available in Electronic Cash Ledger (ECL) on the due date of filing the said return :- To provide that an amount, which is available in the Electronic Cash Ledger on the due date of filing of return in Form GSTR-3B, and is debited while filing the said return, shall not be included while calculating interest under section 50 of the CGST Act in respect of delayed filing of the said return.

9. Insertion of Section 11A in CGST Act for granting power not to recover duties not levied or short-levied as a result of general practice under GST Acts.

10. To prescribe a mechanism for claiming refund of additional IGST paid on account of upward revision in price of the goods subsequent to their export. This will facilitate a large number of taxpayers, who are required to pay additional IGST on account of upward revision in price of the goods subsequent to export, in claiming refund of such additional IGST.

11. Clarification on valuation of corporate guarantee provided between related persons after insertion of Rule 28(2) of CGST Rules, 2017: Amendment of rule 28(2) of CGST Rules retrospectively with effect from Oct 26, 2023 and issuance of a circular to clarify various issues regarding valuation of services of providing corporate guarantees between related parties. It is inter alia being clarified that valuation under rule 28(2) of CGST Rules would not be applicable in case of export of such services and also where the recipient is eligible for full input tax

12. Clarification regarding applicability of provisions of Section 16(4) of CGST Act, 2017, **in respect of invoices issued by the recipient under Reverse Charge Mechanism (RCM)**: To clarify that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and invoice is to be issued by the recipient only, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act is the financial year in which the invoice has been issued by the recipient.
13. To provide an optional facility by way of **Form GSTR-1A to facilitate the taxpayers to amend the details in Form GSTR-1** for a tax period and/ or to declare additional details, if any, before filing of return in Form GSTR-3B for the said tax period.
14. Filing of **annual return in FORM GSTR-9/9A for the FY 2023-24 may be exempted** for taxpayers having aggregate annual turnover up to two crore rupees.
15. Amendment to be made in section 122(1B) of CGST Act retrospectively w.e.f. Oct 01, 2023, so as to clarify that the said penal provision is applicable only for those e-commerce operators, who are required to collect tax under section 52 of CGST Act, and not for other e-commerce operators.
16. Amendment in rule 142 of CGST Rules and issuance of a circular to prescribe a mechanism for **adjustment of an amount paid in respect of a demand through Form GST DRC- 03 against the amount to be paid as pre-deposit for filing appeal.**
17. **Rolling out of bio-metric based Aadhaar authentication on All-India basis** in a phased manner.
18. Amendments in Section 73 & 74 of CGST Act, 2017 and insertion of a new Section 74A in CGST Act, **to provide for common time limit for issuance of demand notices and orders** irrespective of whether case involves fraud, suppression, wilful misstatement etc., or not for FY 2024-25 onwards. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, has been recommended to be increased from 30 days to 60 days.
19. Amendment in Section 16 of IGST Act and section 54 of CGST Act **to curtail refund of IGST in cases where export duty is payable**: To provide that the refund in respect of goods, which are subjected to export duty, is restricted, irrespective of whether the said goods are exported without payment of taxes or with payment of taxes, and such restrictions should also be applicable, if such goods are supplied to a SEZ developer or a SEZ unit for authorized operations.
20. The **threshold for reporting of B2C inter-State supplies** invoice-wise in Table 5 of Form GSTR-1 to be **reduced from Rs. 2.5 Lakh to Rs 1 Lakh.**

21. Mandatory filing of Form GSTR 7 :- The return in Form GSTR-7, to be filed by the registered persons who are required to deduct tax at source under section 51 of CGST Act, is to be filed every month irrespective of whether any tax has been deducted during the said month or not. No late fee may be payable for delayed filing of Nil Form GSTR-7. The invoice-wise details may be required to be furnished in the said FORM GSTR-7 return.

22. Rates rationalisation for Goods and Services

- a) Uniform rate of 12% on all milk cans (of steel, iron and aluminium) irrespective of their use will attract 12% GST.
- b) GST rate on 'carton, boxes and cases of both corrugated and non-corrugated paper or paper-board' (HS 4819 10; 4819 20) to be reduced from 18% to 12%.
- c) All solar cookers whether single or dual energy source, will attract 12% GST.
- d) All types of sprinklers including fire water sprinklers to attract 12%
- e) To exempt Compensation Cess on the imports in SEZ by SEZ Unit/developers for authorised operations w.e.f. July 01, 2017.
- f) Services provide by Indian Railways to common man for sale of platform tickets, cloak rooms and battery-operated car services are exempt, including intra railway supplies
- g) To exempt accommodation services having value of supply of accommodation up to Rs. 20,000/- per month per person subject to the condition that the accommodation service is supplied for a minimum continuous period of 90 days. To extend similar benefit for past cases.