

RVA INSIGHTS

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Contents

GST Updates

GST Related:

- Time Limit of 30 days for Reporting e-Invoices on IRP portal for taxpayers with an Annual Aggregate Turnover (AATO) of 100 crores and above has now been lowered to the Threshold of AATO 10 Crores and Above wef from 1st April 2025.
- If the taxpayers have paid the demanded amount through DRC-03 instead of using payment facility 'Payment towards demand' available on GST portal, then GSTN has developed the new **Form GST DRC-03A** on GST portal which is available now to adjust the paid amount through DRC-03 against the corresponding demand order.
- Waiver of interest and penalties in the demand notices or orders issued under Section 73 of the CGST Act, 2017 for the FY 2017-18, 2018-19 and 2019-20.

To avail this waiver, the condition is that the full tax demanded is paid on or before 31.03.2025.

- Invoice Management System (IMS) is an optional facility introduced from October 2024 on GST Portal, on which the invoices/records saved/furnished by the supplier in GSTR-1/1A/IFF, can be accepted, rejected or kept pending by recipients.

Key Decisions Taken in 55th GST Council Meeting Held on 21 December 2024

The GST Council *inter-alia* made the following recommendations relating to changes in GST tax rates, provide relief to individuals, measures for facilitation of trade and measures for streamlining compliances in GST.

A. Changes in GST Rates of Goods

- To reduce the GST rate on Fortified Rice Kernel (FRK), classifiable under 1904, to 5%.
- To exempt GST on gene therapy used to treat cancer
- To reduce the rate of Compensation Cess to 0.1% on supplies to merchant exporters at par with GST rate on such supplies.
- To increase the GST rate from 12% to 18 % on sale of all old and used vehicles, including EVs other than those specified at 18%. [Note: *GST is applicable only on the Value that represents Margin of the Supplier, that is, the difference between the Purchase price and Selling price (depreciated value if depreciation is claimed) and not on the value of the vehicle*]

B. Changes Related to Services

- To bring supply of the **Sponsorship services** provided by the body corporates under Forward Charge Mechanism.
- To exempt GST on contributions by general insurance companies from third-party motor vehicle premiums for Motor Vehicle Accident Fund

C. Other Measures

- Amendment proposed in Schedule III of CGST Act, 2017- to explicitly provide that supply of goods warehoused in a Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ) to any person before clearance of such goods for exports or to the Domestic Tariff Area, shall be treated neither as supply of goods nor as supply of services.
- To issue circulars to provide clarity that in an Ex-Works contract, where goods are delivered by the supplier to the recipient or a transporter at the supplier's place of business, and the property in goods transfers to the recipient at that point, the goods are considered to be "received" by the recipient under section 16 (2)(b) of CGST

Act, 2017 and the recipient may claim Input Tax Credit (ITC) on such goods, subject to the conditions outlined in Sections 16 and 17 of the CGST Act, 2017.

- To clarify that no GST on transaction of vouchers as they are neither supply of goods nor supply of services. The provisions related to vouchers is also being simplified.
- To clarify that no GST is payable on the 'penal charges' levied and collected by banks and NBFCs from borrowers for non-compliance with loan terms.
- To insert an enabling provision in CGST Act, 2017 through Section 148A so as to empower the Government to enforce the Track and Trace Mechanism for specified evasion prone commodities.
- To make suitable amendment for reduction of payment of pre-deposit for filing an appeal before the Appellate Authority in respect of an order passed which involves only penalty amount

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