

# ERGO

BUDGET 2024 | INDIRECT TAX PROPOSALS





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# 01

## CUSTOMS LAW

### Proposed legislative changes in the Customs Act

#### Proof of origin

Section 28DA of the Customs Act is amended to include various types of proof of origin as may be provided in accordance with trade agreements, such as certificate of origin, declaration and self-certification.

**Comments:** Section 28DA of the Customs Act requires an importer making claim for preferential duty to submit certificate of origin and furnish information as may be required by the customs. New trade agreements entered by India such as one with Mauritius and with Member States of the European Free Trade Association, i.e., Iceland, Liechtenstein, Norway, and Switzerland that provides for 'Origin Declaration'<sup>1</sup> instead of a 'Certificate of Origin'. Hence, provisions have been aligned with such trade agreements.

*[Clause 100 of the Finance Bill]*

#### Manufacture in bonded warehouse

A proviso has been inserted in Section 65(1) of the Customs Act, to empower the Central Government to specify certain manufacturing processes and other operations in relation to a class of goods that would not be permitted in a warehouse.

**Comments:** CBIC vide Instruction No. 13/2022-Customs dated 9 July 2022 have debarred solar power generation under Section 65 read with the Manufacture and Other Operations in Warehouse Regulations, 2019. In ACME Heergarh Powertech Pvt. Ltd. [(2024) 19 Centax 196 (Del.)], Delhi High Court quashed aforesaid instruction. The proposed amendment will overcome the difficulty posed by the said judgment.

*[Clause 101 of the Finance Bill]*

<sup>1</sup>See: [India | European Free Trade Association \(efta.int\)](#); [India-Mauritius-CECPA-Text-for-Upload.pdf \(commerce.gov.in\)](#)

#### Rule-making powers of CBIC

Section 143AA and Section 157(2)(m) of the Customs Act is amended to include 'any other persons'.

**Comments:** Existing provisions allowed the Government to frame rules only for the importer or exporter. The amended provisions will allow framing of specific rules for supplier or any other person to facilitate trade.

*[Clause 102 & 103 of the Finance Bill]*

#### Retrospective exemption on Compensation Cess on imports by SEZ units / developers:

Notification 27/2024-Customs dated 12 July 2024 has been made effective retrospectively from 1 July 2017.

**Comments:** The amendment does not specify as to whether Compensation Cess paid on goods imported by SEZ units / developers for authorised operations till 14 July 2024 would be refunded or not.

*[Clause 104 of the Finance Bill]*

#### New shipper review for Countervailing duty:

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for 'New Shipper Review'.

**Comments:** This brings the provisions in line with India's WTO obligations under the Agreement on Subsidies and Countervailing Measures, which under Article 19.3 prescribes that WTO members must provide 'new shippers' the right to an expedited review so that individual margins can be established. Similar mechanism exists for anti-dumping rules to new exporters or producers who were not originally investigated.

*[Notification No. 51/2024-Customs (NT) dated 23 July 2024]*

## Proposed legislative changes in the Customs Tariff Act

Protective duty leviable under Section 6 of the Customs Tariff Act, 1975 has been abolished.

*[Clause 106 of the Finance Bill]*

## BCD rate changes

Budget proposals for customs duties are intended to support domestic manufacturing, deepen local value addition, promote export competitiveness, and simplify taxation, while keeping the interest of the general public and consumers surmount.

### Reduction of rates and continuation of concessional rates/exemptions

Rates have been reduced or concessional rates or exemptions have been extended/retained to give impetus to specific sectors such as agricultural goods; aquafarming and marine sector; critical minerals and rare earth elements for nuclear energy, renewable energy, space, defence, telecommunications, and high-tech electronics; cancer causing drugs; electronic goods and equipment manufacturing; precious and other metals; solar and petroleum exploration. This will provide major fillip to targeted sectors and secure availability of strategic raw materials.

### Export Duty rationalisation

Export duties on raw hides, skins and leathers have been rationalised.

### Changes for tax revenue augmentation/policy objective

- ▶ Continuing with the review of existing concessions/exemptions, several of them have been phased out. For instance, Government has withdrawn exemption on import of raw materials required for identified businesses such as radio operations; operated electricity generators; manufacture of electrical steel, smart card, solar thermal collectors or heaters, blood pressure monitors and blood glucose monitoring system; battery for electrically operated vehicles; solar tempered glass or solar tempered glass for manufacture of solar cells/panels/modules.
- ▶ BCD on certain chemical and petrochemical products have been increased to disincentivise imports. Rates for laboratory chemicals have been massively increased.

### Sector specific rate movements

Sector specific duty impact and rate movements can be accessed from the below mentioned links

- [Customs Duty Movement](#)
- [Exemption Extension](#)
- [Exemption Withdrawn](#)
- [Modification to First Schedule of Customs Tariff \(with effect from 1 October 2024\)](#)
- [Other Exemption Notification](#)

*[Clause 107 of the Finance Bill]*





## Trade Facilitation Measures

The Finance Minister in her budget speech has committed to undertake a comprehensive review of the rate structure, over the next six months to rationalise to ensure ease of trade, removal of duty inversion and reduction of disputes.

To encourage MRO industry, time period to re-export aircraft and vessels imported for maintenance, repair and overhauling has been extended from 6 (six) months to 1 (one) year, further extendable to 1 (one) more year.

*[Notification No. 38/2024 dated 23 July 2024]*

The time period for duty-free re-import of goods (other than those under export promotion schemes) which were exported out of India have been extended

from 3 (three) years to 5 (five) years.

*[Notification No. 39/2024 dated 23 July 2024]*

The annual cap on the exemption allowed to commercial samples has been enhanced from INR 100,000/- to INR 300,000/-.

*[Notification No. 29/2024 dated 23 July 2024]*

Scope of accessories and embellishment used for manufacture of textile, leather products or synthetic footwear for export is enlarged in List 39 and 40 of Notification No. 50/2017

*[Notification No. 30/2024 dated 23 July 2024]*

Scope of goods used for petroleum exploration and extraction operations has been enlarged under List 33 of Notification No. 50/2017

*[Notification No. 30/2024 dated 23 July 2024]*

## Proposed Legislative Changes

The Finance Bill has proposed various amendments to the CGST Act, UTGST Act, IGST Act and the Compensation to States Act. The key amendments are summarised below:

### Levy and collection

Section 9 of the CGST Act, Section 5 of the IGST Act and Section 7 of the UTGST Act are proposed to be amended to exclude levy of GST on un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

**Comments:** This measure will help put tax controversies concerning dual levy (i.e., GST and VAT) on ENA at rest. ENA used for manufacture of alcoholic liquor for human consumption would be outside GST whereas used in manufacture of pharmaceuticals for other industrial purposes will be taxable supply under GST.

*[Clause 110, 147 and 151 of the Finance Bill]*

### Power not to recover GST not levied or short-levied as a result of general practice

Section 11A of the CGST Act, Section 6A of the IGST Act, Section 8A of the UTGST Act and Section 8A of the Compensation Cess Act are proposed to regularise non-levy or short levy of GST and Compensation Cess where the Government issues notification on the recommendation of the GST Council where such non-levy or short levy was a result of general practice.

**Comments:** Unlike Section 11C of the Central Excise Act, 1944, proposed amendment does not provide for refund of tax paid.

*[Clause 112, 148, 152 and 153 of the Finance Bill]*

### Time of supply of services

Section 13(3)(b) of the CGST Act is proposed to be amended to prescribe the time of supply of services in cases where the invoice is required to be issued by the recipient of services in reverse charge supplies.

**Comments:** The proposed amendment takes care of the scenario where reverse charge supplies are received from unregistered suppliers including supplies received from non-taxable territories.

*[Clause 113 of the Finance Bill]*

### Eligibility and conditions for taking input tax credit:

- ▶ Section 16(5) is proposed to be inserted to the CGST Act to carve out an exception to the existing sub-section (4) and to provide that the time limit for availment of ITC in respect of an invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20, and 2020-21, will be on the basis of details furnished in Form GSTR-3B up to 30 November 2021.
- ▶ Section 16(6) is proposed to be inserted to the CGST Act retrospectively for allowing taxpayers to claim ITC for the duration when GST registration was cancelled, provided returns for the period from the date of cancellation of the registration till the date of revocation of such cancellation are filed up to 30 November following the financial year to which such document pertains or relevant annual return, whichever is earlier, or within thirty days of the order of revocation of cancellation of registration, whichever is later.

The above amendments are proposed to be made effective from 1 July 2017.

**Comments:** The time limit to avail the ITC in relation to any invoice or debit note for the period April 2017 – March 2021 availed till filing of Form GSTR 3B is proposed to be extended to 30 November 2021 by way of retrospective legislative change. On the other hand, Clause 146 of the Finance (No. 2) Bill, 2024 seeks

to restrict refund of all taxes paid or ITC reversed, had the proposed Section 16(5) not been inserted to the CGST Act.

Background - In *M. Trade Links v UOI & Ors*, [2024 (6) TMI 288], the Kerala HC dismissed the challenge to the constitutional validity of S.16(4). Amendment to Section 39 by the Finance Act, 2022, extending the time limit for return filing date from September 30 to November 30 was held to be procedural in nature and to be given retrospective effect, treating the new deadline as November 30, for furnishing return for September in each financial year, with effect from 1 July 2017, in respect of the taxpayers who had filed their returns for September on or before November 30.

[Clause 114 of the Finance Bill]

### Apportionment of credit and blocked credits

Section 17(5)(i) of the CGST Act is proposed to be amended to remove restriction in availment of ITC in respect of tax paid under Section 74 of the CGST Act for demands up to Financial Year 2023-24. It is also proposed to remove restriction from availment of ITC for tax paid in terms of Sections 129 and 130 of the CGST Act.

**Comments:** The restriction for availment of ITC as provided under Section 17(5)(i) of the CGST Act may lose its significance after the proposed amendment, including e-way bill related non-compliances as envisaged under Section 129 and 130 of the CGST Act. This is a consequential amendment based on the recommendations of the GST Council in its 53rd GST Council meeting to amend Sections 73 and 74 of the CGST Act and insert Section 74A of the CGST Act for providing common time limit for issuance of demand notices and orders.

[Clause 115 of the Finance Bill]

### Revocation of cancellation of registration

A new proviso is proposed to be inserted in Section 30(2) of the CGST Act to empower the Government to prescribe conditions and restrictions for revocation of cancellation of registration by way of delegated rules.

[Clause 117 of the Finance Bill]

### Tax invoice

Section 31(3)(f) of the CGST Act is proposed to be amended to prescribe a time limit for issuance of invoice in cases of reverse charge by way of amendment in the CGST Rules. An explanation is also proposed to be inserted so as to specify that a supplier registered solely for the purposes of tax deduction at source under Section 51 of the CGST Act shall not be considered as a registered person for the purpose of Section 31(3)(f) of the CGST Act.

**Comments:** The proposed amendment is an enabling provision for prescription of time limit for issuance of invoice where the recipient is liable to pay tax under reverse charge.

[Clause 118 of the Finance Bill]

### Furnishing of TDS returns

Section 39(3) of the CGST Act is proposed to be amended to mandate furnishing of TDS returns by registered person irrespective of whether any deduction has been made in the said month or not. The form and manner of furnishing TDS returns are proposed to be prescribed through CGST Rules.

[Clause 120 of the Finance Bill]

### Refund of tax

Section 54(15) of the CGST Act is proposed to be inserted to omit the second proviso to Section 54(3) of the CGST Act and similarly Section 16(5) of the IGST Act is proposed to be inserted to provide that no



refund of unutilised ITC or of IGST shall be allowed in cases of zero-rated supply of goods where such goods are subjected to export duty.

**Comments:** The second proviso to Section 54(3) of the CGST Act places restriction to claim refund of unutilised ITC in cases where the goods exported out of India are subjected to export duty. Similar restrictions are also proposed to be placed for export of goods on payment of tax. Such restrictions would also be made applicable for such goods supplied to a SEZ developer or a SEZ unit for authorized operations.

*[Clause 124 & 149(b) of the Finance Bill]*

### **Power to summon persons to give evidence and produce documents**

Section 70(1A) is proposed to be inserted to the CGST Act to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.

**Comments:** Hon'ble Rajasthan High Court in Suresh Balkrishna Jajra v UOI [2022 (67) G.S.T.L. 391 (Raj.)] held that where summons is issued under Section 70, the petitioner is not entitled to be represented through his representative when a person is required to appear personally for examination on oath or affirmation. The proposed amendment is a welcome move and may address the concerns of taxpayers in high-handed investigations.

*[Clause 131 of the Finance Bill]*

### **New provision for demands pertaining to Financial Year 2024-25 onwards**

Section 74A is proposed to be inserted to the CGST Act to provide for determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised for any reason pertaining to the

Financial Year 2024-25 onwards. The proposed Section 74A provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts. Consequentially, Sections 73(12) and 74(12) are proposed to be inserted to the CGST Act to restrict the applicability of the Sections 73 and 74 for determination of tax pertaining to the period up to Financial Year 2023-24.

### **Comments:**

- ▶ Proposed Section 74A of the CGST Act provides for a common time limit of 42 (forty two) months from the due date for raising demands or passing orders irrespective of whether case involves fraud, suppression, or wilful misstatement.
- ▶ No notice is to be issued where demand involves less than INR 1,000.
- ▶ Demand notice is required to be adjudicated within 12 (twelve) months from the date of notice which can be extended for a maximum period of 6 (six) months.
- ▶ In cases not involving fraud, suppression, or wilful misstatement, penalty would be waived if tax along with interest is paid before or within 60 (sixty) days of the notice.
- ▶ Penalty in respect of cases involving fraud, suppression, or wilful misstatement would be graded as below:
  - 15% of tax due if tax along with interest is paid before issue of the notice
  - 25% of tax due if tax along with interest is paid within 60 days of the notice
  - 50% of tax due if tax along with interest is paid within 60 days of the order
  - 100% of tax in other cases



- ▶ As a result of the proposed insertion of Section 74A, certain consequential changes are proposed to be made to Sections 10(5), 21, 35, 49(8), 50(1), 51(7), 61(3), 62(1), 63, 64(2), 65(7), 66(6), 75, 104(1) and 107(6).
- ▶ It is proposed that for Financial Year 2024-25 onwards, Section 74A would be inserted to the CGST Act to provide for a common time limit for raising demands or passing orders irrespective of whether case involves fraud, suppression, wilful misstatement etc., or not.

[Clause 132, 133 and 134 of the Finance Bill]

### General provisions relating to determination of tax

Section 75(2A) is proposed to be inserted to the CGST Act to provide for redetermination of penalty demanded in a notice invoking penal provisions under Section 74A(5)(ii) to reduce the penalty as per Section 74A(5) (i), in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.

[Clause 135 of the Finance Bill]

### Appeals to Appellate Authority

Section 107(6) of the CGST Act and Section 20 of the IGST Act are proposed to be amended to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from INR 25 crores to INR 20 crores in CGST and from INR 50 crores to INR 40 crores in IGST.

**Comments:** The Customs law prescribe pre-deposit of 7.5% in case of appeals before the Commissioner (Appeals); 7.5% in case of appeals filed before the CESTAT against the Commissioner's order; or an additional 2.5% (i.e., total 10%) in case of appeal filed before the CESTAT against the order of the Commissioner (Appeals). In most of the cases, the High Courts grants relief against recovery, subject to compliance with the

pre-deposit provisions. It is to be seen if the assessee seek refund if the 20% pre deposit is already paid.

[Clause 137 & 150 of the Finance Bill]

### Constitution of Appellate Tribunal and benches thereof

Section 109 of the CGST Act is proposed to be amended to empower the GST Appellate Tribunal to examine the matters or adjudicate the cases referred to in Section 171(2) of the CGST Act, if so, notified under the said section. Such matters are proposed to be examined or adjudicated only by the Principal Bench. It is also proposed to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the GST Appellate Tribunal.

**Comments:** This is a consequential amendment based on the recommendations of the GST Council in its 53rd GST Council meeting to provide for handling of anti-profiteering matters by the Principal Bench of GST Appellate Tribunal.

[Clause 138 of the Finance Bill]

### Appeals to Appellate Tribunal

Section 112(1) and 112(3) of the CGST Act are proposed to be amended to empower the Government to notify the date for filing appeal before the GST Appellate Tribunal and provide a revised time limit for filing appeals or application before the GST Appellate Tribunal. The amount of pre-deposit for filing appeal with the GST Appellate Tribunal has been reduced from 20% with a maximum amount of INR 50 crores CGST and INR 50 crores SGST to 10 % with a maximum of INR 20 crores CGST and INR 20 crores SGST.

**Comments:** The GST Council in its 53rd GST



Council meeting recommended for allowing the three-month period for filing appeals before the GST 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 GST Appellate Tribunal in the pending cases.

The limitation period of 3 (three) months from the date of receipt of order will begin from the date that will be notified by the Government in due course. Presently, the appeal to GST Appellate Tribunal is to be filed within three months of the date of communication of the order appealed against.

Vide the Removal of Difficulty Order No. 9/2019-CT dated 03 December 2019 the commencement of the period of 3 (three) months shall be the later of the following dates:

- date of communication of order; or
- the date on which the President or the President of the State, as the case may be, of the Appellate Tribunal after its constitution under Section 109, enters office

The President of the GST Appellate Tribunal was appointed on 6 May 2024. As per the said order, the appeals are required to be filed by 5 August 2024. In order to avoid any stalemate, it is proposed that the provision is amended to provide that time limit of three months for filing the appeal to GST Appellate Tribunal to commence from the date to be notified by the Government. In line with the above proposal, requisite notification is to be issued for prescribing the time limit of 3 (three) months for filing the appeal to GST Appellate Tribunal.

In summation to the proposed amendment to Sections 107 and 112 of the CGST Act, the pre-deposit amounts for filing appeals are proposed to be reduced prospectively, as follows:

| Forum                               | Percentage of Tax Demand |          | Maximum Limit  |                |
|-------------------------------------|--------------------------|----------|----------------|----------------|
|                                     | Existing                 | Proposed | Existing       | Proposed       |
| #                                   |                          |          |                |                |
| Appellate Authority: Section 107(6) | 10%                      | 10%      | 25 + 25 Crores | 20 + 20 Crores |

|  |     |     |                |                |
|--|-----|-----|----------------|----------------|
| GST Appellate Tribunal: Section 112(8) | 20% | 10% | 50 + 50 Crores | 20 + 20 Crores |
|--|-----|-----|----------------|----------------|

[Clause 139 of the Finance Bill]

#### Penalty for certain offences:

Section 122(1B) of the CGST Act is proposed to be amended to restrict the applicability of the said sub-section to electronic commerce operators, who are required to collect tax at source under Section 52 of the CGST Act. The said amendment is proposed to be made effective from the 1 October 2023, when the said sub-section had come into force.

**Comments:** Section 122(1B) was inserted to the CGST Act vide Finance Act, 2023 with effect from 1 October 2023 to penalise electronic commerce operators for certain offences committed by the supplier supplying goods or services on the e-commerce platform. The provision is proposed to be amended retrospectively to clarify that the said penal provision is applicable only for those electronic commerce operators, who are required to collect tax under Section 52 of CGST Act, and not for other electronic commerce operators.

[Clause 140 of the Finance Bill]

#### Conditional waiver of interest and penalty

Section 128A is proposed to be inserted to the CGST Act to provide for conditional waiver of interest and penalty in respect of demand notices issued under Section 73 of the CGST Act for the Financial Years 2017-18, 2018-19, and 2019-20, except the demand notices in respect of erroneous refund. It is further proposed that in cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.

**Comments:** The tax demands for the period April 2017 – March 2020 raised under Section 73 of the CGST Act (i.e., demands not involving fraud, suppression or intentional defaults) will not entail interest and penalties, subject to the payment of entire tax demand by 31 March 2025 as per the recommendations of the GST Council in its 53rd meeting. This waiver will not be applicable for erroneous refund related demands.



### Key Issues:

- ▶ The eligibility where the notices in Form GST ASMT-10 (Section 61) quantifying the tax involved or intimations in Form GST DRC-01A [Rule 142(1A)], ascertaining the tax payable under Section 73 are issued, are to be examined.
- ▶ The eligibility where the matter is pending at first appellate authority or where the first appellate authority has passed the order-in-appeal, and the taxpayer is awaiting the setting up of the GST Appellate Tribunal is also to be examined.
- ▶ The eligibility where the taxpayer has paid/deposited the entire amount of tax demanded during investigation or thereafter, and the matter is pending at the adjudication or appellate stage is also to be examined.
- ▶ The eligibility where the invocation of Section 74 for raising the demand, whether for the normal period or extended period, is challenged by the taxpayer is also to be examined.
- ▶ It is proposed that no refund shall be admissible in cases where interest and penalty have already been paid. The possibility of challenging the proposed amendment may have to be explored.
- ▶ The admissibility of ITC of the tax paid in terms of the proposed Section 128A of the CGST Act is also to be examined.
- ▶ The mechanism for passing ITC to the recipients of supply in such cases is to be examined.

*[Clause 142 of the Finance Bill]*

### Transitional arrangements for ITC:

Section 140(7) of the CGST Act is proposed to be amended to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor (ISD) prior to the appointed day, for which invoices were also received prior to the appointed date. The said amendment is retrospective.

**Comments:** The issue of transitional credit of the balance lying with the ISD on the appointed date, i.e., 30 June 2017 in respect of the services provided and invoices received prior to the said date has been a contentious issue. Taxpayers have adopted different methods to transition credit into GST regime such as filing Form GST TRAN-1 for ISD registration, transferring closing balance of ISD credit through regular GSTIN, manual distribution of ISD credit to respective units and such units filed Form GST TRAN-1.

ISDs who received services as well as invoices prior to the date of implementation of GST are eligible to avail transitional credit. Section 140(7) of the CGST Act is proposed to be amended retrospectively to this effect. It is to be seen if varied practices can be regularised by way of the proposed amendment.

*[Clause 143 of the Finance Bill]*

### Anti-profiteering measures

Section 171(2) of the CGST Act is proposed to be amended to empower the Government to notify the date from which the Authority under the said section shall not accept any application for anti-profiteering cases. An explanation is also proposed to be inserted so as to include the reference of 'Appellate Tribunal' in the expression 'Authority' under the said section to enable the Government to notify the Appellate Tribunal to act as an Authority to handle anti-profiteering cases.

**Comments:** The above amendment is proposed based on the recommendations of the GST Council in its 53rd meeting, in terms of which the sunset date for anti-profiteering provisions would be 1 April 2025.

*[Clause 144 of the Finance Bill]*

### Amendment to Schedule III:

Schedule III of the CGST Act is proposed to be amended to provide that the activity of apportionment

of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements and the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.

**Comments:** This clarification is a direct consequence of industry representations and will be a huge relief for insurance companies facing enormous tax scrutiny and demands on this issue. The said proposal is based on the recommendations of the GST Council in its 53rd GST Council meeting.  
*[Clause 145 of the Finance Bill]*

#### No refund of tax paid or ITC reversed

It is proposed that no refund should be made of all the tax paid, or the ITC reversed, which would not have been

so paid, or not reversed had clause 114 of the Finance (No. 2) Bill, 2024 been in force at all material times.

**Comments:** Clause 114 of the Finance (No. 2) Bill, 2024 proposes to insert Section 16(5) to the CGST Act to retrospectively extend the time limit to avail the ITC in relation to any invoice or debit note for the period April 2017 - March 2021 till filing of Form GSTR 3B up to 30 November 2021. It is to be seen if the taxpayers who have paid taxes or reversed the ITC based on the demands raised on them will challenge this amendment to claim refund of such amount.

*[Clause 146 of the Finance Bill]*

#### Zero - rated supplies

Section 16(4) of the IGST Act is proposed to be amended to notify the class of persons who may make zero rated supplies of goods or services or both or the class of goods or services which may be supplied on zero rated basis, and in respect of which refund of integrated tax can be claimed under Section 54 of the CGST Act, subject to such conditions, safeguards and procedures as may be provided by rules.

*[Clause 149 of the Finance Bill]*





# 03

## CENTRAL EXCISE

### Proposed changes

#### Extension of time period to submit Mega Power Project certificate

The Finance Bill has proposed amendments to condition no. 43 laid down under Sl. No. 338 of Notification No. 12/2012- Central Excise, dated 17 March 2012, required to be fulfilled in order to avail exemption from excise duty on all machinery used in power generation plant or supplied to mega power projects.

Time limit to furnish a security in form of fixed deposit receipt or bank guarantee has been extended from 126 months to 162 months with effect from. 29 June 2017.

Time limit to furnish the final mega power status

certificate has been extended from 120 months to 156 months from the date of clearance of excisable goods, with effect from 29 June 2017.

*[Clause 108 of the Finance Bill]*

#### Clean Environment Cess exempted retrospectively

The Central Government exempts Clean Environment Cess on goods lying in stock as on 30 June 2017 and cleared from the factory of production on or after 1 July 2017 subject to payment of appropriate GST Compensation Cess on such goods by way of amending Notification No. 12/2017-Central Excise dated 30 June 2017 retrospectively with effect from 30 June 2017. Further, irrespective of any judgments, decrees, or orders from any court or authority, any actions or decisions made from 1 July 2017 onwards concerning the amended provisions shall be considered valid and effective as if the amendments were always in place.

## LIST OF ABBREVIATIONS

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|                           |   |
|---------------------------|---|
| <b>BCD</b>                | Basic Customs Duty                                |
| <b>CBIC</b>               | Central Board of Indirect Taxes and Customs       |
| <b>CBG</b>                | Compressed Bio Gas                                |
| <b>CESTAT</b>             | Customs Excise and Service Tax Appellate Tribunal |
| <b>CENVAT</b>             | Centralised Value Added Tax                       |
| <b>CNG</b>                | Compressed Natural Gas                            |
| <b>CGST Act</b>           | Central Goods and Services Tax Act, 2017          |
| <b>Customs Act</b>        | Customs Act, 1962                                 |
| <b>Customs Tariff Act</b> | Customs Tariff Act, 1975                          |
| <b>ENA</b>                | Extra Neutral Alcohol                             |
| <b>Finance Bill</b>       | Finance Bill, 2023                                |
| <b>GST</b>                | Goods and Services Tax                            |
| <b>GST Council</b>        | Goods and Services Tax Council                    |
| <b>ISD</b>                | Input Services Distributor                        |
| <b>ITC</b>                | Input Tax Credit                                  |
| <b>IGST Act</b>           | Integrated Goods and Services Tax Act, 2017       |
| <b>MRO</b>                | Maintenance, Repair and Overhauling               |
| <b>SEZ</b>                | Special Economic Zone                             |
| <b>TDS</b>                | Tax Deducted at Source                            |
| <b>UTGST Act</b>          | Union Territory Goods and Service Tax Act, 2017   |
| <b>VAT</b>                | Value Added Tax                                   |
| <b>WTO</b>                | World Trade Organization                          |



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