

GST Circulars and Notifications

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Clarification regarding the applicability of GST on certain services

[Circular No. 228/22/2024 dated 15.07.2024](#)

1. GST exemption for Indian Railways:

- Exemptions for services like platform tickets, retiring rooms, cloak rooms, and battery-operated car services reinstated as of 15.07.2024.
- GST liability for the period from 20.10.2023 to 14.07.2024 regularized on 'as is where is' basis.

2. GST on transactions between Special Purpose Vehicles (SPVs) and Indian Railways:

- Services provided by SPVs to Indian Railways are now exempt as per [Notification No. 4/2024-CT\(R\) dated 12.07.2024](#).
- GST liability from 01.07.2017 to 14.07.2024 regularized on 'as is where is' basis.

3. GST applicability for Real Estate Regulatory Authority (RERA):

RERA classified as a 'governmental authority' vide [Notification No. 12/2017-CT\(R\) dated 28.06.2017](#) and thus the statutory collections made by RERA are exempt from GST.

4. Incentive amounts in Digital Payments:

- Incentives paid to acquiring banks by MeitY or promoting RuPay Debit Cards and low-value BHIM-UPI transactions are classified as subsidies and are not taxable.
- Further sharing of these incentives among stakeholders also considered non-taxable.

5. GST on reinsurance of Specified Insurance Schemes:

Pursuant to the exemption granted with effect from 25th January 2018 to reinsurance services in respect of certain specified general insurance and life insurance schemes, it has been clarified that the taxability of said reinsurance services for the past period i.e. 1st July 2017 to 24th January 2018 shall be regularized on 'as is where is' basis.

6. Reinsurance for Government-Paid Insurance Schemes:

Reinsurance services of government sponsored insurance schemes had been exempted with effect from 27th July 2018. Accordingly, it has been clarified that the taxability of said reinsurance services for the past period i.e. 1st July 2017 to 26th July 2018 shall be regularized on 'as is where is' basis.

7. GST on Retrocession Services:

Clarified that 'reinsurance' includes 'retrocession' services under [Notification No. 12/2017-CT\(R\) dated 28.06.2017](#) thus exempt from GST

8. GST on Accommodation Services:

- CBIC has clarified that supply of accommodation services valued at Rs.20,000 or less per person per month are exempt from GST w.e.f. 15.07.2024 provided the service is supplied for a continuous period of at least 90 days.
- GST liability regularized from 01.07.2017 to 14.07.2024 on 'as is where is' basis.

Clarification in respect of advertising services provided by Indian advertising agencies to foreign clients

[Circular No. 230/24/2024-GST dated 10.09.2024](#)

Issue	Details	Clarification
Intermediary Status	Is the advertising company an "intermediary" under section 2(13) of the IGST Act?	No. The advertising agency acts on a principal-to-principal basis, directly providing services to the foreign client, not facilitating on behalf of them.

Issue	Details	Clarification
Recipient of Services	Who is the recipient of the advertising services?	Foreign Client. The foreign client is liable to pay the advertising agency, not the target audience or any representative in India.
Performance-Based Services	Can advertising services be considered performance-based under section 13(3) of the IGST Act?	No. The services do not require physical presence of the recipient, so they are not covered under sections 13(3)(a) or (b).
Place of Supply	How is the place of supply determined?	The place of supply is the location of the foreign client (outside India) as per section 13(2) of the IGST Act, qualifying as an export of services.
Agency vs. Intermediary	What if the agency merely acts as an intermediary?	If the agency only facilitates between the foreign client and media owners (without providing services on its own account), it qualifies as an “intermediary,” and the place of supply would be based on the location of the advertising company as per section 13(8)(b).

Clarification on availability of input tax credit in respect of demo vehicles

[Circular No. 231/25/2024-GST dated 10.09.2024](#)

Demo vehicles are those which are maintained by authorized dealers to showcase and provide trial runs for potential buyers. These vehicles are purchased from manufacturers and typically recorded as capital assets in the books of account of the authorized dealers. CBIC has clarified the issues concerning the availability of input tax credit (ITC) for demo vehicles, as set out below:

Issue	Clarification
ITC on Demo Vehicles (Clause (a) of Section 17(5))	ITC is generally not available for motor vehicles with seating capacity of up to 13 persons, except in specific cases. Demo vehicles do not qualify under transportation of passengers or training provisions. However, since demo vehicles are used to facilitate further sales of similar vehicles, they fall under the category of making a “further supply of such motor vehicles,” allowing ITC claim.
Cases not allowing ITC	If demo vehicles are used for non-related purposes, such as employee transportation, they do not meet the criteria for further supply, thus disallowing ITC. Similarly, if an authorized dealer acts merely as an agent for the manufacturer (without engaging in the sale), ITC would not be available, as the dealer is not supplying the vehicles on their own account.
ITC availability when capitalized	According to Section 16(1) of the CGST Act, registered taxpayers can claim ITC on goods used in the course of business. Demo vehicles, when capitalized, are considered capital goods. ITC remains available as they are utilized for promoting vehicle sales, qualifying under the definition of “capital goods” in Section 2(19) of the CGST Act.
Conditions for claiming ITC	ITC on capitalized demo vehicles is subject to conditions outlined in the CGST Act. If depreciation is claimed on the tax component of the capital goods, ITC on that component is disallowed (Section 16(3)). Additionally, if a capitalized demo vehicle is later sold, applicable taxes must be paid under Section 18(6) of the CGST Act and Rule 44(6) of the CGST Rules.

Clarification on Place of Supply for Data Hosting Services

[Circular No. 232/26/2024-GST dated 10.09.2024](#)

To address concerns regarding the place of supply for data hosting services provided by Indian service providers to cloud computing providers located outside India, this clarification has been issued as set out below.

Issue	Clarification
Classification as Intermediary	Data hosting service providers do not qualify as intermediary services under Section 2(13) of the IGST Act, as they operate on a principal-to-principal basis. They provide services directly to cloud computing providers, not facilitating supplies to end users.
Relation to Goods Made Available	The data hosting services are not provided in relation to goods made available by the recipient as the data hosting service provider operates independently, using its own infrastructure (premises, hardware, software, etc.) to deliver services. Therefore, Section 13(3)(a) of the IGST Act, which applies to services in relation to goods physically made available by the recipient, does not apply.
Direct Relation to Immovable Property	Data hosting services are not directly related to immovable property. They involve comprehensive operational management beyond merely using physical premises. Thus, the place of supply cannot be determined under Section 13(4) of the IGST Act.
Place of Supply Determination	Since the specific provisions in Sections 13(3) to 13(13) of the IGST Act are not applicable to data hosting services, the place of supply is determined based on the default provision under Section 13(2). Therefore, the place of supply is the location of the recipient of services such as the overseas cloud computing provider.
Export Classification	Data hosting services can be classified as exports if they meet the conditions specified in Section 2(6) of the IGST Act.

Clarification on Regularization of IGST Refunds under Rule 96(10)

[Circular No. 233/27/2024-GST dated 10.09.2024](#)

The clarification addresses the regularization of IGST refunds for exporters who initially imported inputs without paying integrated taxes and compensation cess. Under Rule 96(10), refunds are typically barred if benefits from specific concessional/exemption notifications were availed. However, [Notification No. 16/2020-CT dated 23.03.2020](#) retroactively states that if exporters later pay the required IGST and compensation cess, it will be considered as if they did not avail those benefits. Therefore, if exporters make these payments and have their Bill of Entry reassessed, the IGST refunds on their exports will not be seen as contravening the rule. This aims to provide clarity and consistency in the application of the law for exporters who rectify their compliance.

Clarification regarding the applicability of GST on certain services

[Circular No. 234/28/2024-GST dated 11.10.2024](#)

1. Affiliation Services by Universities:

Affiliation services provided by universities to colleges are subject to GST at 18%. These services do not qualify for exemptions granted to educational institutions.

2. Affiliation Services by Educational Boards:

GST at the rate of 18% is applicable to affiliation services provided by Central and State educational boards to schools. However, these services are exempt from GST when provided to government schools (those established, owned, or controlled by government entities), effective from 10th October 2024 (as per [Notification No. 08/2024-Central Tax \(Rate\)](#)). GST paid on these affiliation services provided by educational boards or

other similar bodies to all schools has been regularized on an “as is where is” basis for the period 1st July 2017 to 17th June 2021.

3. DGCA-Approved Flying Training Courses:

Flying training courses conducted by DGCA-approved Flying Training Organizations are made exempt from GST, as they fall under the definition of educational services.

4. Helicopter Passenger Transport:

GST on transportation of passengers by helicopter on a seat-share basis is set at 5%, effective from 10.10.2024. Charter services continue to attract GST at 18%.

5. Incidental Services by Goods Transport Agencies (GTAs):

Ancillary services (e.g., loading/unloading) provided by GTAs during the course of transportation will be treated as part of the composite supply of GTA service and not subject to separate GST unless invoiced independently.

6. Import of Services by Foreign Airlines:

Import of services by establishments of foreign airlines from related persons without consideration are made exempt from GST, with regularization for the period from 01.07.2017 to 09.10.2024 on ‘as is where is’ basis.

7. Preferential Location Charges (PLC):

PLC is considered part of the consideration for construction services and will be taxed at the same rate as the main supply of construction services.

8. Support Services by Electricity Utilities:

Certain incidental services provided by electricity transmission and distribution utilities are made exempt from GST, with payments regularized from 01.07.2017 to 09.10.2024 on ‘as is where is’ basis.

9. Film Distribution Services:

GST on transactions between film distributors and exhibitors classified under heading 9973 is taxed at 18%. Transactions of past period has been regularized for the period from 01.07.2017 to 30.09.2021 on an ‘as is where is’ basis.

Clarification regarding GST rates & classification(goods) based on 54th GST Council Meeting.

[Circular No. 235/29/2024-GST dated 11.10.2024](#)

Issue	Classification	GST Rate	Effective Date	Details
Extruded/Expanded Savory Food Products	HSN19059030	12%	From 10 th October 2024	This includes savoury or salted extruded snacks. Un-fried or un-cooked snack pellets are taxed at 5%. Prior to the effective date, an 18% GST is applicable.
Roof Mounted Package Unit (RMPU) Air Conditioning Machines	HSN8415	28%	-	Classified as air conditioning machines, these are excluded from parts under HS8607.
Car Seats	HSN9401	28%	From 10 th October 2024	Aligns with motorcycle seats, which are also taxed at 28%. This classification is specific to motor vehicle seats.

Issue	Classification	GST Rate	Effective Date	Details
Motorcycle Seats	HSN8714	28%	-	The classification remains unchanged with a consistent GST rate of 28%.

Clarification regarding the scope of “as is/as is where is basis”

[Circular No. 236/30/2024-GST dated 11.10.2024](#)

The GST circular clarifies the scope of “as is” and “as is, where is” regarding past regularization of GST payments based on the GST Council's recommendations. Key points include:

- The clarification addresses confusion among taxpayers and field formations about the application of GST rates for specific goods and services.
- “As is” or “as is where is” regularization refers to accepting lower GST payments made under genuine doubts about applicable rates, while no refunds will be provided for higher payments.
- The phrase implies that goods are accepted in their current condition, and any lower GST paid will be considered a full discharge of tax liability, while those who paid higher rates won't receive refunds.
- This clarification does not apply where no tax was paid; in such cases, the applicable rate will be enforced.
- This concept of “as is/as is where is basis” is further explained with certain examples as given in the said circular.

GST Notifications

Notification stating effective dates of various amendments vide Finance Act, 2024

[Notification No. 16 & 17/2024-Central Tax dated 06.08.2024 and 27.09.2024 respectively](#)

CBIC has issued notifications to notify effective dates of amendments made vide Finance Act, 2024 as set out below:

GST provision	Amendments	Relevant Sections	Effective Date
Penalty for non-registration of Machines- Section 148	Imposition of penalty for non-compliance with the special procedure relating to the registration of machines	Section 148	1 st October 2024
Input Service Distributor (ISD)	Mandatory registration for ISDs handling common input services and distributing ITC. Revised definition of “Input Service Distributor” to include distinct persons and relevant invoices. Changes to the manner of credit distribution by ISDs, specifying documentation and distribution rules.	Section 2(61), Section 20	1 st April 2025
Reverse Charge Mechanism (RCM)	Amended to define time of supply for services from unregistered persons.	Section 13(3), Section 31(3)(f)	1 st November 2024
Input Tax Credit	Extended time limits for availing ITC for FY 2017-18 to 2020-21 till 30 th November 2021	Section 16(5), Section 16(6)	Retrospective from 1 st July 2017

GST provision	Amendments	Relevant Sections	Effective Date
Input Tax Credit	Restricts eligibility of ITC in respect of tax paid under Section 74, Section 129 and Section 130.	Section 17(5)(i)	1 st November 2024
Returns	New provisions for filing returns by TDS deductor; mandatory filings even if no deductions.	Section 39(3)	1 st November 2024
Demands and Recoveries	Common time limits for demand notices/orders established.	Section 74A, Section 73, Section 74	1 st November 2024
Appeals before Tribunal	Changes to case distribution and appeal filing timelines.	Section 109(5), Section 109(6)	27 th September 2024
Appeals before Tribunal	Amendment clarifying that the 3 month period for filing appeals begins from a notified date or the date the order communicated whichever is later.	Section 112	1 st August 2024
Reduction in Pre-deposit Waiver of Interest and Penalty	Reduced pre-deposit required for appeals under GST. Conditional waiver of interest/penalty for tax demands if paid by a certain date.	Section 107, Section 112 Section 128A	1 st November 2024 1 st November 2024
Anti-Profiteering	Authority's ability to accept new applications limited; Tribunal designated for anti-profiteering cases.	Section 171(2), Section 109(1)	1 st April 2025
Miscellaneous Amendments	Exclusions from GST, powers for tax regularization, and new provisions regarding insurance and summons.	Section 9, Section 11A, Section 30	1 st November 2024

Key amendments to the CGST Rules

[Notification No. 20/2024-Central Tax dated 08.10.2024](#)

CGST Rules	Details	Effective Date
New Rule 47A	Registered persons liable to pay tax under reverse charge must issue tax invoices within 30 days of receiving goods or services.	1 st November 2024
Amendment in Rule 66	FORM GSTR-7 (TDS return) must be submitted by the 10 th of the month following the calendar month.	1 st November 2024
Amendment in Rule 89	Simplification of refund calculations by removing exceptions related to ITC and turnover.	8 th October 2024
Amendment in Rule 96	Removal of sub-rule restricting refund claims for exporters.	8 th October 2024
Various Amendments to Forms	FORM GST REG-20 & REG-31: Adjustments related to cancellation and suspension of registration.	-

CGST Rules	Details	Effective Date
	GSTR-9: Various amendments aimed at enhancing compliance.	-
	FORM GST APL-01 & APL-05: Reduction of pre-deposit amounts required for appeals.	1 st November 2024

Due date for making payment under the Amnesty Scheme

[Notification No. 21/2024–Central Tax dated 08.10.2024](#)

CGST Act incorporates an Amnesty Scheme under Section 128A. This scheme allows taxpayers to waive interest or penalties on demands raised under Section 73 for the period from 1st July 2017 to 31st March 2020. To benefit from this scheme, taxpayers must remit the full tax amount by the specified deadlines outlined below:

Class of Registered Person	Last Date for Payment
Registered persons to whom a notice or statement or order under Section 128A(1) has been issued	31 st March 2025
Registered persons who receive a notice under Section 74 (1), concerning the period referred to in Section 128A(1)of the Act, for whom an order is passed or required to be passed by the proper officer, following the direction of the Appellate Authority, Appellate Tribunal, or a court, in accordance with the provision of Section 75(2), shall have their case treated as if the notice had been issued under Section 73(1) of the Act.	Date ending on completion of 6 months from the date of issuance of the order by the proper officer redetermining tax under Section 73

Special procedure for rectification of order

[Notification No. 22/2024–Central Tax dated 08.10.2024](#)

- Section 16 of the CGST Act has been amended to introduce sections 16(5) and 16(6), effective retrospectively from 1st July 2017. Key points include:
 - Extended Time Limit for ITC Claims:** Taxpayers can claim ITC for invoices or debit notes related to FY 2017-18 to FY 2020-21 until 30th November 2021, provided these claims are included in the GST returns.
 - ITC Claims Post Revocation:** For returns filed after the revocation of GST registration, the time limit for claiming ITC will be the later of:
 - 30 days from the revocation order date; or
 - The time limit specified under Section 16(4) of the CGST Act, which is 30th November (effective from 1st October 2022)
- For this purpose, CBIC has introduced special procedure for rectifying orders under sections 73, 74, 107, or 108 of the CGST Act regarding incorrect ITC claims due to time limit violations under section 16(4) but such ITC is now admissible in terms of the amended section 16 and where an appeal against such order has not been filed
 - Rectification applications must be submitted electronically within 6 months from the notification date (from 8th October 2024).
 - Applications must include the information specified in the attached Annexure to the notification.
 - The same officer who issued the original order will handle the rectification.
 - The officer is expected to decide and issue a rectified order within 3 months of the application.
 - A rectified order will be accompanied by Form GST DRC-08 or Form GST APL-04, as applicable.

- If the rectification negatively impacts the taxpayer, the principles of natural justice must be observed.

Waiver of late fees for delayed filing of Form GSTR-7 (Return for tax deducted at source (TDS) u/s 51)

[Notification No. 23/2024–Central Tax dated 08.10.2024](#)

CBIC has waived late fees for delayed filing of GSTR-7 returns from June 2021 onwards. If the total amount of central TDS in the said month is NIL, the entire late fee is waived. In other cases, late fees exceeding Rs.25 per day are waived, with a maximum cap of Rs.1,000. This waiver will take effect from 1st November 2024.

Supply of metal scrap

[Notification No. 24 & 25 /2024–Central Tax dated 08.10.2024](#)

From 10th October 2024, individuals engaged in the supply of metal scrap classified under Chapters 72 to 81 of the First Schedule to the Customs Tariff Act will be required to obtain GST registration upon exceeding the threshold limits specified in Sections 22 and 24 of the CGST Act. They will no longer be exempt from this requirement as outlined in [Notification No. 05/2017-Central Tax dated 19 June 2017](#). However, in case of supplies to registered person, tax will be payable under RCM basis by registered person until individual supplier of metal scrap crosses the threshold limit. Additionally, registered persons receiving supplies of metal scrap from other registered entities will be liable to deduct tax at source in accordance with Section 51 of the CGST Act.

Various Rate Notifications

[Notification No. 2 & 3/2024-Central Tax \(Rate\) and Notification No. 01/2024-Compensation Cess \(Rate\) dated 12.07.2024](#)

The CBIC has issued these notifications which will be effective from 15th July 2024 to amend existing GST regulations based on the recommendations of the 53rd GST Council Meeting held on 22nd June 2024.

A. Changes in Rate of Goods

Sr. No.	Description of Goods	From	To
1	Cartons, boxes, and cases of:(a) Corrugated paper or paperboard(b) non-corrugated paper or paperboard	18%	12%
2	Milk cans made of Iron, Steel, or Aluminium	18%	12%
3	Solar cookers	18%	12%

B. Exemption from GST on Goods

Agricultural farm produce packaged in quantities greater than 25 kgs or 25 litres will not be classified as “pre-packaged and labelled,” hence no GST will apply.

C. Exemption from Compensation Cess

Exemption provided for the supply of aerated beverages and energy drinks by a Unit Run Canteen (URC) to authorized customers from the entire GST Compensation Cess

Summary of Recent Key CBIC Rate Notifications issued on 08.10.2024

Effective Date: 10th October 2024

Notification	Changes/Details
Notification No. 05/2024-Central Tax (Rate)	Changes in Rate of Goods: <ul style="list-style-type: none">▪ Cancer Drugs: Reduced from 12% to 5%.▪ Extruded Savoury Snacks: Reduced from 18% to 12%.▪ Car and Motorcycle Seats: Increased from 18% to 28%.
Notification No. 07/2024-Central Tax (Rate)	Changes in Rate of Services: <p>Helicopter Passenger Transport: GST rate set at 5% for services on a sharing basis, provided input tax has not been claimed.</p>
Notification No. 08/2024-Central Tax (Rate)	Exemptions from GST: <ul style="list-style-type: none">▪ Electricity Connection Services: Various charges (application fees, meter rental charges, testing fees, labour charges) exempt when provided as a composite supply by transmission and distribution utilities.▪ Research and Development Grants (R&D): Exempt from GST for recognized educational institutions.▪ Import of Services by Foreign Airlines: Exempt when made without consideration, subject to conditions (GST payment by Indian establishment, certification by Ministry of Civil Aviation, reciprocal treatment confirmation).
Notification No. 06/2024-Central Tax (Rate)	RCM: <p>Metal Scrap Supply: RCM applied for supplies from unregistered to registered persons, with a TDS of 2% on B2B transactions.</p>
Notification No. 09/2024-Central Tax (Rate)	Commercial Property Rental: RCM applied for renting of any properties (excluding residential) from unregistered to registered persons.

KEY TAKE AWAYS

- The conditional waiver scheme under section 128A provides significant relief for taxpayers facing non-fraudulent GST demand notices from FY 2017-18 to 2019-20, acknowledging the challenges of the early GST days and easing compliance burdens.
- The RCM for renting commercial property from unregistered suppliers aims to improve GST compliance and reduce revenue leakages, but it may also create added compliance burdens and complexities for registered taxpayers.
- Clarifications on rule 96(10) allow exporters to claim IGST refunds after using concessional benefits, provided they pay the necessary taxes, marking a positive step toward simplifying the GST process and reducing disputes.
- Foreign airlines can breathe easier as the CBIC has exempted them from paying GST on services imported from their offshore branches. This notification marks a significant relief for the airline industry in India.
- The new rule 47A, requiring recipients to issue tax invoices(self-invoices) within 30 days for supplies from unregistered persons, is a positive change. It will simplify the invoicing process and help businesses stay on top of their tax responsibilities.
- In a significant move, the circular relating to demo vehicles clarifies that authorized motor vehicle dealers can claim ITC on demo vehicles used to promote sales. However, ITC will be restricted if these vehicles are utilized for non-sales purposes, underscoring the need for dealers to maintain accurate documentation for compliance.



contain inadvertent errors for which we shall not be held responsible. The information given in this publication provides a bird's eye view on the recent important select developments and should not be relied solely for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert. This document is a proprietary material created and compiled by C N K& Associates LLP. All rights reserved. This newsletter or any portion thereof may not be reproduced or sold in any manner whatsoever without the consent of the publisher.

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