Goods and Services Taxes

NOT A NAME CHANGE

BUT

A GAME CHANGE

04-07-2025
(FRIDAY)

R. SRIVATSAN, IRS

Introduction

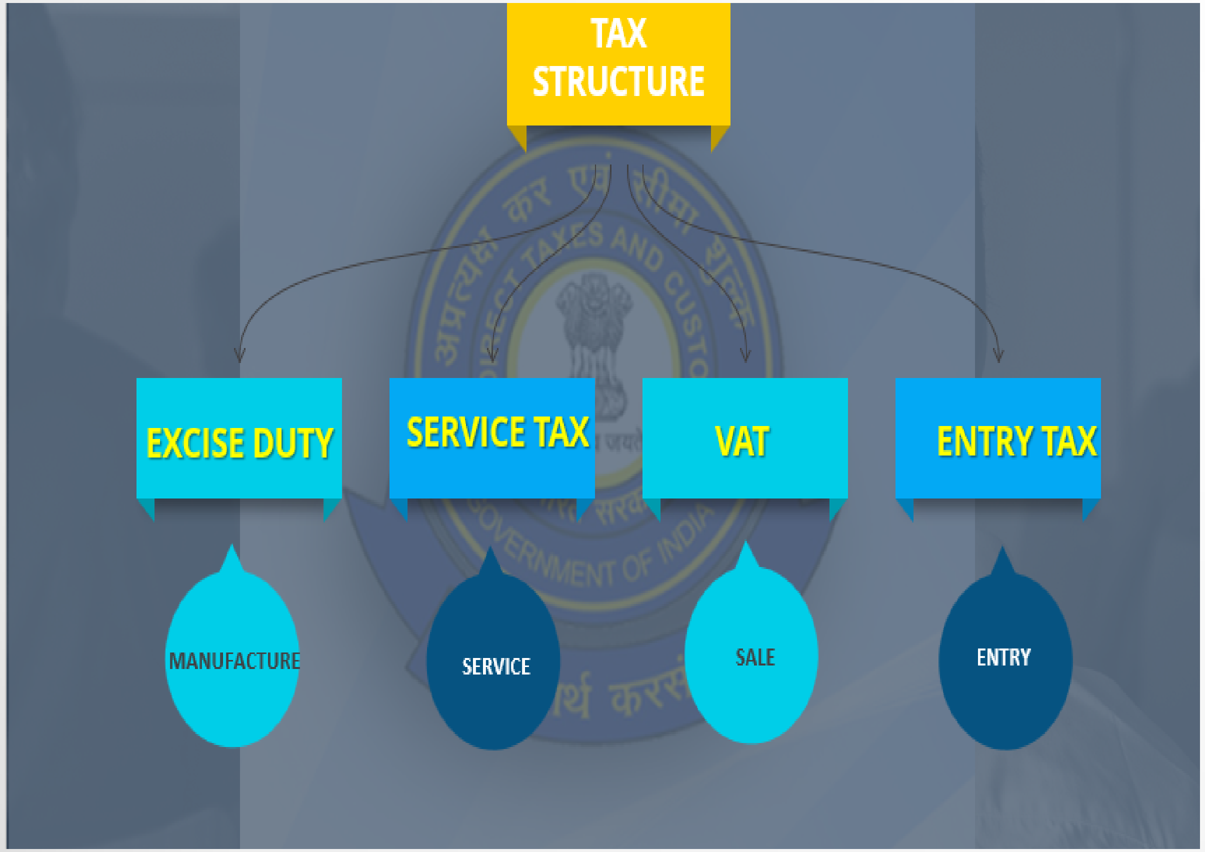
- Represents one of the most significant tax reforms in the country's history.
- Designed to replace a complex web of indirect taxes with a unified tax system.
- Promises simplification, transparency, and economic growth.
- Like any major reform, its journey appears nothing short of a rollercoaster ride, with both significant improvements and persistent challenges.

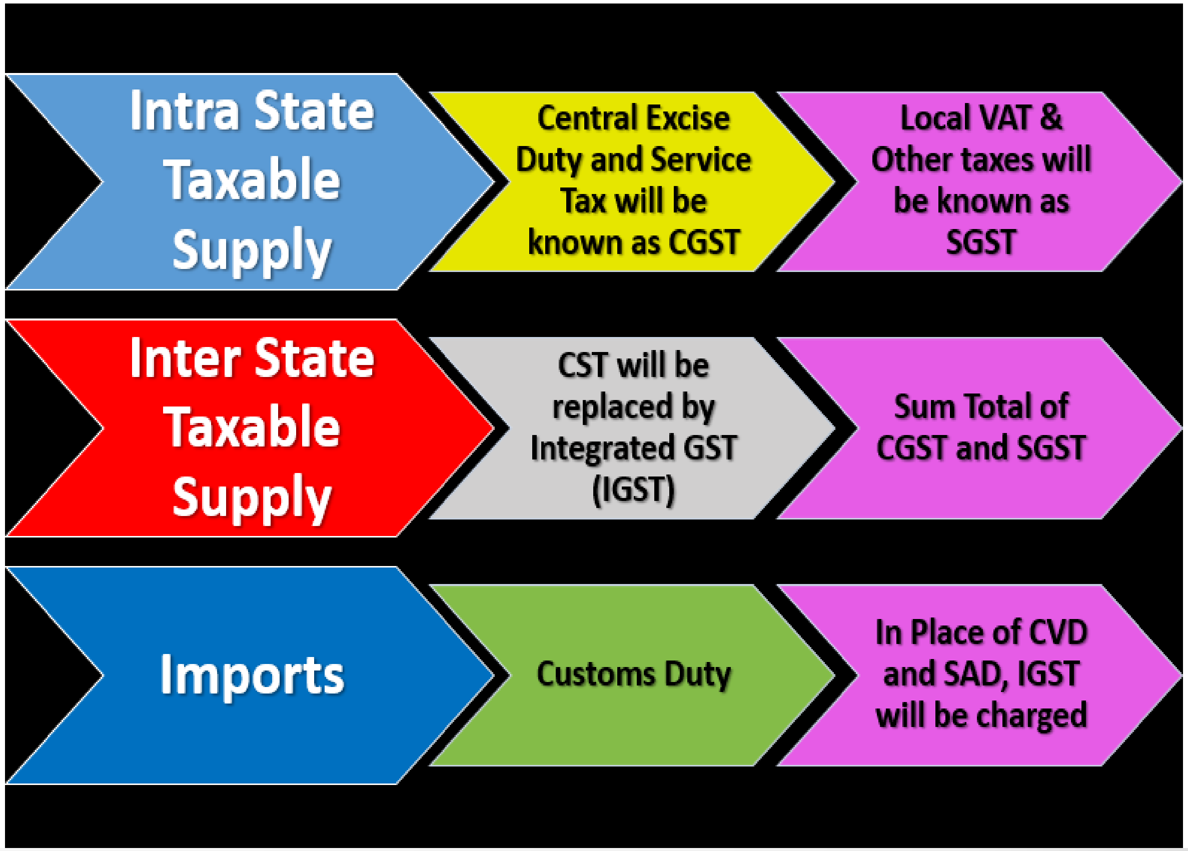
GST–Dawns : 01-07-2017

Progressive Takeaways

One Nation, One Market, One Tax, One Data , One Document, One return

GST replaced multiple indirect taxes at the central and state levels, creating a unified tax system across the country. This consolidation simplified the overall tax structure, making compliance easier for businesses operating across multiple states.

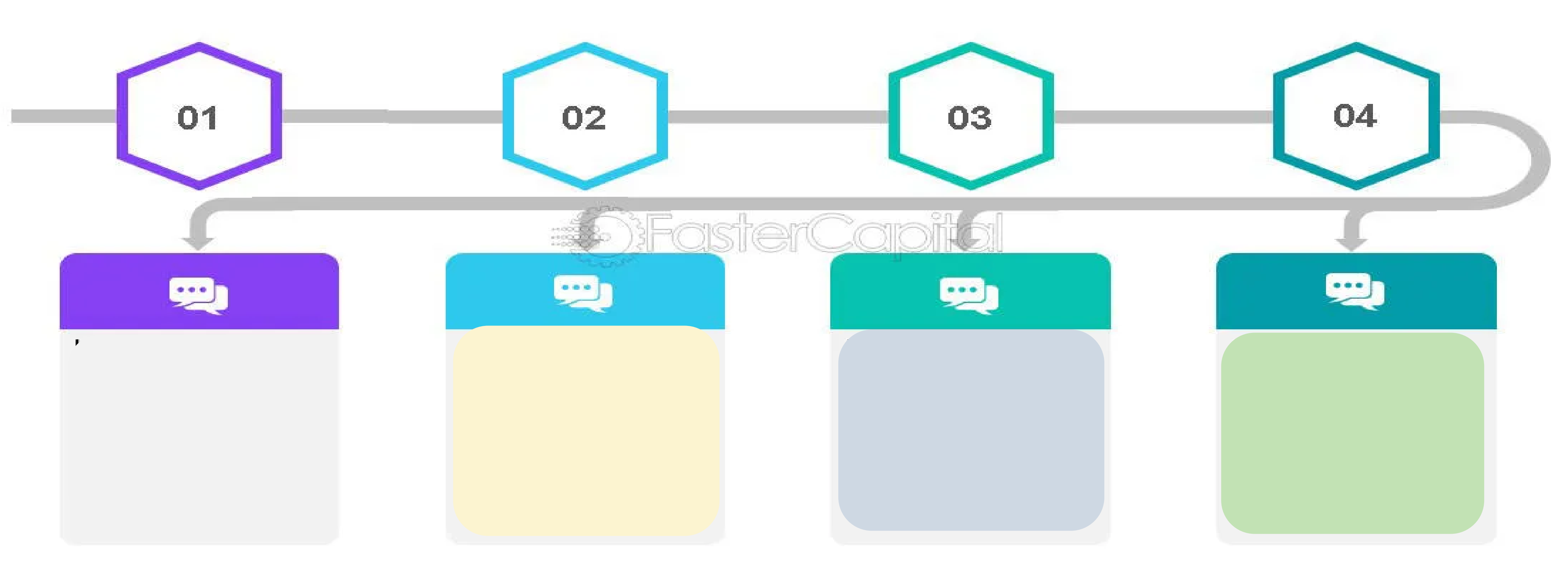




Progressive Takeaways

Elimination of Tax Cascading

Prior to GST, consumers suffered from a "tax on tax" problem where goods were taxed at each stage of production without credit for taxes paid at previous stages. GST's input tax credit mechanism ensures that businesses pay tax only on the value added at each stage, eliminating the cascading effect and reducing the overall tax burden on final products.



Progressive Takeaways

Enhanced Supply Chain Efficiency

- With state borders no longer serving as tax checkpoints, the movement of goods across India has become significantly more efficient.

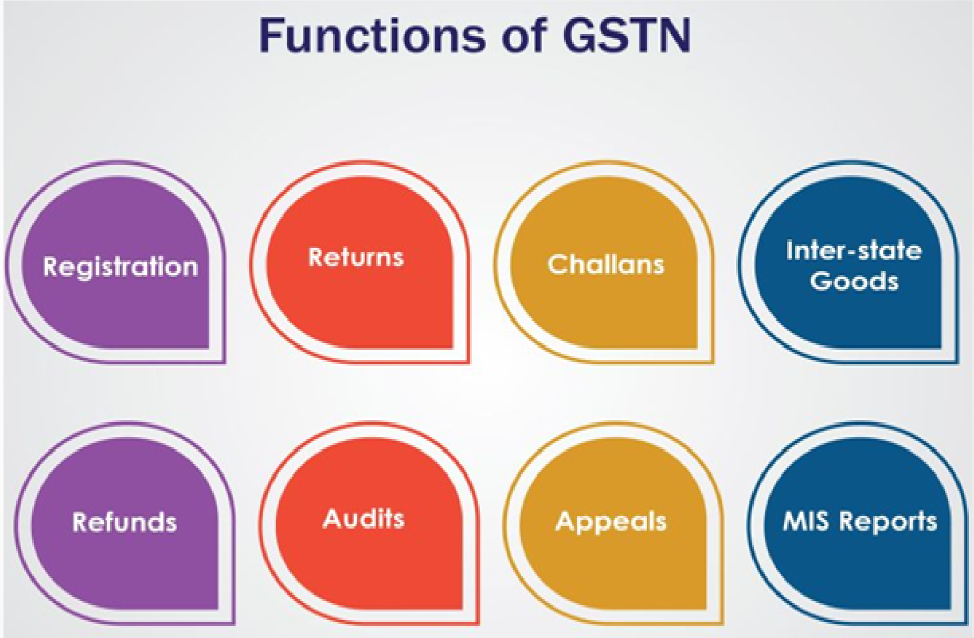
- The elimination of entry taxes and check posts by the state Authorities has reduced transit times, lowered logistics costs, and improved overall supply chain efficiency, benefiting both businesses and consumers.

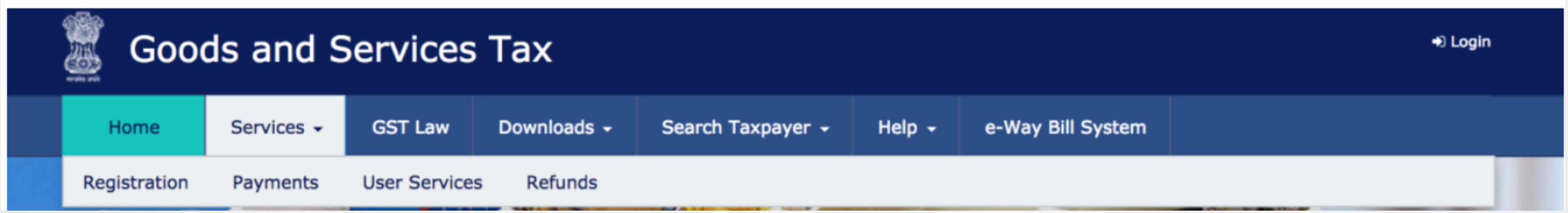
Progressive Takeaways

Digital Transformation of Tax Administration

GST implementation catalyzed the digital transformation of India's tax administration.

The GST Network (GSTN) provides a robust digital infrastructure for registration, returns filing, and tax payments, reducing human intervention and increasing transparency in the tax system.





Progressive Takeaways

Friendly Features

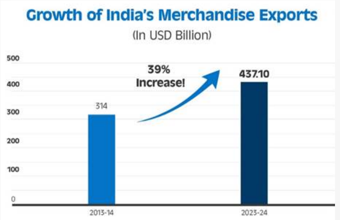
- User Friendly Multiple modes – Online / Offline / GSP / API
- Easy and Quick access – QR Code driven
- Checks and balances –Alerts through SMS also 2FA
- Creating own masters – Customers, Suppliers, Products
- Personalized Dashboard
- Monitoring the e-Way Bills / e-invoice with single signon

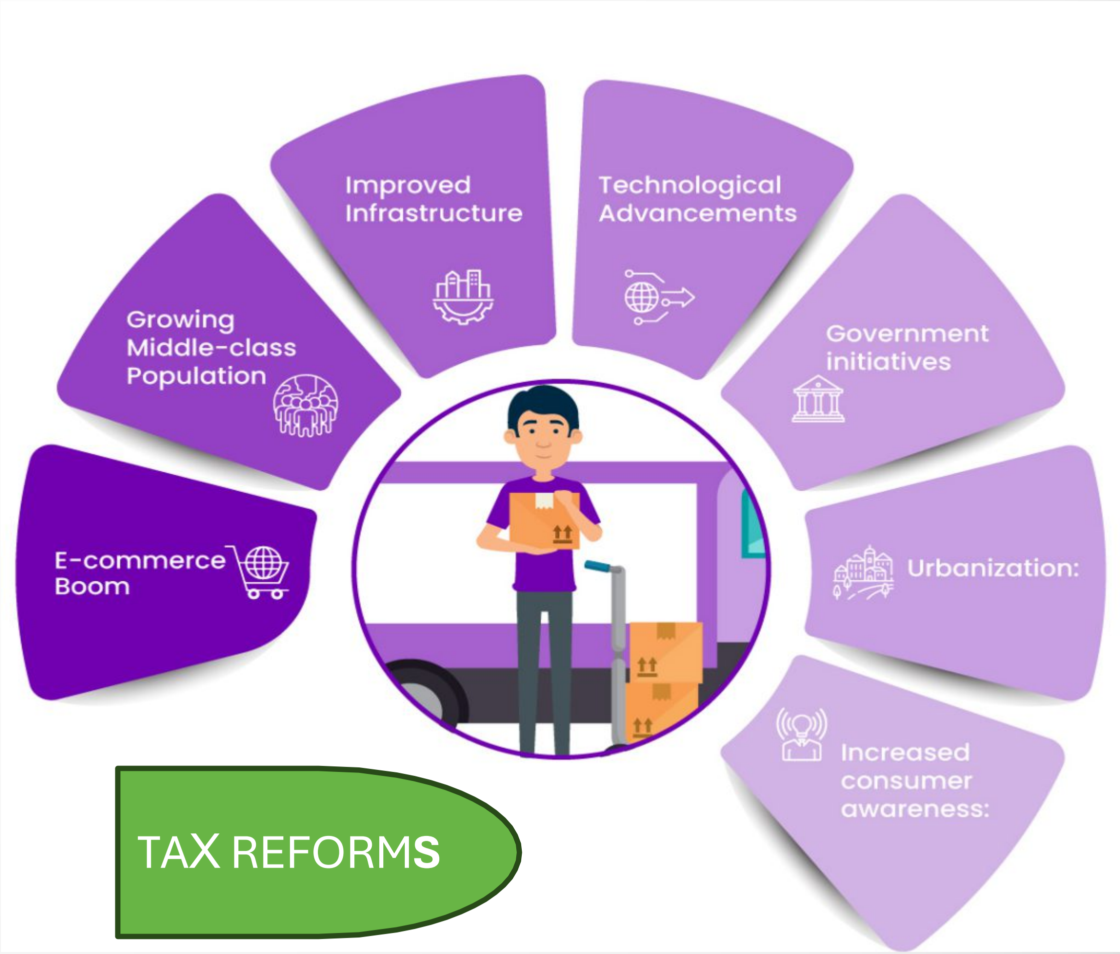
Progressive Takeaways

Formalization of the Economy

GST has played a crucial role in formalizing India's largely informal economy.

- Simplification of the tax structure
- Fostering production – 30% Cost reduction-Increased Consumption
- SME support – Composition Scheme
- Enhanced pan India operations -Reduced Road Blocks
- Increase in exports





Progressive Takeaways

Reduced Logistics Costs

The elimination of state border checkpoints and the implementation of e-way bills have significantly reduced transportation bottlenecks.

Studies suggest that post-GST, the average distance traveled by trucks per day increased by 39%, reducing logistics costs from 18% of GDP.

1. The traders need not visit tax offices anymore.
2. Average waiting time at check-post reduces drastically
3. Scope for illegitimacy eliminated in office or at check-posts.
4. Self-policing by traders. A trader while uploading gives the identification of the buying / trader who also has to account the transaction.
5. Environment friendly – nearly 50 tons of paper saved per day.
6. An accurate database created-useful for tax analysis.
7. Officials saved of monotonous work more time to analytical work.
8. Revenue growth -more than normal.
9. Complete Transparency of Transaction
10. Invasive inspections are now eliminated completely.

Average speed of trucks on Indian roads is about 20 km per hour
On Indian roads, a truck travels for 20 days a month v/s 25 days in developing countries
In India, truck covers 250-400 km per day while 700-800 km in developed countries
Annualy, a truck on Indian roads can cover 60,000-100,000 km while in the US a truck can travel up to 400,000 km

It was 17 Kmph; Target: 40 kmph

It was 15 days; Target: 25 Days running time

It was 200 Kms per day;
Increased to 350 Kms per day;
Target: 600 kms per day;

PM GATI SHAKTI

Progressive Takeaways

Increased Tax Compliance

- GSTN is handling **900 crore** invoices each month from a total of **152 Lakh users**.
- With self-policing ITC mechanism, tax compliance has improved.
- Businesses must ensure that their suppliers are GST-compliant to claim input tax credits, creating a ripple effect of compliance throughout the supply chain

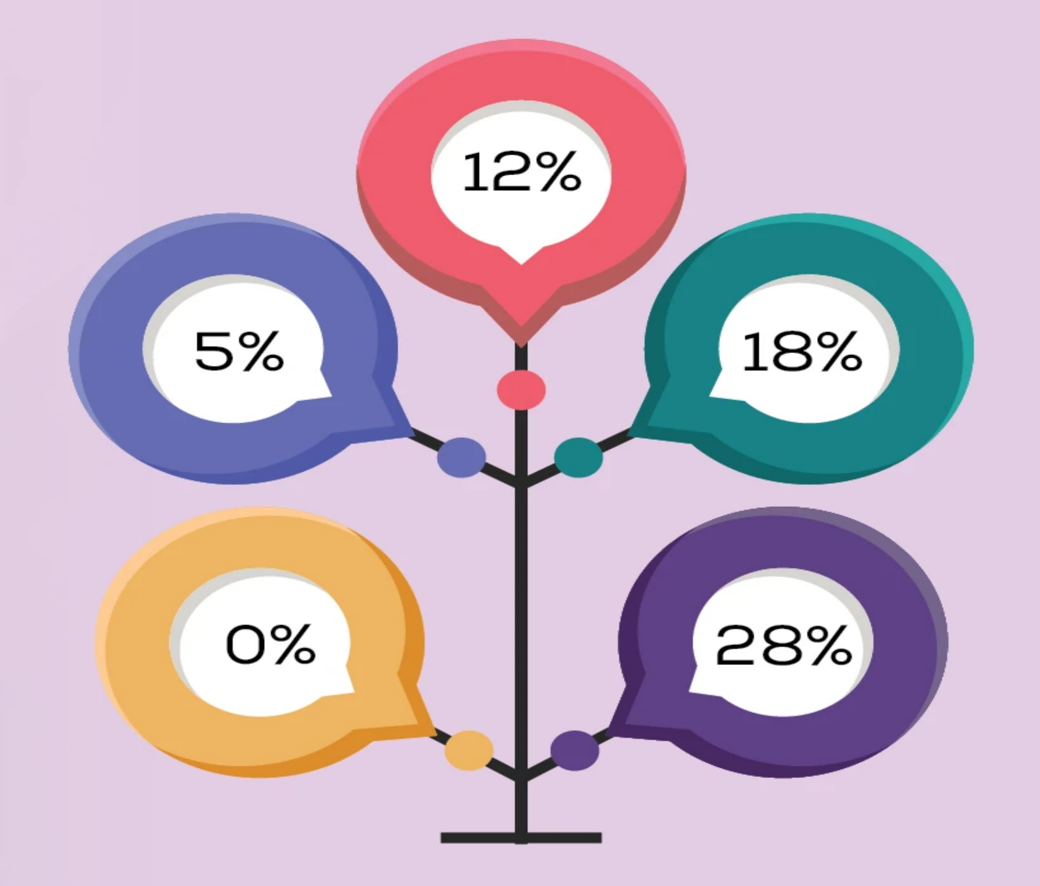
1.48 Cr. Registered Tax Payer	**144.50 Cr.** Total Returns filed *	**526.66 Cr.** E-Way Bill *	**2153 Cr.** Total Invoice upload *
79.95 Lakh Cr. Payment through the portal *	**36.45 Cr.** Total no. of payment transactions *	**24.85 Lakh** Highest Returns Transactions in a day	**9.55 Lakh** Highest Payment Transactions in a day

Progressive Takeaways

Uniform Tax Rates Across States

- GST has **ensured uniform** tax rates **across** states, **eliminating the** tax arbitrage that **previously** existed.
- This has **created** a **level playing field for** businesses and **reduced tax-motivated location decisions**, **allowing** businesses **to** make **economically efficient choices**.

0% 50% of the consumer price basket, including foodgrains	**18%** Soaps, oil, toothpaste, refrigerator, smartphones
5% Mass consumption items like spices and mustard oil	**28%** White goods, cars
12% Processed foods	**28%** plus cess Luxury cars, pan masala, tobacco, aerated drinks

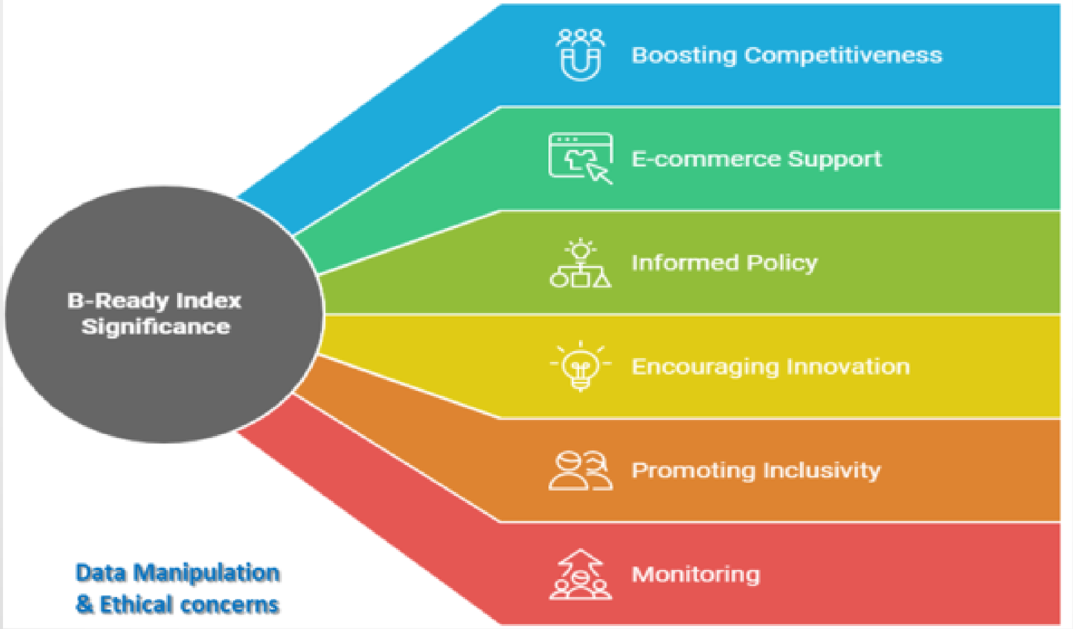


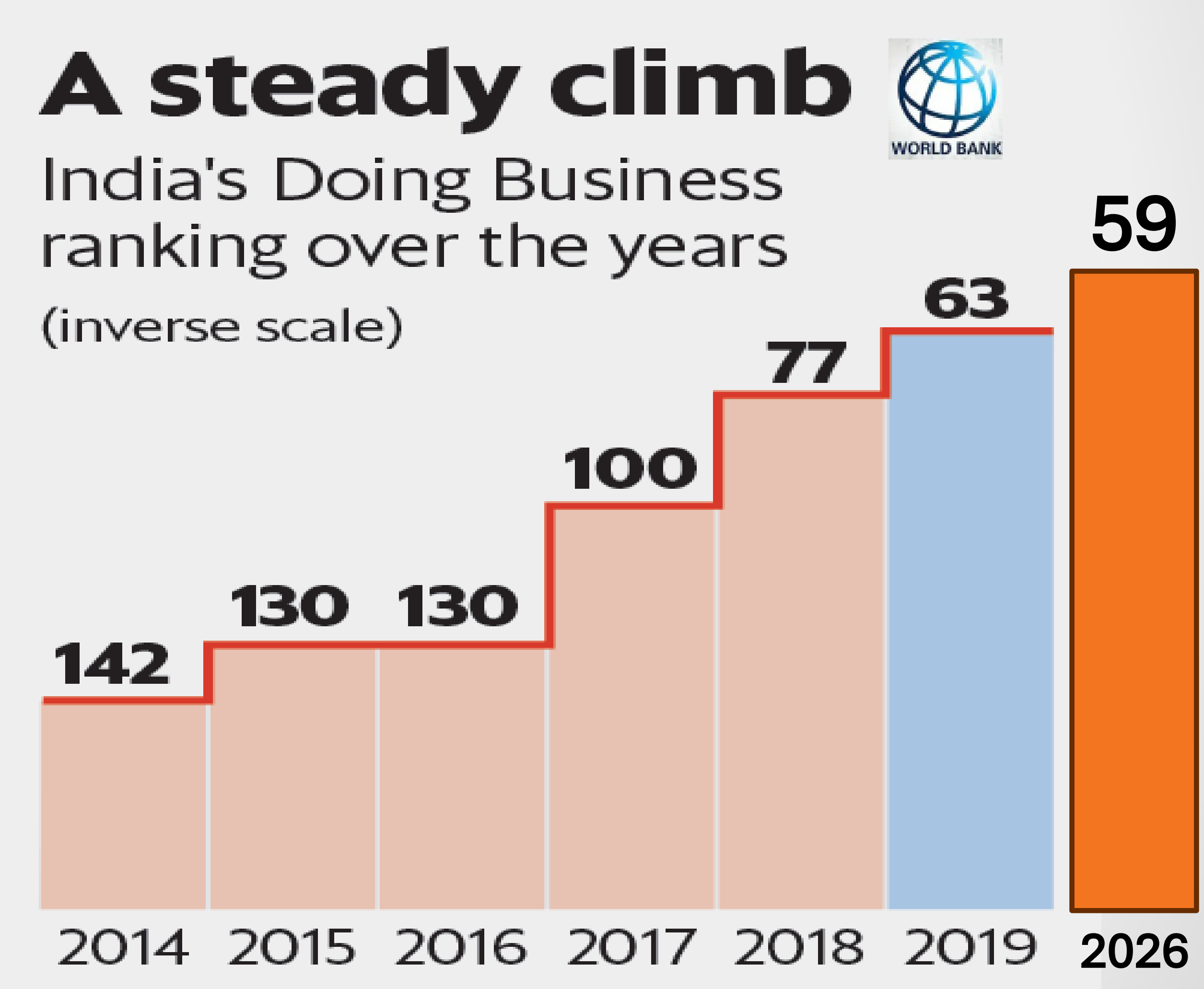
Concept of Revenue Neutral Rates

Progressive Takeaways

Improved Ease of Doing Business

- The simplified tax structure, online compliance system, and reduction in physical touchpoints have significantly improved the ease of doing business in India.
- This improvement has been reflected in India's climb in global ease of doing business rankings post-GST implementation.



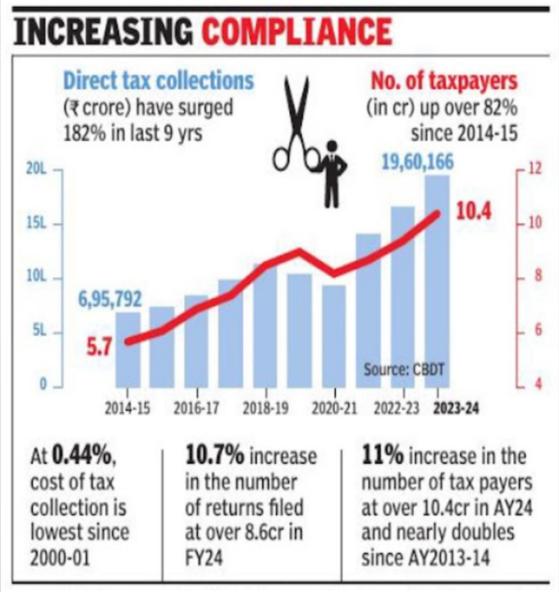


Progressive Takeaways

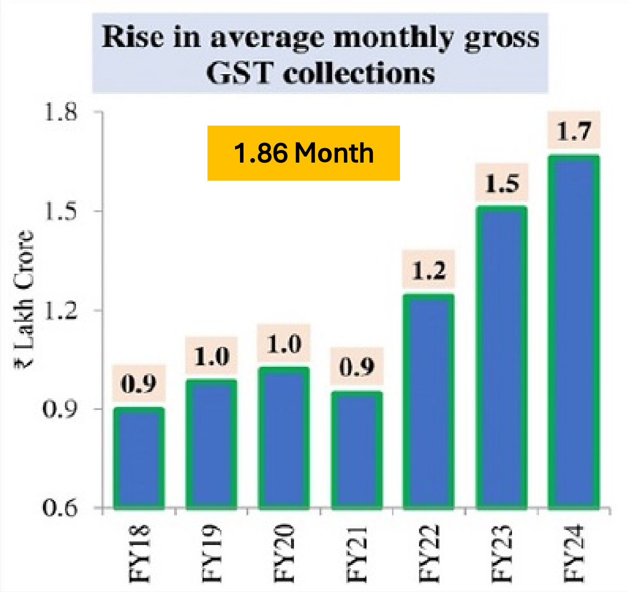
Real-time Tax Collection Monitoring

The GSTN enables real-time monitoring of tax collections, providing valuable data for policy-making and economic analysis.

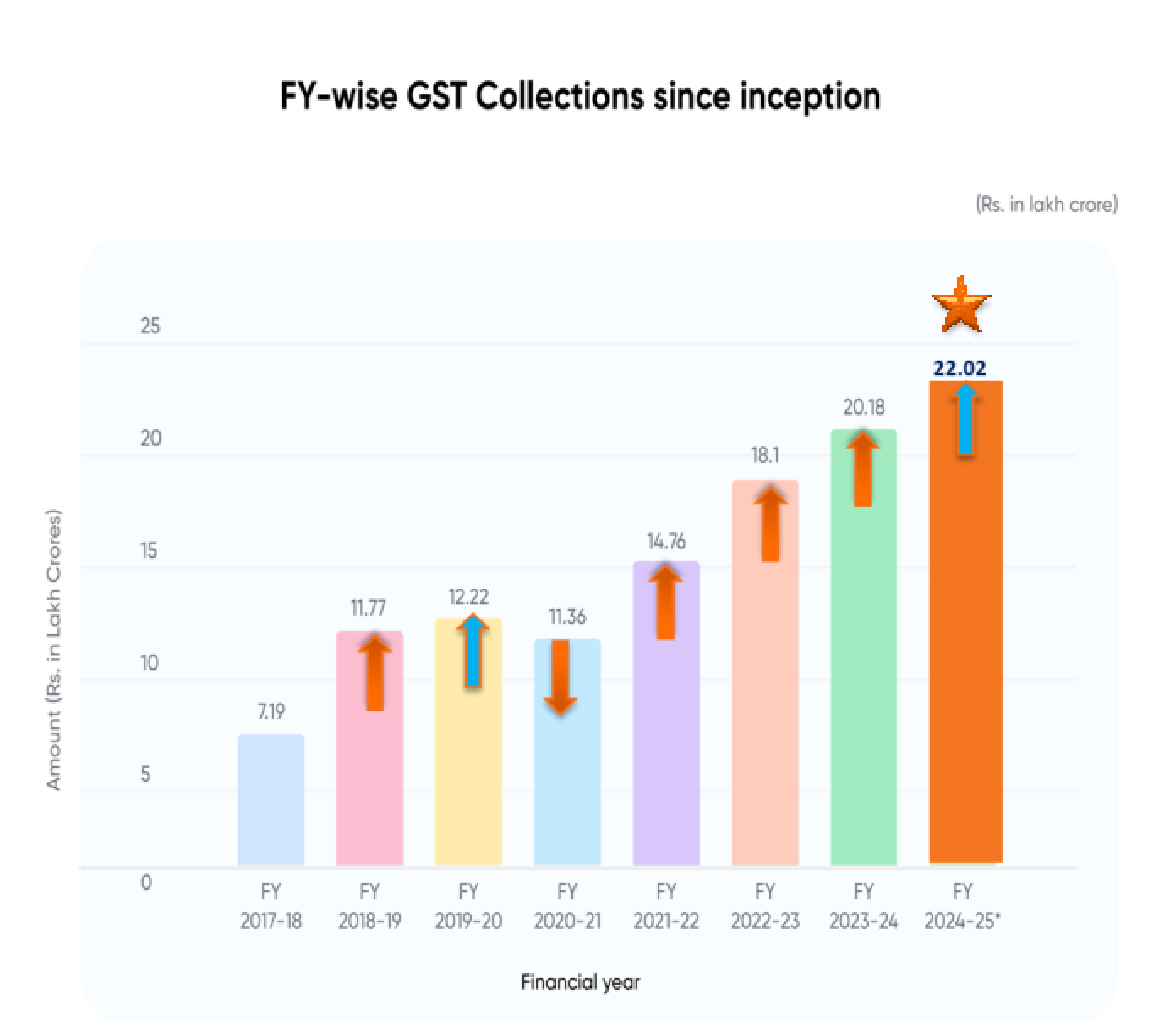
This has improved the government's ability to detect tax evasion and respond quickly to economic trends through targeted policy interventions.



Income Tax



GST



Progressive Takeaways

Special Provisions for Small Businesses

The Composition Scheme under GST provides simplified compliance for small businesses with an annual turnover below specified thresholds.

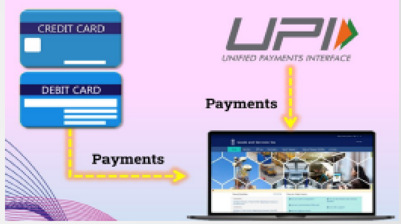
This has reduced the compliance burden for millions of small enterprises while keeping them within the formal tax

MSME sector contributes significantly to the national economy - breeding ground for entrepreneurship & skill development -

The largest employment provider - The largest employment provider-Number of MSME >3 Crore employing around 10 Crore people

Progressive Takeaways

Technology-driven Compliance



GST's technology-driven compliance framework, including e-invoicing, e-way bills, and online returns, has reduced human intervention in tax administration, and increasing transparency in the system.

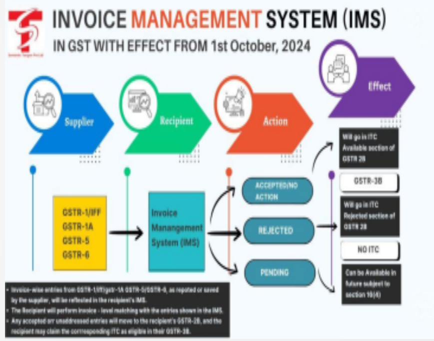
Biometrics

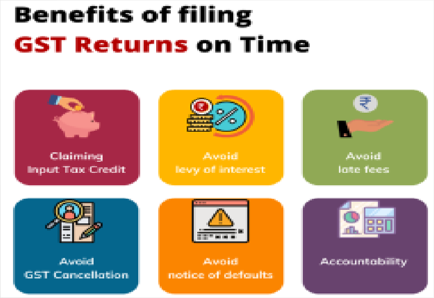
Geo-Tagging

Opportunity

Sovereign Evidence

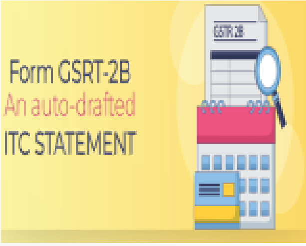
Validated ITC



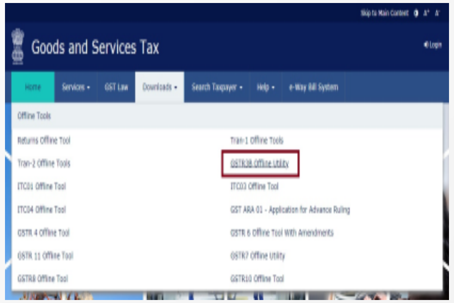


Sequential

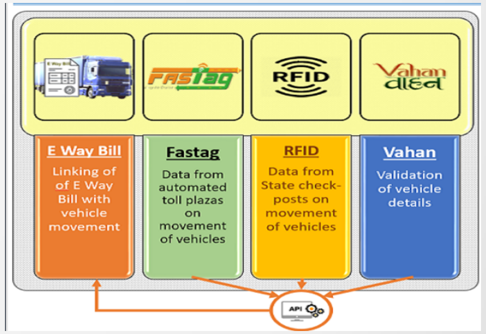
Self-Policing



Reconciliation



Helping Hand



Smart Interplay

Progressive Takeaways

Legislative Relaxations

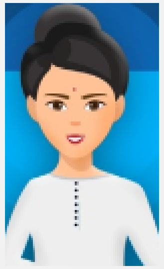
1. Reduced Pre-Deposit for Appeals Tribunal from 20% and Penalties 25% to 10%: Sec.107
2. Simplified ITC Distribution (ISD) for Reverse Charge inter and intra state: Sec.20
3. Waiver of Interest and Penalty under Section 128A:
4. Delinking of return filing from fixing the last date for taking credit for PFY Sec.16(4)
5. Fixing uniform interest for ITC and short payment under Section 50(1) & 50(3)
6. Interest liability only if ITC is utilized and not availed: Section 50
7. Transfer of Cash balance in Cash ledger between distinct persons R:87(13)/PMT-0
8. Insertion of new provisions Section 16(5) and 16(6)
9. Clarification on ITC for Plant and Machinery: Section 17(5)(d)
10. Retrospective Exemption for SEZ/FTWZ Supplies Clause 8 Sch:III

Legislative changes to strengthen the GST regime First

Progressive Takeaways

Compliance Relaxations

1. **Simplification of E-Way Bill Generation**: E-Way bill requirements have been streamlined, reducing documentation burdens for taxpayers transporting goods
2. **Dynamic QR Code Implementation**: Introduction of dynamic QR codes on invoices facilitates digital payments and enhances compliance tracking
3. **Integration of E-Invoicing with Returns:** E-invoicing has been integrated with the e-way bill system and GST returns, simplifying compliance processes for businesses single signon
4. **Common Time Limit for Demand Notices:** A unified time limit for issuing demand notices related to fraud or misstatement has been established, simplifying taxpayer obligation
5. **Waiver of Late Fees**: The GST Council has approved waivers on late fees for certain delayed filings, making it easier for businesses to comply without incurring additional costs
6. **Increased Time for Appeals**: The period for filing appeals before the GSTAT Tribunal has been extended, allowing three months from a government-notified date



Chatbot GITA
(GST Interactive Technical Assistant)

Progressive Takeaways

Three Keys

Regular Rationalization of Tax Rates

The GST Council has shown flexibility in rationalizing tax rates based on feedback from stakeholders. The initial five-tier tax structure has seen multiple revisions, with many items moved to lower tax slabs based on consumer interest and economic considerations.

Increased Revenue Collections

Despite initial fluctuations, GST collections have shown a consistent upward trend, especially in recent years. Monthly GST collections crossing ₹1.8 lakh crore have become the new normal, providing fiscal stability to both central and state governments.

Continuous Evolution and Improvement

Perhaps the most significant progressive aspect of GST has been its continuous evolution. The GST Council's responsiveness to stakeholder feedback and willingness to simplify procedures and rationalize rates demonstrates a commitment to making the system more user-friendly and effective over time.

GST Convenience for New GST Registration

Instructions for processing of applications for GST registration

Instruction No. 03 & 04/2025-GST

No additional document like Udhyam certificate, MSME certificate, shop establishment certificate, trade license etc.

Prepared & Presented by R. SRIVATSAN, IRS., NACIN, Chennai

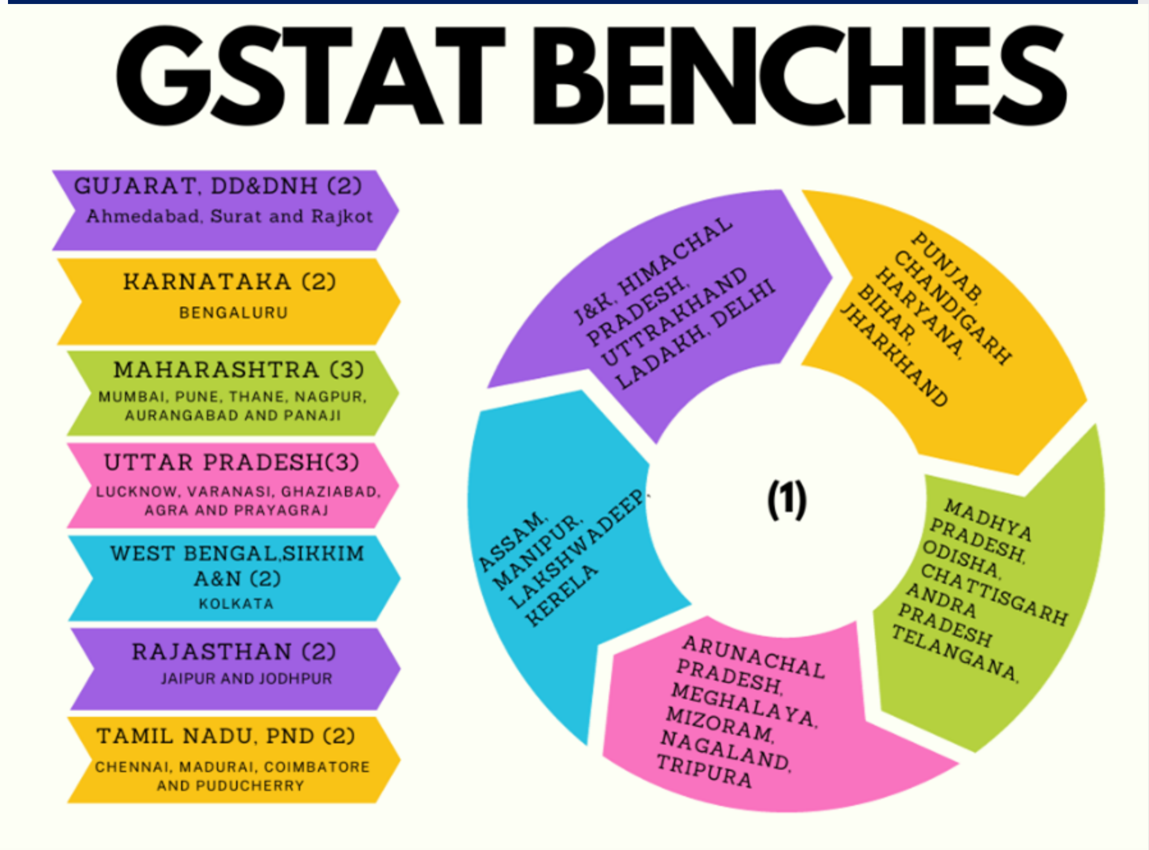
Compliance Pain Points

Litigation and Clarity Issues

- Ambiguities in GST provisions have led to increased litigation.
- Issues like place of supply, classification of goods and services, and ITC have been subject to different interpretations by tax authorities and taxpayers.
- Lead to protracted legal battles and uncertainty.
- Non-Functioning of GSTAT

GSTAT procedure rules, 2025 vide notification no. G.S.R. 256(E) dated 24th April 2025.

A Principal Bench in New Delhi and 31 State Benches



Global Perspective on India's GST

- Ø 168 Countries follow GST type of Taxation;
- Ø German Economist Dr. W.V. Siemens designed a VAT.
- Ø France was the first country to adopt GST in 1954;
- Ø About 40 Models–Countries adopt a Unified Model of GST
- Ø Brazil and Canada follow Dual system
- Ø India also follows a dual GST – Tax levied both by Centre & State

Harvard Business School

GST RATES (%) ►	20	10	19	22	16	10	23	16	18	17	10	12	12,18
COUNTRY ►	FRANCE	BRAZIL	GERMANY	ITALY	MEXICO	INDONESIA	GREECE	PAKISTAN	RUSSIA	CHINA	AUSTRALIA	SRILANKA	INDIA
INTRODUCED IN ►	1954	1964	1968	1973	1980	1984	1987	1990	1991	1994	2000	2002	2017

How GST Benefits the Common Man

<u>Despite being a consumption tax ultimately borne by the end consumer, GST has benefited common man in several ways</u>

1. Reduced Prices of Essential Goods:
2. Transparent Taxation:.
3. Improved Quality of Goods and Services:
4. Digital Consumer Protection:.
5. Long-term Economic Benefits:

The increased tax revenues enable greater government spending on infrastructure, healthcare, education, and social welfare programs that improve the quality of life for the common man.

Way ahead

- Possibility of reduction of rates, once revenue buoyancy achieved
- Possibility of inclusion of petroleum products under GST
- Gearing up IT infrastructure to support larger needs
- Enhancing EoDB by bringing changes as suggested by trade
- Efficient structured policy making with Predictive Analysis using AI
- GST compliance rating – basis for business recognition
- Incentivising Digital Tax Payments
- Non-Invasive Compliance Verification

In Conclusion

- A very significant indirect tax reform in India
- Widening of tax base, increase in trade volumes and improved tax compliance: Increase in tax revenues
- Reduce economic distortions in inter-State supply chain
- Streamline tax administration and avoid differentiation of business
- Reduction in compliance costs and burden by bringing Harmony in Business Process
- Increased transparency, accountability and ease of tax administration

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Paved the way for

ONE NATION - ONE MARKET - ONE TAX – ONE DATA- ONE DOCUMENT – ONE COMPLIANCE

Wrap up

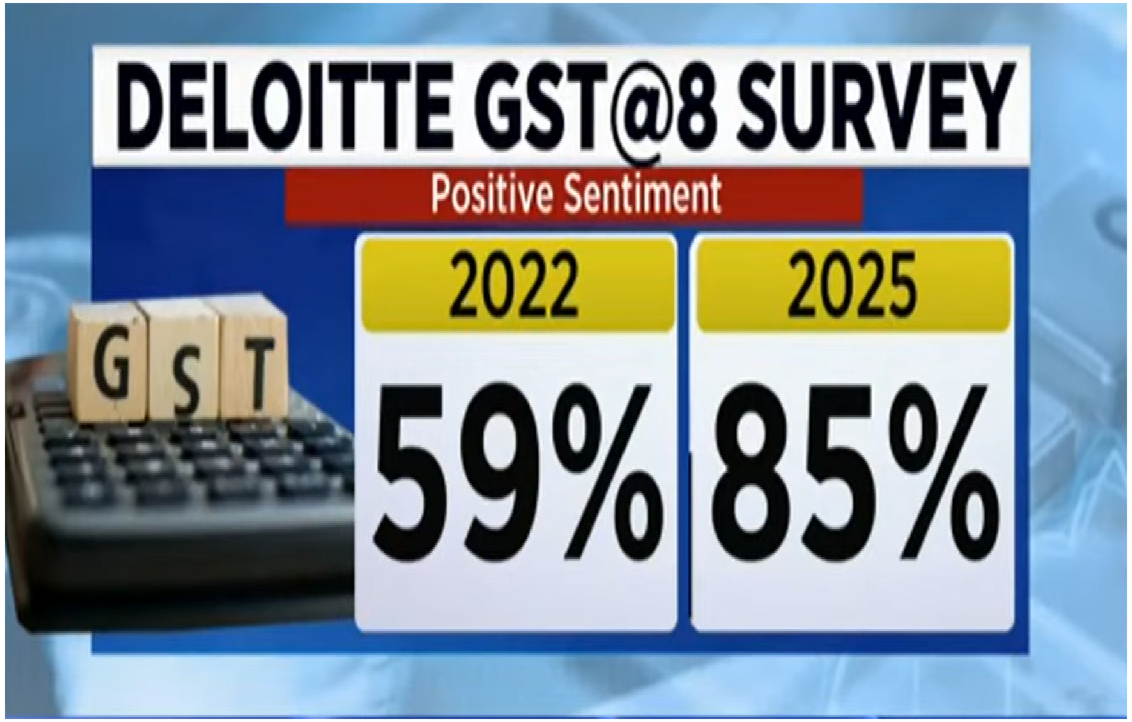
GST IS A

GAME-CHANGING REFORM

AND

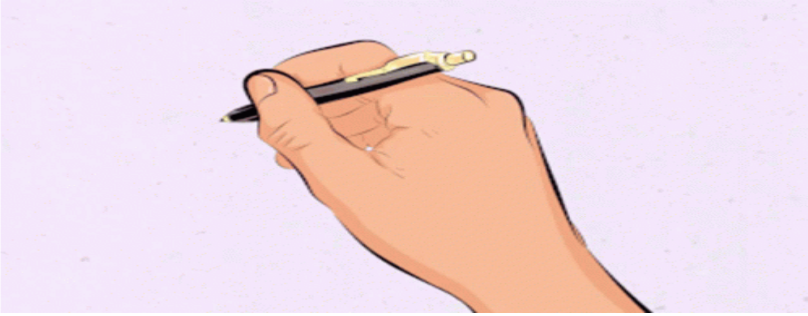
NOT JUST A

NAME CHANGING REFORM



Great **S**teps towards **T**ransformation

"The views expressed by the speaker in the presentation are for awareness and educational purpose only and the attendees may refer to the legal text for understanding the details and the legal implications"



Scope of Supply

1. Circular No. 243/37/2024-GST dated 31st December 2024, relating to the GST treatment of vouchers, including their distribution, breakage, and service components.

References have been received from the trade and industry as well as the field formations seeking clarity on various issues with respect to vouchers such as whether transactions in voucher are a supply of goods and/or services, whether GST is leviable on trading of vouchers by distributor/sub-distributor, and whether the unredeemed vouchers (breakage) are taxable. It has been represented that there are different views on these issues across field formations.

Accordingly, in view of the difficulties being faced by the trade and industry and to ensure uniformity in the implementation of the provisions of the law across field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), hereby clarifies the issues, as below.

Here is a **comprehensive numerical example** covering **all four issues clarified** under **Circular No. 243/37/2024-GST dated 31st December 2024:**

■ **ISSUE 1: Is voucher supply of goods or services?**

■ **Scenario 1:**
Voucher is a RBI-regulated Prepaid Instrument (PPI)

- **M/s XPay Solutions Pvt. Ltd.** issues digital gift cards (vouchers) recognized as PPIs under RBI Master Directions.
- Each gift card has stored value of ₹1,000, purchased by customers to be redeemed at listed merchants.
- The card is used purely as a payment instrument and carries an obligation to be accepted for listed goods/services.

■ **GST Treatment:**

- As per Circular Para 3.4 → **PPIs recognized by RBI** qualify as **"money"** under **Section** 2(75).
- **"Money"** is excluded from definitions **of goods/services** under **Sec**tions 2(52)/2(102).
- **Trading in such vouchers = not a supply → No GST o**n voucher itself.

■ **Scenario 2: Voucher not covered by RBI (non-PPI)**

- M/s DealMart issues **own printed discount vouchers** worth ₹2,000, **redeemable only at its stores.**
- The voucher has no RBI recognition; it just assures the bearer can claim specific goods listed.

■ **GST Treatment:**

- As per Para 3.5 → It is an **"actionable claim"** (not "specified" as per **Sec** 2(102A)).
- As **per Schedule III Entry 6**, actionable claims (other than lottery, betting, gambling) = **neither supply of goods nor services**.
- **Trading in such vouchers = No GST.**
- However, supply of underlying goods and/or services, for which vouchers are used as consideration or part consideration, may be taxable under GST.
  Therefore, it is clarified that irrespective of whether voucher is covered as a pre-paid instrument recognized by RBI or not, the voucher is just an instrument which creates an obligation on the supplier to accept it as consideration or part consideration and the transactions in voucher themselves cannot be considered either as a supply of goods or as a supply of services.

■ **ISSUE 2: Distribution of vouchers – P2P vs Commission**

■ **Model A:**

Principal-to-Principal (P2P)

- **M/s Galaxy Distributors purchases** 10,000 **prepaid** gift **cards** (₹500 **each**) **from M/s VoucherKing Pvt. Ltd.** at ₹475 **each.**
- **Sells** them **to corporates** at ₹490 **each.**

Particular	**Value (₹)**
Cost Price per voucher	₹475

Selling Price per voucher	₹490
Trading Margin per voucher	₹15
Total Vouchers	10,000
Total Trading Margin	₹1,50,000

■ **GST Treatment:**

- Distributor owns the vouchers and sells them independently.
- As per Para 4.2.1 → **No GST on voucher trading**, since the voucher is not a **supply**.

■ **Model B:**

Commission-based Distribution

- **M/s DigiAgent Services** promotes vouchers **of M/s ShopOn Pvt. Ltd.**
- Earns ₹10 per voucher as **commission for** marketing 5,000 vouchers.

Particular	**Value (₹)**
Commission per voucher	₹10
Total vouchers promoted	5,000
Total Commission	₹50,000
GST @18%	₹9,000

■ **GST Treatment:**

- As per Para 4.3 → Commission agents are providing **service to** the voucher issuer.

- **GST payable on ₹50,000 at applicable rate (₹9,000).**

ISSUE 3: Additional Services – Branding, Marketing, Tech

Scenario:

- **M/s AlphaPromo Pvt. Ltd.** provides **marketing & tech support** to **M/s GiftHub Pvt. Ltd.** (voucher issuer)
- Receives ₹2,00,000 as monthly affiliate charge.

GST Treatment:

- As per Para 5.1 → **GST is payable on ₹2,00,000** as it is **supply of marketing & tech services**.
- GST @18% = ₹36,000

ISSUE 4: Unredeemed Vouchers (Breakage)

Scenario:

- **M/s RewardWallet Pvt. Ltd.** sells 20,000 vouchers @ ₹1,000 each = ₹2,00,00,000
- **16,000 vouchers redeemed**, but **4,000 unredeemed** till expiry
- Breakage income = ₹40,00,000

GST Treatment:

- As per Para 6.2–6.3:
  - Breakage is NOT consideration (as no supply occurs)
  - No agreement to forgo services for consideration
- **No GST on ₹40,00,000 breakage income**

■ **Summary Table:**

Issue No.	Scenario	GST Applicable?	Remarks
1	Voucher is PPI (RBI recognized)	■ No	Falls under "money"
1	Voucher is not PPI but used to claim goods	■ No	Considered actionable claim
2	Distributor sells on own account (P2P)	■ No	Not a supply
2	Distributor earns commission	■ Yes	GST on commission
3	Marketing/branding support to issuer	■ Yes	GST @ applicable rate
4	Unredeemed vouchers (breakage)	■ No	Not consideration for any supply

2. Circular No. 244/01/2025-GST dated 28th January 2025:

Here is a professional and simple numerical example illustrating the clarifications from Circular No. 244/01/2025-GST dated 28th January 2025, which deals with GST treatment on:

- Co-insurance premium apportionment by lead insurer to co-insurers
- Ceding/reinsurance commission adjustments by insurer to reinsurer

■ **ISSUE 1:**

Co-Insurance – Premium Apportioned by Lead Insurer to Co-Insurers

■ **Example:**

- **Policy Premium Paid by Customer (Insured):** ₹1,00,00,000
- **Lead Insurer:** M/s SecureLife Ltd.
- **Co-Insurers:** M/s ShieldInsure Ltd. and M/s BharatCover Ltd.
- **Share of Risk:**
    - SecureLife: 50%
    - ShieldInsure: 30%
    - BharatCover: 20%

GST on Premium:

- **Lead Insurer collects full premium (₹1 Cr) and pays GST (18%)**

→ GST Paid = ₹18,00,000

- Co-insurers are reimbursed their share:
    - ShieldInsure: ₹30,00,000
    - BharatCover: ₹20,00,000

■ **Before Circular:**

- Field formations treated premium shared with co-insurer as a **supply of service**
- → demanded GST again from lead/co-insurers

As per Circular Para 2(a):

From **01.11.2024**, this **apportionment is covered under Schedule III** (neither supply of goods nor services)

GST payable **only once by lead insurer** on the **full ₹1 Cr**, subject to condition that **full** tax is paid by lead

No GST on amounts paid to co-insurers (₹50L)

ISSUE 2:
Reinsurance – Commission Deducted by Insurer

Example:

- **Insurer:** M/s **SecureLife** Ltd.
- **Reinsurer:** M/s GlobalRe Ltd.
- **Reinsurance Premium (Gross):** ₹20,00,000
- **Ceding Commission Retained by SecureLife:** 15% = ₹3,00,000
- **Net Amount paid to Reinsurer:** ₹17,00,000

GST on Reinsurance Premium:

- **Gross Premium = ₹20,00,000**
- **GST @18% = ₹3,60,000**
- **Paid by Reinsurer** on **full** ₹20,00,000 including ceding commission

Earlier Doubt:

- Whether insurer (**SecureLife**) has to pay GST on **₹3L commission retained?**

As per Circular Para 2(b):

From **01.11.2024**, where GST is paid by **reinsurer** on **gross premium**, ceding commission is **not treated as taxable supply** by insurer

No separate GST required on ₹3,00,000 commission

ISSUE 3:

Regularization for Past Period (01.07.2017 – 31.10.2024)

Circular Para 4 Clarifies:

- These transactions (co-insurance apportionment and reinsurance commission deductions) are now **regularized for the period 01.07.2017 to 31.10.2024**
- No recovery, refund, or further action will be required **"as is where is" basis**

Summary Table:

Scenario	Party	Transaction	GST Treatment
Co-Insurance	Lead & Co-Insurers	Premium apportionment	Only Lead pays GST on full amount; No GST on share transferred to co-insurers
Reinsurance	Insurer & Reinsurer	Ceding Commission	Reinsurer pays GST on gross premium; No GST on ceding commission retained
Past Transactions	All Insurers	01.07.2017 to 31.10.2024	Regularized "as is where is"; No further demand or refund

3. Pre-packaged and labelled [Notification No. 01/2025- Central Tax (Rate) New Delhi, dated 16th January 2025 (w.e.f. 16th January 2025)]:

The expression 'pre-packaged and labelled ' means all commodities that are intended for retail sale and containing not more than 25 kg or 25 litre, which are 'pre-packed' as defined in clause (l) of section 2 of the Legal Metrology Act, 2009 (1 of 2010) where, the package in which the commodity is pre-packed or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder.".

Meaning in Simple Words:

A product is treated as **"pre-packaged and labelled"**, and thus **liable to GST**, if:

- It is **sold in packaged form** to the **end consumer**
- The weight or volume is **25 kg/litre or less**
- It has **declarations** like:
  - MRP
  - Net quantity
  - Name of manufacturer/packer
  - Customer care details, etc.

Example: GST Applicable on Pre-packaged Goods

M/s Akash Agro Foods sells **rice in sealed plastic bags**, each weighing **10 kg**, to retail customers.

Particulars	**Details**
Product	Rice
Packing size	10 kg
Label on pack	Yes (MRP, net weight, brand, etc.)
Buyer	General retail buyer
GST Rate	5% (as per relevant rate notification)

Is it 'pre-packaged and labelled'? → **Yes**

GST applicable? → **Yes (5%)**

Tax Calculation:

- **Selling Price per Bag** = ₹500 (exclusive of tax)
- **GST @ 5%** = ₹25
- **Total Invoice Value** = ₹525 per bag (MRP – inclusive of tax)

Reverse Charge Mechanism (RCM)

1. **Notification No. 07/2025- Central Tax (Rate) New Delhi, the 16th January, 2025:**

S. No.	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
4	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person "other than a body corporate" shall be inserted w.e.f. 16th January 2025.	Any body corporate or partnership firm located in the taxable territory.	Recipient.
5AB	Supplies of renting of any immovable property other than residential dwelling	Any un-registered person	any registered person "other than a person who has opted to pay tax under composition levy" shall be inserted w.e.f. 16th January 2025.	Recipient.

Example 1: Entry S. No. 4 – Sponsorship Services (RCM)

Sponsor (Supplier): Mr. Rajeev (Individual, Proprietor, Unregistered)

Recipient: M/s Zenith Innovations Pvt. Ltd. (Private Ltd. Company registered under GST in
Delhi)
Nature of Service: Sponsorship of corporate sports event

Date of Agreement: 20th January 2025

Sponsorship Amount: ₹5,00,000
Applicable GST Rate: 18%

Tax Analysis: Since the supplier is not a body corporate, and recipient is a body corporate, GST will be payable under Reverse Charge by the recipient as per amended Entry No. 4.

Computation:

Particulars	Amount (₹)
Sponsorship fees (payable to Mr. Rajeev)	₹5,00,000
GST @18% (to be paid by recipient under RCM)	₹90,000
Total Cost to recipient	₹5,90,000

Example 2: Entry S. No. 5AB – Renting of Immovable Property (RCM)

Relevant Entry (w.e.f. 16th Jan 2025): Services of renting of immovable property (other than residential dwelling) by an unregistered person to a registered person (not under composition) – tax to be paid by recipient under RCM.

Scenario:

- **Landlord (Supplier):** Mr. Ramchandran (Unregistered Individual)
- **Tenant (Recipient):** M/s Axis Solutions (Registered under GST in Tamil Nadu; Not under composition scheme)
- **Property Type:** Commercial Office Premises
- **Monthly Rent:** ₹1,20,000
- **Lease Start Date:** 1st February 2025
- **GST Rate:** 18%

***Tax Analysis: Since the supplier is unregistered**, and the **recipient is registered and not under composition**, the recipient is liable to pay GST under RCM on the commercial rent from 1st Feb 2025*

Computation for February 2025:

Particulars	**Amount (₹)**
Rent (Payable to landlord)	₹1,20,000
GST @18% (RCM by recipient)	₹21,600
Total Cost to tenant	₹1,41,600

Exemptions under the GST

1. **Circular No. 245/02/2025-GST dated 28th January 2025**

Here is a comprehensive set of numerical examples covering each point from Circular No.
245/02/2025-GST dated 28th January 2025, issued on the basis of the 55th GST Council recommendations.

Issue 1: GST on Penal Charges by Regulated Entities (REs)

Example:

- Loan from NBFC: ₹10,00,000
- EMI due on 5th Jan 2025; paid on 15th Jan 2025
- Penal charge levied (not penal interest): ₹500

Clarification:

As per RBI instructions (effective 01.01.2024), this ₹500 is not for "tolerating an act" but is a **disciplinary charge** → not consideration for supply

GST Not Applicable on ₹500 penal charge.

Issue 2: GST Exemption to Payment Aggregators for Transactions ≤ ₹2,000.

Whether GST exemption under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017 is available to payment aggregators in relation to settlement of an amount, up to two thousand rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services?

Example:

- Customer makes payment of ₹1,950 via credit card on Flipkart.
- Flipkart uses PA: M/s PayConnect Aggregators Ltd.
- Payment is settled by PA to merchant (not Payment Gateway).

Clarification:

Since:

- Amount ≤ ₹2,000
- Payment settled by PA (not just routed)
- PA is RBI regulated → qualifies as **“acquiring bank”**

■ **GST Exempt under Sl. No. 34 of Notification 12/2017-CTR.**

The exemption under **Sl.** No. 34 **of** notification No. 12/2017-CT(Rate) dated 28.06.2017 is
available to acquiring banks. For the purpose of the said exemption entry, the term ‘acquiring bank’
has been explained as under:

“Acquiring bank” means any banking company, financial institution including non-banking
financial company or any other person, who makes the payment to any person who accepts such
card.

Further, the RBI’s Guidelines dated 17.03.2020 clearly distinguish between Payment Aggregators
and Payment Gateways (PGs), keeping in view their role vis-à-vis handling funds. PAs are defined
as entities who receive payments from customers, **pool** and transfer them on to the merchants
within a specified time period. On the other hand, PGs are defined as entities that provide
technology infrastructure to route and facilitate processing of an online payment transaction
without any involvement in handling of funds.

Thus, as recommended by the 55th GST Council, it is hereby clarified that GST exemption under
Sl. No. 34 **of** notification No. 12/2017-CTR dated 28.06.2017 is available to RBI regulated
Payment Aggregators (PAs) in relation to settlement of an amount, **up to** two thousand rupees in
a single transaction, transacted through credit card, debit card, charge card or other payment card
services, as PAs **fall** within the definition of ‘acquiring bank’ given in the Explanation to the said
exemption entry. It is also clarified that this exemption is limited to payment settlement function
only, which involves handling of money, and does not cover Payment Gateway (PG) services.

■ **Issue 3: R&D Services by Government Entities against Government Grants**

Example:

- M/s National Bio Research Institute receives ₹2,50,00,000 grant from DRDO (Defence Research and Development Organisation) on 1st Jan 2022 for AI-based defence systems.
- This is for R&D only, and no commercial contract exists.

Clarification:

- From 10.10.2024: exempted via Notification No. 08/2024-CT(Rate)
- For period **01.07.2017 to 09.10.2024**, GST **regularized**

No tax recovery or refund claim permitted – status accepted 'as is where is'.

There were certain interpretational issues with respect to the taxability, or otherwise, of supply of research and development services by Government Entities against grants received from the Government Entities like DRDO, CSIR, SERB etc. These issues now stand resolved, for the period starting from 10.10.2024, with the issuance of notification No. 08/2024-CT(Rate) dated 08.10.2024 which specifically exempted research and development services provided by Government Entities or research associations, universities, colleges or other institutions, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961, against consideration in the form of grants.

Issue 4: Skilling Services by NSDC-Approved Training Partners

Example:

- M/s Learn4Jobs is a NSDC-approved partner.
- Provided skill training from 12-Oct-2024 to 10-Jan-2025.
- Charged ₹10,00,000 (no GST collected based on earlier exemption understanding).

Clarification:

- Exemption reinstated w.e.f. 16.01.2025
- For **10.10.2024 to 15.01.2025**, GST **regularized**

No GST to be recovered for this period.

Thus, as recommended by the GST Council, the payment of GST on services provided by Training
Partners approved by the National Skill Development Corporation, which were exempt prior to
10.10.2024, is regularized for the period 10.10.2024 to 15.01.2025, on *'as is where is'* basis.

■ **Issue 5: Facility Management to MCD Headquarters**

Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.

Example:

- M/s UrbanCare Pvt Ltd provides:
  - Housekeeping: ₹2,00,000
  - Gardening: ₹1,00,000
  - Civil maintenance: ₹1,50,000

Clarification:

- These services are for **MCD's office upkeep**, not for functions under Article 243W (like sanitation or street lighting)

■ **GST @18% applicable**. No exemption under Sr. No. 3A of Notification 12/2017.

■ **Issue 6: Whether Delhi Development Authority (DDA) is a local authority as per section 2(69) of the CGST Act, 2017?**

DDA is Not a Local Authority:

Example:

- DDA charges ₹50,000 to a builder for land-use conversion.
- Builder is a registered business entity.

Clarification:

- DDA is **not a local authority** under Section 2(69)
- Hence, RCM provisions (like for services by local authorities) **do not apply**

■ **DDA to charge GST under forward charge**, not recipient under RCM.

Issue 7: RCM on Renting Commercial Property by Unregistered Person to Composition Dealer

Regularizing payment of GST on Reverse Charge (RCM) basis on renting of commercial property by unregistered person to a registered person for taxpayers registered under composition levy.

Example:

- Mr. Ravi (unregistered landlord) rents shop to M/s Tulsi Traders (composition dealer)
- Monthly rent: ₹20,000 (Oct 2024 to Jan 2025)

Clarification:

- RCM on such rent began from **10.10.2024**
- Composition dealers now **excluded** via Notification 07/2025 w.e.f. **16.01.2025**
- For period **10.10.2024 to 15.01.2025**, RCM **regularized on 'as is where is' basis**

No recovery of GST from composition dealer for this intervening period.

55th GST Council in its meeting held on 21.12.2024 recommended that taxpayers registered under composition levy may be excluded from the entry at Sr. No. 5AB of the notification No. 13/2017-CT(Rate) dated 28.06.2017. The same has been notified vide notification No. 07/2025-CT(Rate) dated 16.01.2025.

Issue 8: Incidental Services by Electricity Boards (e.g., meter rent, testing, connection charges)

Example:

- M/s StatePower Ltd. charges:
  - Meter testing: ₹150
  - Duplicate bill issue: ₹50

Period: 01-Dec-2024 to 31-Dec-2024

Clarification:

- From **10.10.2024**, these are exempted under Sr. No. 25A
- Amendment aligned on **16.01.2025**
- **Period 10.10.2024 to 15.01.2025 → regularized**

■ **No GST to be demanded for** that period

In its 55th meeting, the GST Council recommended that the entry at Sr. No. 25 and 25A may be aligned and the same has been brought into effect vide notification No. 6/2025-CTR dated 16.01.2025. Accordingly, these incidental or ancillary services to the **supply of transmission or distribution of electricity supplied by transmission or distribution utilities** are now covered under the said exemption entry. Further, it was also recommended that the intervening period i.e., 10.10.2024 (effective date of entry at Sr. No. 25A in notification No. 12/2017-CTR dated 28.06.2017) **up to** 15.01.2025 (till the date of amending notification No. 06/2025 CTR dated 16.01.2025) may be regularised on '*as is where is'* basis.

Note: vide notification No. 06/2025 CTR dated 16.01.2025 Entry No. 25 and 25A, the word transmission and distribution replaced as **transmission or distribution**.

■ **Issue 9: Services by Goethe Institutes/Max Mueller Bhawan**

Goethe Institute/Max Mueller Bhawan have six institutes across India which provide linguistic and cultural training to young Indians preparing for their stay in Germany. They are registered under GST at Delhi, Mumbai, Chennai, Bengaluru, Kolkata, and Pune.

Prior to 1st April, 2023, the Institutes did not collect GST from their students nor did they pay GST to Government as they were under the bonafide belief that their activities are exempt from GST.

55th GST Council has recommended to regularize the payment of GST on services provided by Goethe Institutes/Max Mueller Bhawans for the period from 01.07.2017 to 31.03.2023 on *'as is where is'* basis.

Example:

- **Student paid ₹45,000 for** German A2 **course** at Goethe Delhi in Dec 2021
- GST not **collected or paid**

Clarification:

- For **period 01.07.2017 to 31.03.2023**, such **linguistic/cultural training**
- **Not previously exempted**, but **provided** in bonafide **belief**

GST for this period regularized – no **recovery or penalty**

Summary Table

Issue	Description	GST Impact
1	Penal Charges by Banks (post 01.01.2024)	No GST
2	₹≤2,000 card transactions via RBI PA	Exempt
3	R&D by Govt Entities (grants)	Exempt w.e.f. 10.10.2024, earlier regularized
4	NSDC training (10.10.24–15.01.25)	Regularized
5	Facility services to MCD HQ	GST applicable
6	DDA not a Local Authority	Forward Charge GST
7	Rent by URP to Composition Dealer	RCM regularized
8	Meter/Duplicate bill by Power Co.	Exempt w.e.f. 10.10.24, past period regularized
9	Goethe Institute Training	GST from 2017–2023 regularized

2. **Circular No. 247/04/2025-GST dated 14th February 2025:**

Here is a professional set of numerical examples illustrating all points from Circular No.
247/04/2025-GST dated 14th February 2025, issued pursuant to the 55th GST Council Meeting
held on 21st December 2024:

1. GST Rate and Classification for Pepper (Genus Piper)

Example A – Sale by a Trader (Not Agriculturist):

- Product: **Black Pepper**
- Quantity: 100 kg
- Sale Price: ₹500/kg
- Buyer: FMCG wholesaler
- HSN: **0904**
- GST Rate: **5%** (as per S. No. 38, Schedule I)

Tax Calculation:

- Value = ₹500 × 100 = ₹50,000
- GST @ 5% = ₹2,500
- **Invoice Value = ₹52,500**

Example B – Sale by an Agriculturist (Unregistered):

- Product: **Dried White Pepper**
- Quantity: 80 kg
- Sale Price: ₹400/kg
- **Supplied** directly by an **agriculturist**

Tax Treatment:

- Exempt under **Section 23(1)(b)**
- No GST, No Registration required

2. GST on Raisins Supplied by Agriculturists

Example:

- Product: **Green Raisins**
- Quantity: 200 kg
- Sale Price: ₹150/kg
- **Seller**: **Registered Agriculturist?** (No registration)
- Buyer: Kirana Wholesaler

Tax Treatment:

- No GST applicable under **Section 23(1)**
- **Exempt supply**

However, if sold by **registered trader**, it attracts **5% GST** (HS Code: 0806)

3. GST Rate on Ready-to-Eat Popcorn

Example A – Salted & Spiced Popcorn (Unpackaged):

- Quantity: 50 kg
- Rate: ₹100/kg
- Sold loose in theatre
- HSN: **2106 90 99**
- GST Rate: **5%**

Tax:

- Value = ₹5,000

- GST = ₹250
- Total = ₹5,250

Example B – Salted Popcorn (Packaged & Labeled):

- Quantity: 1,000 pouches @ ₹20 each
- Total = ₹20,000
- HSN: 2106 90 99
- GST Rate = **12%**

■ **Tax = ₹2,400**

- Invoice = ₹22,400

Example C – Caramel Popcorn (Sugar-coated):

- Quantity: 500 pouches @ ₹25 each
- HSN: **1704 90 90**
- Rate = 18%

■ **Value = ₹12,500**

- GST @ 18% = ₹2,250
- **Total = ₹14,750**

■ Transactions **before 14.02.2025** stand **regularized**, no differential tax recovery.

■ **4. GST on Fly Ash-Based AAC Blocks**

Example A – AAC Blocks with ≥ 50% Fly Ash:

- Product: Fly ash-based AAC block
- Quantity: 10,000 blocks
- Rate: ₹40/block
- HSN: **6815**
- GST Rate: **12%**

■ **Tax:**

- Value = ₹4,00,000
- GST @ 12% = ₹48,000
- Invoice = ₹4,48,000

Example B – Other Cement Articles (HSN 6810):

- Product: Precast slabs
- Value: ₹3,00,000
- HSN: **6810**
- GST Rate: **18%**

■ GST = ₹54,000

- Invoice = ₹3,54,000

■ **5. Compensation Cess on Utility Vehicles (Effective from 26.07.2023)**

Compensation cess will be applied to all motor vehicles known as utility vehicles by whatever name called, with engine capacity exceeding 1500cc, length exceeding 4000mm and ground clearance of 170mm and above. Further, a new explanation was added that ground clearance means ground clearance in unladen condition. Notification No, 03/2023-Compensation Cess (Rate) dated 26-07-2023 will apply on or after 26-07-2023.

Example – SUV Meeting All 3 Criteria:

- Engine: 2000cc
- Length: 4300 mm
- Ground Clearance: 190 mm
- Ex-factory Price: ₹15,00,000
- GST Rate = 28%
- Compensation Cess = **22%**
- Effective from: **26th July 2023**

■ **Tax:**

- GST = ₹4,20,000
- Cess = ₹3,30,000
- Total = ₹22,50,000

- Note: Prior to 26.07.2023, if any one condition (like ground clearance) was missing, cess was not leviable.

- **Conclusion Chart Summary (for Display or Print):**

Product	**HSN Code**	**GST Rate**	**Exemption**
Black/White/Green Pepper	0904	5%	If sold by agriculturist
Raisins by Agriculturist	0806	Nil	Exempt
Popcorn (loose, salted)	2106 90 99	5%	No exemption
Popcorn (packaged, labeled)	2106 90 99	12%	No exemption
Popcorn (caramel/sugar-coated) 90	1704 90	18%	No exemption
AAC Blocks (≥50% fly ash)	6815	12%	No exemption
Cement articles (other)	6810	18%	No exemption
Utility Vehicles (SUVs – all 3 met)	NA	28% + 22% Cess	No exemption

3. New Entry No. 36B, w.e.f. 16-01-2025 **“Services of insurance provided by the Motor Vehicle Accident Fund**, constituted under section 164B of the Motor Vehicles Act, 1988,
against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles shall be **exempt from GST.”**

Here is a **simple and professional numerical example** with explanation for **Notification No. 06/2025–Central Tax (Rate)** dated **16th January 2025**, regarding **GST exemption on insurance services provided by the Motor Vehicle Accident Fund** under **Section 164B of the Motor Vehicles Act, 1988**.

All **motor vehicle insurance companies** must **collect third-party insurance premiums**.

A **portion of that premium** is **contributed to the Motor Vehicle Accident Fund** (MVAF).

The **MVAF uses that money to provide compensation** to victims of motor vehicle accidents, especially in hit-and-run or uninsured cases.

The **insurance services provided by the Fund** to accident victims **are now exempt from GST**, as per this notification.

Example: M/s SafeDrive Insurance Ltd. sells third-party insurance policies for cars.

Particulars	**Amount (₹)**
Premium charged to policyholder (basic)	₹4,000
Add: GST @ 18% on insurance premium	₹720
Total premium collected from policyholder	₹4,720

Contribution to MVAF (out of basic premium)	₹100 (from ₹4,000)

■ M/s SafeDrive Insurance contributes **₹100** to the **Motor Vehicle Accident Fund**.

■ **GST Treatment:**

GST **@18%** is applicable **only** on the premium charged to policyholder (₹4,000).

But the **₹100 contribution** (from the ₹4,000) made to the **MVAF**:

Is not a supply
Is **exempt from GST** under Notification 06/2025

■ **Accounting Treatment (GST Liability):**

Component	**GST Implication**
₹4,000 (Premium to insurer)	■ GST @18% = ₹720
₹100 (to MVAF)	■ **Exempt** under Notif. 06/2025
Total GST Liability	₹720 **only**

■ **Summary**
Outcome:
Customer pays: ₹4,720 (₹4,000 + ₹720 GST)

Insurer pays GST: only on ₹4,000 premium

Contribution of ₹100 to MVAF is **GST-exempt**

MVAF provides insurance services to accident victims → No GST on such services

4. "Insurer" means:

in paragraph 2 of the said notification (i.e. Notification No. 12/2017- Central Tax (Rate) New Delhi, the 28th June, 2017),- after item (zj), the following item shall be inserted(w.e.f. 16th January 2025), namely: - "(zja) "**insurer**" has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938 (4 of 1938)." [vide **Notification No. 06/2025–Central Tax (Rate)** dated **16th January 2025]**

Section 2(9) of insurance Act, 1938 "insurer" means—

(a) an Indian Insurance Company, or

(b) a statutory body established by an Act of Parliament to carry on insurance business, or

(c) an insurance co-operative society, or

(d) a foreign company engaged in re-insurance business through a branch established in India.

Explanation. — For the purposes of this sub-clause, the expression "foreign company" shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd's established under the Lloyd's Act, 1871 (United Kingdom) or any of its Members;]

5. The National Skill Development Corporation (NSDC):

W.e.f. 10-10-2024, Notification No. 08/2024 dated 08-10-2024 the following shall be substituted, namely:-

Any services provided by –

(a) the National Skill Development Corporation set up by the Government of India;

(b) the National Council for Vocational Education and Training;

(c) an Awarding Body recognized by the National Council for Vocational Education and Training;

(d) an Assessment Agency recognized by the National Council for Vocational Education and Training;

(e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training,

(f) the following item shall be inserted w.e.f. 16th January 2025, namely :- “(f) a training partner approved by the National Skill Development Corporation,” [vide **Notification No. 06/2025–Central Tax (Rate)** dated **16th January 2025]**

in relation to-

(i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or

(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or

(iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package

are exempt under GST.

Place of Supply

1. Circular No. 242/36/2024-GST dated 31st December 2024, which clarifies the place of supply rules and invoice requirements for online services supplied to unregistered recipients under Section 12(2)(b) of the IGST Act, 2017 and Rule 46(f) of the CGST Rules, 2017.

References have been received from field formations regarding non-compliance of provisions of mandatory recording of correct place of supply on the invoices by the suppliers in respect of online services provided by them, either themselves or through electronic commerce operators, to unregistered recipients due to wrong interpretation of provisions of section 12(2)(b) of Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as "IGST Act") read with rule 46 of Central Goods and Services Rules, 2017 (hereinafter referred to as "CGST Rules"). It has also been mentioned that though in such cases of taxable online supplies of services to unregistered recipients, registered suppliers are required to mention State name of the recipient on the invoice, *irrespective of the value of such supply*, and declare place of supply of such services as the State of the recipient as per the provisions of clause (i) of section 12(2)(b) of IGST Act but many suppliers are not recording the State name of the unregistered recipient on the invoice and also declaring place of supply of such services as the location of the supplier as per clause (ii) of section 12(2)(b) of IGST Act. This is resulting in wrong declaration of place of supply, resulting in flow of revenue in respect of the said supply to the wrong State. Request has been made to clarify the issue so as to ensure correct declaration of place of supply by the suppliers of such services to unregistered recipients.

Here is a detailed numerical example covering all key points from Circular

Example

Scenario:

Supplier:

- **M/s MediaNet Digital Services Pvt. Ltd.** (Registered in **Maharashtra**)
- Provides **online subscription-based OTT services** (e.g., monthly entertainment content) via its **own digital platform**

Recipient:

- **Ms. Priya Sharma**, an **unregistered individual located** in **Karnataka**

■ **Service Supplied:**

Particulars	Details
Type of service	OTT subscription
Service period	1st Jan to 31st Jan 2025
Invoice issued on	1st Jan 2025
Service value (inclusive)	₹500
GST Rate	18% (IGST applicable for interstate supply)

■ **Two Scenarios: Correct vs Incorrect Invoice Treatment**

Case 1: Incorrect Treatment (Before Clarification)

Particular	Value
Supplier State	Maharashtra
Recipient State	Not recorded
Place of Supply (wrongly supplier) declared)	Maharashtra (location of
GST Charged	CGST ₹38 + SGST ₹38
Error	Revenue wrongly flows to Maharashtra, instead of recipient state Karnataka

Case 2: Correct Treatment (Post Circular 242/36/2024)

Particular	Value
Supplier State	Maharashtra
Recipient State	Karnataka (**recorded on invoice**)
Place of Supply (as per Sec 12(2)(b)(i))	Karnataka (location of recipient)
GST Charged	**IGST ₹90** (₹500 × 18%)
Correct Compliance	Revenue goes to **Karnataka**, as intended

Application of Provisions from the Circular:

■ **Section 12(2)(b)(i) of IGST Act:**

Place of supply to **unregistered person** is the **location of recipient, if address is on record**

■ Once supplier captures **state of recipient** on invoice, it is **deemed to be address on record**.

■ **Rule 46(f) of CGST Rules – Proviso:**

In cases of:

- Online money gaming
- OIDAR services

- Online services through own or third-party digital platforms

■ **Supplier must:**

1. Mention **State of recipient** (even if value < ₹50,000)
2. Declare **correct place of supply** accordingly

■ **Other Examples Covered Under Circular:**

Online Service Type	**Recipient State**	**Mandatory POS = Recipient State?**	**Invoice must contain State?**
Online gaming (not money gaming)	Telangana	■ Yes	■ Yes
Digital newspaper subscription	Gujarat	■ Yes	■ Yes
Cloud storage sold via own platform	West Bengal	■ Yes	■ Yes
Music streaming via third-party platform	Tamil Nadu	■ Yes	■ Yes

■ **Additional Compliance:**

Penalty for Non-compliance:

If supplier fails to:

- Mention **State of recipient** on invoice, or
- Charges **CGST/SGST instead of IGST**

■ Liable for **penalty under Section 122(3)(e) of** CGST Act, 2017 (i.e. Penalty may extend ₹25,000 as per CGST Act)

■ **Summary Table:**

Description	Outcome
Online service to unregistered person	POS = **State of recipient**
Recipient's State recorded on invoice?	**Yes** – IGST applicable
IGST Revenue flows to	**Correct State (Recipient's)**
ITC of IGST claimable by supplier?	Yes, if used for business
Failure to comply with Rule 46(f)?	Penalty under Section 122(3)(e)

Input Tax Credit (ITC)

1. **Circular No. 240/34/2024-GST dated 31st December 2024**, which clarifies **ITC treatment for Electronic Commerce Operators (ECOs) for** services notified under **Section 9(5) of** CGST Act:

Reference is invited to Circular No. 167/23/2021 – GST dated 17.12.2021 which clarified that electronic commerce operators (hereinafter referred to as "ECOs") required to pay tax under section 9(5) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act") are not required to reverse input tax credit (ITC) in respect of supply of restaurant services through their platform (notified services under section 9(5)). In this regard, representations have been received seeking clarification regarding requirement of reversal of ITC, if any, in respect of supply of services, other than restaurant services, under section 9(5) of CGST Act.

Here is a **simple and professional example** that covers **all key points** of **Circular.**

Scenario:
Let us consider **M/s QuickConnect Services Pvt. Ltd.**, an **Electronic Commerce Operator (ECO)** that facilitates the **supply of the following** services through its **platform**:

1. **Passenger Transport Service** (notified under **Section** 9(5))
2. **Platform Services –** i.e., charging **commission from vendors for** listing and using the platform (own supply)

Monthly Transactions for January 2025:

Description	Amount (₹)	GST Rate	GST Amount (₹)

1. **Supply of passenger transport services** (through drivers) – ₹5,00,000 **Tax to be paid by ECO under Sec 9(5)**		5%	₹25,000
2. Platform commission income earned from vendors (own supply) ₹2,00,000		18%	₹36,000

■ **ITC Availed:**

Nature of Input Service	ITC Availed (₹)
Software Subscription	₹10,000
Marketing Expenses	₹5,000
Server Hosting Charges	₹8,000
Office Rent	₹18,000
Total ITC Availed	**₹41,000**

Clarifications Applied from Circular No. 240/34/2024-GST dated 31st December 2024

Point 1:

ECO is liable to pay **GST on services under Section 9(5)** (e.g. passenger transport) **as if ECO is the supplier.**

- GST **of ₹25,000** on transport service must be paid in **cash only**.
- **No ITC reversal** required **for** inputs/services used **for this activity**.
- ITC **cannot be used to pay** this tax.

Point 2:

ECO also provides **platform services** (own services), **for** which it **can avail and use ITC**.

- G**ST of** ₹36,000 **collec**ted **o**n **o**wn servi**ce**s.
- ECO **c**an **use available ITC of ₹41,000 to** p**ay** this ₹36,000.
- **No proportionate reversal** requ**i**red **u**nder **Section 17(1) or 17(2) fo**r **co**mm**o**n inputs/services.

Summary of GST Payable & ITC Usage

Description	Tax Payable (₹)	Mode of Payment	ITC Available (₹)	ITC Used (₹)	Cash Payment (₹)
Sec 9(5) **Supply** (Passenger Transport)	₹25,000	**Cash only**	Not allowed	₹0	₹25,000
Own **Supply** (Platform Fee)	₹36,000	Can **use** ITC	₹41,000	₹36,000	₹0

Final ITC Balance After Utilization:

- **Total ITC available** = ₹41,000
- **Used for own service** = ₹36,000
- **Remaining ITC** = ₹5,000 (can be used for next period's platform service tax)

Key Takeaways from Circular No. 240/34/2024:

1. **No ITC reversal** required **fo**r services notified **u**nder **Sec 9(5) e**ven if **co**mm**o**n in**pu**ts are used.
2. **Entire tax under Sec 9(5)** must be paid via **cash – ITC can't be used**.
3. **ITC on common inputs/services** (like rent, hosting, **etc**.) can be **fully** used **for own outward supplies**.
4. **Applies uniformly to all Sec 9(5) notified services** like:

a. Passenger transport
b. Accommodation services
c. Housekeeping services
d. Restaurant services

2. Circular No. 241/35/2024-GST dated 31st December 2024, covering all clarifications on input tax credit (ITC) in cases of EX-Works (EXW) contracts in line with Section 16(2)(b) of the CGST Act, 2017:

Reference has been received from automobile sector seeking clarification on availability of input tax credit (hereinafter referred to as "ITC") as per clause (b) of subsection (2) of section 16 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act") in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract.

Here is a **simple and professional example** that covers **all key points of Circular**

Case Background:

- **Dealer**: M/s Speed Motors Pvt. Ltd. (Registered Dealer in Gujarat)
- **OEM Supplier**: M/s AutoMakers Ltd. (Original Equipment Manufacturer in Maharashtra)
- **Type of Contract**: EX-Works (EXW) contract
- **Date of Invoice**: 12th January 2025
- **Handing over of goods to transporter**: 12th January 2025
- **Physical receipt of vehicle at dealer's showroom**: 17th January 2025
- **Total Invoice Value**: ₹10,00,000 + 28% GST = ₹12,80,000
- **Transport & Insurance**: Arranged by OEM **on behalf of dealer**

Transaction Flow under EXW Contract:

Step	Description
	Invoice issued on 12-Jan-2025 for 1 vehicle worth ₹10,00,000 + ₹2,80,000 GST
	As per EXW, ownership of vehicle passes to dealer at factory gate itself

■	Vehicle handed over to transporter on 12-Jan-2025, as per dealer's instruction
■	Dealer accounts for invoice on same day in books and reflects ITC in GSTR-3B
■	Vehicle physically received at Gujarat showroom on 17-Jan-2025

● **Application of Clarifications (Clause-wise):**

● **Clause (b) of Section 16(2):**

A registered person shall not be entitled to ITC unless **he has received the goods**.

● **Explanation to Section 16(2)(b):**

Registered person is **deemed to have received the goods** where goods are delivered to any other person (e.g., transporter) **on the direction of such registered person**.

■ In this case:

- The transporter received the goods **on behalf of the dealer**
- Ownership was transferred at the OEM's factory gate

■ ITC shall be allowed on **12-Jan-2025** itself (even though vehicle arrived on 17-Jan)

■ **Numerical Computation:**

Particulars	**Amount (₹)**
Value of Vehicle	₹10,00,000
CGST @ 14%	₹1,40,000
SGST @ 14%	₹1,40,000

Total GST Paid	₹2,80,000
ITC Availed by Dealer (as **per Sec**tion 16(2)(b))	₹2,80,000 **o**n 12-Jan-2025

Field Objection Previously Raised:

ITC a**llo**we**d only after p**hy**s**ic**al** r**ecei**p**t** at G**u**jarat sh**o**wr**oo**m (i.**e.**, 17-Jan-2025)

Clarification via Circular 241/35/2024 dated 31st December 2024:

ITC is **deemed to be received o**n 12-Jan-2025 wh**e**n g**oo**ds ar**e** hand**e**d **ov**e**r** t**o** trans**po**rt**e**r, **no**
need to wait ti**ll** 17-Jan

Additional Considerations from Para 3.6:

Condition	ITC Allowed?
V**e**hi**cle** div**e**rt**e**d **fo**r **pe**rs**o**n**a**l **u**s**e** (n**o**n-b**u**siness)**?**	**N**o ITC (as **per Sec** 16(1))
V**e**hi**cle** d**e**str**oye**d/st**ole**n/**lo**st b**efore o**r a**f**t**e**r **p**hysi**c**al r**ecei**p**t?**	N**o** ITC (as **per Sec** 17(5)(h))
V**e**hi**cle** u**s**ed in b**u**sin**e**ss a**f**t**er** d**e**liv**e**ry**?**	ITC a**llo**we**d**

Summary:

M/s Speed Motors Pvt. Ltd. can vali**d**l**y cl**aim ITC **of** ₹2,80,000 **o**n **12-Jan-2025**, **e**v**e**n though v**e**hi**cle p**hy**s**i**c**a**lly** arriv**e**d **o**n 17-Jan,
b**e**c**a**u**s**e:

- It was an **EXW contract**
- G**oo**ds w**e**r**e** hand**e**d t**o** trans**po**rt**e**r **on behalf of dealer**
- Inv**o**ice and **o**wn**e**rshi**p** b**o**th trans**fe**rr**e**d **o**n 12-Jan
- Th**e "deemed receipt" condition of Sec**ti**o**n 16(2)(b) Ex**pl**anati**o**n is satis**f**i**e**d.

3. Rule 39 - Procedure for distribution of input tax credit by Input Service Distributor (vide

Notification No. 12/2024 CT dt. 10-7-2024, w.e.f. the date yet to be notified):

Now notified w.e.f. 1-4-2025 vide NOTIFICATION No. 09/2025–Central Tax, dated 11th February 2025.

Registration under GST

1. Insertion of second Proviso in Sub-rule (4A), vide NT No. 12/2024 CT Dt. 10-7-2024:

In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), with effect from a date to be notified, (**now notified vide NOTIFICATION No. 09/2025– Central Tax, dt. 11th February 2025 w.e.f. 11th February 2025**) in rule 8, in sub-rule (4A), after the first proviso, the following proviso shall be inserted, vide Notification No. 12/2024 – Central Tax Dated 10th July, 2024, namely: -

"Provided further that every application made under sub-rule (4) by a person, other than a person notified under sub-section (6D) of section 25, who has not opted for authentication of Aadhaar number, shall be followed by taking photograph of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified under sub-section (6C) of section 25 where the applicant is not an individual, along with the verification of the original copy of the documents uploaded with the application in FORM GST REG-01 at one of the Facilitation Centers notified by the Commissioner for the purpose of this sub-rule and the application shall be deemed to be complete only after successful verification as laid down under this proviso".

2. **Temporary Identification Number (TIN), vide Notification No. 07/2025 – Central Tax dated 23rd January 2025:**

Here is a **practical and professionally structured numerical example** based on **Notification No. 07/2025 – Central Tax dated 23rd January 2025**, specifically focusing on the **new Rule 16A** that provides for **Temporary Identification Number (TIN)** for persons **not liable for registration**, but **required to make payment under the CGST Act**.

■ **Background – Rule 16A (with effect from a date to be notified)**

- **Rule 16A – Temporary Identification Number (TIN)**

  "Where a person is **not liable to registration** under the Act but is **required to make any payment**, the proper officer may grant a **temporary identification number (TIN)** and issue an order in **Part B of FORM GST REG-12."**

Practical Scenario-Based Numerical Example

Scenario: Mr. Rakesh, an individual based in Uttar Pradesh, is **not registered under GST** because he is not engaged in any taxable supply.

However, he receives a **demand notice from** the GST department under **Section 122(1)(ii) for helping create fake invoices for his friend's business**, even though he is not a GST taxpayer himself.

Nature of Violation: Facilitated fraudulent availment of ITC

Demand Raised: ₹1,00,000 as **penalty** under **Section** 122(1A).

Problem: Mr. Rakesh **does not have a GSTIN**, so how can he **pay the penalty** demanded?

Action Under Rule 16A:

1. **GST officer initiates penalty proceedings** under **Section** 122(1).
2. **Since** Mr. Rakesh has no GSTIN but is **required to pay**, **officer** uses **Rule 16A** to grant him a **Temporary Identification Number (TIN)**.
3. Officer issues order in **Part B of FORM GST REG-12** mentioning this TIN.

Payment Process (Numerical Entry):

- **TIN allotted** to Mr. Rakesh via REG-12
- Mr. Rakesh logs into the portal using this TIN
- He pays:
  - **Penalty amount** = ₹1,00,000
  - Via **electronic cash ledger** using **FORM GST PMT-06**

Updated Rule 87(4) (as amended): Allows payment using TIN allotted **as per Rule 16A**

Rule 87(4) any payment required to be made by a person who is not registered under the Act, shall be made on the basis of Temporary Identification Number generated through the common portal (the words, figures and letters **"as per rule 16A"** shall be inserted with effect from a date to be notified).

■ **Result:**

- Penalty under Section 122 is successfully discharged
- No need for full GST registration
- System records TIN-linked compliance for enforcement/legal records

■ **Key Forms Introduced/Modified**

Form	Use
FORM GST REG-12 (Updated)	For granting TIN under Rule 16A and Rule 16(1)
FORM GST PMT-06	For making payment under the temporary TIN
FORM GST DRC-07	Summary of demand issued against non-registered person

3. Rule 19 Amendment of registration (vide Notification No. 07/2025 – Central Tax dated 23rd January 2025:

In the said rules, with effect from a date to be notified, in rule 19, in sub-rule (1), after the words, letters and figures "FORM GST REG-10", the words, letters and figures **"or in the intimation furnished by the composition taxpayer in FORM GST CMP-02"** shall be inserted.

4. Specified premises in case of Hotel Accommodation Services:

Here is a **practical and simple explanation with a numerical example** based on **Notification No. 05/2025–Central Tax (Rate)** dated **16th January 2025**, **effective from 1st April 2025**, related to **hotel accommodation services**.

■ **Key Change Introduced by Notification No. 05/2025**

This notification **amends the definition of "specified premises"** under **Explanation clause (xxxvi) of** Notification No. 11/2017-Central Tax (Rate).

“Specified premises” has the same meaning as assigned to it in **clause** (xxxvi) **of paragraph** 4 **of**
notification number 11/2017-Central Tax (Rate) dated 28.06.2017.**”** [w.e.f. 1-4-2025 vide
Notification No. 08/2025-Central Tax (Rate) New Delhi, the 16th **of** January 2025]

Practical Example for Notification No. 08/2025-Central Tax (Rate) New Delhi, the 16th **of** January 2025**:** Hotel **Sunrise** is a registered GST entity. During the F.Y. 2024–25, none **of** its rooms exceeded ₹7,500 **per** day. Therefore:

- Until 31 March 2025:
  - Hotel **Sunrise** is not considered **“specified premises.”**

However, beginning 1 April 2025:

- If even a single room is priced at ₹7,600 on any date in F.Y. 2024–25, then—as **per** calibrated definition in **clause** (xxxvi)—the entire hotel qualifies as a **specified premises** from that date forward.

In Simple Words – What Changed?

The concept **of “specified premises”** is **crucial for determining the GST rate** on hotel accommodation.

Old Rule (before 1-April-2025): GST rate on hotel accommodation was linked to **value charged and room rent slab** (e.g., 12% or 18%).

New Rule (from 1-April-2025): “Specified premises” means one **of** the **following**:

“ (xxxvi) **“Specified premises”**, **for** a **financial year**, means,
-
(a) a **premises from** where the **supplier** has **provided** in the **preceding financial year**, ‘hotel accommodation’ service having the value **of supply of** any **unit of** accommodation above **seven** thousand **five** hundred **rupees per unit per** day **or equivalent**; **or**

Ex: If any room in the hotel was **charged more than or equal to ₹7,500 per day** in the **preceding financial year** (FY 2024–25), then the entire hotel becomes **“specified premises”** in FY 2025–26.

(b) a premises for which a registered person supplying 'hotel accommodation' service has filed a declaration, on or after the 1st of January and not later than 31st of March of the preceding financial year, declaring the said premises to be a specified premises; or

Ex: Hotel owner may voluntarily declare his premises as "specified" by filing a declaration between 1st Jan and 31st Mar of the preceding FY (i.e., for FY 2025–26, declaration can be filed between 01-01-2025 and 31-03-2025).

(c) a premises for which a person applying for registration has filed a declaration, within fifteen days of obtaining acknowledgement for the registration application, declaring the said premises to be a specified premises;";

Ex: New hotel owners applying for registration can declare the premises as "specified" within 15 days from receiving GST registration acknowledgment.

Here's a detailed numerical example covering all provisions under Notification No. 05/2025– Central Tax (Rate) dated 16th January 2025, effective from 1st April 2025, addressing GST on hotel accommodation & related restaurant services:

Background: Notification Highlights

1. Definition of "specified premises":

   A hotel is a specified premise if any room has a value > = ₹7,500 per day in the previous financial year (FY 2024–25).
2. Optin for non-specified hotels:
   - Existing hotels (with all rooms < ₹7,500/day): may opt for 18% GST with ITC by submitting AnnexureVII between 1–31 March 2025.
   - New hotels: file AnnexureVIII or IX within 15 days of GST registration.
3. GST Treatment (from 1 April 2025):
   - Specified premises (auto or optin): 18% with ITC on restaurant services within.
   - Non-specified: 5% GST without ITC.

Example Cases

Hotel A – Above threshold, no opt-in needed

- FY 2024–25 records:
  - Room 101: ₹8,000/night (highest rate) → specified premises (automatically).
- April 2025 – Billing:
  - Room stay: ₹8,000 + 18% = ₹9,440
  - In-house dining: ₹2,000 → 18% = ₹360
    - Hotel can claim ITC on input costs (e.g. food purchasing, linen) due to ITC eligibility.

Hotel B – Below threshold, opts in for better treatment

- FY 2024–25 rooms: all ≤ ₹7,000 → non-specified
- Opt-in step:
  - Between 1–31 March 2025, files Annexure VII to opt for specified status.
- April 2025 – Billing:
  - Room: ₹7,000 + 18% = ₹8,260
  - Dining: ₹1,500 + 18% = ₹270
    - ITC available on inputs.

Hotel C – Below threshold, does not opt in

- FY 2024–25 rooms: ≤ ₹6,500
- No opt-in filed
- April 2025 – Billing:
  - Room: ₹6,500 + 12% = ₹7,280
  - Dining: ₹1,200 + 5% = ₹1,260
    - No ITC claimable for restaurant services; restricted credit on inputs.

Summary Table

Hotel	Room Rate	Specified Premise?	Opt-In Filed?	GST on Dining	ITC Available?
A	₹8,000	Yes (auto)	—	18%	Yes
B	₹7,000	No	Yes	18%	Yes
C	₹6,500	No	No	5%	No

Steps & Forms

1. Check FY 2024–25 room rates:
   - If any >₹7,500/day, auto-specified.
2. Else, decide to opt-in using:
   - Annexure VII (existing hotel) by 31 March.
   - Annexure VIII/IX (new hotel) within 15 days post-registration.
3. After April 1, 2025, apply GST:
   - 18% with ITC (specified)
   - 5% without ITC (non-specified)
4. Maintain records of opt-in and rates for audit & compliance.

Key Takeaways

- One high-value booking (>₹7,500) triggers specified status for the entire hotel.
- Opt-in is time-bound and strategic (FT of ITC).
- Ensures consistent GST treatment on dining components in hotel bills.
- Helps optimize tax outflow using ITC benefit where needed.

5. Declared Tariff – Omitted:

In paragraph 2 of the said notification (i.e. Notification No. 12/2017- Central Tax (Rate) New Delhi, the 28th June, 2017),- item (w) shall be omitted **with effect from the 1st day of April, 2025 vide Notification No. 06/2025–Central Tax (Rate)** dated **16th January 2025**;

(w) "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit;

Returns under the GST

1. **Circular No. 246/03/2025-GST dated 30th January 2025:**

Here is a **comprehensive set of numerical examples** based on **Circular No. 246/03/2025-GST dated 30th January 2025**, which clarifies the **applicability of late fee for delay in filing GSTR-9C**:

BACKGROUND:

- **GSTR-9** = Annual Return (mandatory for all regular taxpayers above ₹2 crore turnover)
- **GSTR-9C** = Reconciliation Statement (mandatory only if turnover exceeds ₹5 crore)

From 01.08.2021 onwards, sub-rule (3) of rule 80 of CGST Rules provides that taxpayer with aggregate turnover during a financial year exceeding five crore rupees, shall furnish a self-certified reconciliation statement as specified under section 44 of the CGST Act in FORM GSTR-9C along with the annual return in FORM GSTR-9 on or before the thirty-first day of December following the end of such financial year.

EXAMPLE 1: Late Filing of Only GSTR-9 (No GSTR-9C Required)

Case:

- **FY**: 2022–23
- **Aggregate Turnover**: ₹4.90 crore
- **Due Date for GSTR-9**: 31st December 2023
- **Actual Filing Date**: 15th January 2024
- **GSTR-9C Not Applicable** (turnover < ₹5 crore)

Late Fee Calculation:

- Delay = 15 days
- **Late Fee under Section 47(2)** = ₹100 per day (₹50 CGST + ₹50 SGST)
- Max Late Fee = ₹10,000 (₹5,000 CGST + ₹5,000 SGST)

Payable Late Fee = ₹100 × 15 = ₹1,500 (₹750 CGST + ₹750 SGST)

Only GSTR-9 delay = late fee applicable

■ **EXAMPLE 2: GSTR-9 Filed, GSTR-9C Filed Later (Turnover > ₹5 Cr)**

Case:

- **FY**: 2022–23
- **Aggregate Turnover**: ₹8 crore
- **Due Date**: 31st December 2023
- **GSTR-9 Filed on**: 31st December 2023 (on time)
- **GSTR-9C Filed on**: 15th March 2025

■ **Late Fee Applicability:**

- **Section 44** says: GSTR-9 and GSTR-9C must be furnished together
- **So, Annual Return is incomplete** till 15th March 2025
- **Delay Period = 439 days**

(From 31-Dec-2023 to 15-Mar-2025)

- **Late Fee capped at ₹10,000** (₹5,000 CGST + ₹5,000 SGST)

■ **However, as per Notification 08/2025-CT dated 23.01.2025:**

- If GSTR-9C **for FY up to 2022–23** is **filed on or before 31-Mar-2025**,

then **only late fee up to date of GSTR-9 filing is applicable**.

■ In this case, **GSTR-9 filed on time**, so:

■ **No additional late fee for GSTR-9C**

■ **No refund for any late fee already paid**

either

vide notification No. 08/2025-Central Tax dated 23.01.2025, the late fee in respect of delayed

filing of complete annual return (i.e. GSTR-9 & 9C) for any financial year upto FY 2022-23 has

been waived, which is in excess of the late fee payable under sub-section (2) of section 47 of CGST

Act upto the date of furnishing of return in FORM GSTR-9 for the said financial year, if the reconciliation statement in FORM GSTR9C is furnished on or before 31st March 2025.

Accordingly, in cases where reconciliation statement in FORM GSTR-9C was required to be

furnished along with the return in FORM GSTR-9, but was not furnished so for any financial years upto FY 2022-23, and has been furnished subsequently on or before 31st March, 2025, then no additional late fee shall be payable for delayed furnishing of FORM GSTR-9C which is in excess of the late fee payable under section 47 upto the date of furnishing FORM GSTR-9 for the said financial year.

Further, no refund shall be admissible in respect of any amount of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years.

EXAMPLE 3: GSTR-9 Filed Late, GSTR-9C Filed Even Later

Case:

- **FY**: 2021–22
- **Aggregate Turnover**: ₹7 crore
- **GSTR-9 Filed**: 15th February 2023
- **GSTR-9C Filed**: 25th March 2025
- **Due Date**: 31st December 2022

Delay:

- GSTR-9 filed after **46 days delay**

→ Late fee = ₹100 × 46 = ₹4,600 (₹2,300 CGST + ₹2,300 SGST)

- GSTR-9C filed after **~448 days delay**

Clarification per Circular:

- Entire annual return = GSTR-9 + GSTR-9C
- But since **GSTR-9C filed before 31-Mar-2025**,

late fee limited to delay in GSTR-9 filing only

Total Late Fee Payable = ₹4,600

No extra fee for delay in GSTR-9C

EXAMPLE 4: GSTR-9 Filed On Time, GSTR-9C Filed After 31-Mar-2025

Case:

- **FY**: 2022–23
- **Aggregate Turnover**: ₹6.5 crore
- **GSTR-9 Filed**: 30-Dec-2023
- **GSTR-9C Filed**: 5th April 2025 (after waiver deadline)

Late Fee Impact:

- Waiver under Notification 08/2025 applies **only if GSTR-9C is filed by 31-Mar-2025**
- Delay = 461 days (calculated for the period from the due date of furnishing of annual return under section 44 of the CGST Act till the date of furnishing of complete annual return i.e. GSTR-9 & 9C)

Late Fee = ₹100 × 461 = ₹46,100

But capped at ₹10,000

Late Fee Payable = ₹10,000

(₹5,000 CGST + ₹5,000 SGST)

■ **Summary Table**

Case	Turnover	GSTR-9 Filing	GSTR-9C Filing	Late Fee Payable
1	₹4.9 Cr	15-Jan-2024	Not Applicable	₹1,500
2	₹8 Cr	31-Dec-2023	15-Mar-2025	₹0 *(waived)*
3	₹7 Cr	15-Feb-2024	25-Mar-2025	₹4,600
4	₹6.5 Cr	30-Dec-2023	5-Apr-2025	₹10,000

2. In the said rules, with effect from date to be notified, in FORM GSTR-3B, - (a) For Table 6.1, the following Table shall be substituted; (vide NOTIFICATION No. 12/2024 – Central Tax New Delhi, the 10th July, 2024). Now, notified w.e.f. 11th February, 2025 vide NOTIFICATION No. 09/2025–Central Tax New Delhi, the 11th February, 2025.

32. In the said rules, with effect from date to be notified, in FORM GSTR-3B, -

(a) For Table 6.1, the following Table shall be substituted;

Description	Tax payable	Adjustment of negative liability of previous tax period	Net Tax Payable (2-3)	Tax paid through ITC				Tax paid in cash	Interest paid in cash	Late fee paid in cash
				Integrated tax	Central tax	State/UT tax	Cess			
1	2	3	4	5	6	7	8	9	10	11
(A) Other than (i) reverse charge and (ii) supplies made u/s 9(5)										
Integrated tax	<Auto>	<Auto>	<Auto>							
Central tax	<Auto>	<Auto>	<Auto>							
State/ UT tax	<Auto>	<Auto>	<Auto>							
Cess	<Auto>	<Auto>	<Auto>							
(B) Reverse charge and supplies made u/s 9(5)										
Integrated tax	<Auto>	<Auto>	<Auto>							
Central tax	<Auto>	<Auto>	<Auto>							
State/UT tax	<Auto>	<Auto>	<Auto>							
Cess	<Auto>	<Auto>	<Auto>							

(b) Table 6.2 shall be omitted.

3. with effect from date to be notified, in Form GSTR-7, for table 3, the following Table shall be
substituted, (vide NOTIFICATION No. 12/2024 – Central Tax New Delhi, the 10th July, 2024).
Now, notified w.e.f. 11th February, 2025 vide NOTIFICATION No. 09/2025–Central Tax New Delhi, the 1st day of April, 2025.

37. In the said rules, with effect from a date to be notified, in Form GSTR-7,–

(i) for Table 3, the following Table shall be substituted, namely;-

"

GSTIN of deductee	Invoice/ document details			Amount paid to deductee liable for TDS	Amount of tax deducted at source		
	No.	Date	Value		Integrated tax	Central tax	State/UT tax
1	2	3	4	5	6	7	8

";

(ii) for Table 4, the following Table shall be substituted, namely;-

"

Original details						Revised details							
Month	GSTIN of deductee	Invoice/ document details			Amount paid to deductee liable for TDS	GSTIN of deductee	Invoice/ document details			Amount paid to deductee liable for TDS	Amount of tax deducted at source		
		No.	Date	value			No.	Date	value		Integrated tax	Central tax	State / UT tax
1	2	3	4	5	6	7	8	9	10	11	12	13	14

";

(iii) in Instructions, – (a) for instruction at serial number 2, the following instruction shall
be substituted, namely:- —2. Table 3 to capture invoice/ document wise details of tax deducted.;

(b) after instruction at serial number 4, the following instruction shall be inserted, namely:- 5. The
amount liable for TDS in column 5 of Table 3 and column 6 and column 11 of Table 4, shall be

the amount excluding the Central tax, State tax/ Union territory tax, Integrated tax and cess,

indicated in the invoice.

4. with effect from date to be notified, in Form GSTR-8, the following Table shall be substituted,

(vide NOTIFICATION No. 12/2024 – Central Tax New Delhi, the 10th July, 2024). Now, notified w.e.f. 11th February, 2025 vide NOTIFICATION No. 09/2025–Central Tax New Delhi, the 1st day of April, 2025.

38. In the said rules, in FORM GSTR-8, –

(i) under the heading Instructions, in paragraph 7, for the letters, words and figures "GSTR-1", the letters, words and figures "(GSTR-1 or GSTR-1A)" shall be substituted;

(ii) in **FORM GSTR-8**, with effect from a date to be notified, –

(a) for serial number 3, the following shall be substituted, namely:-

"3. Details of supplies made through e-commerce operator

(Amount in Rs. for all Tables)

GSTIN of the supplier	Details of supplies made which attract TCS			Amount of tax collected at source			Place of Supply (POS)
	Gross value of supplies made	Value of supplies returned	Net amount liable for TCS	Integrated Tax	Central Tax	State /UT Tax	
1	2	3	4	5	6	7	8
3A. Supplies made to registered persons							
3B. Supplies made to unregistered persons							

";

(b) for serial number 4, the following shall be substituted, namely:- "4. **Amendments to details of supplies in respect of any earlier statement**

Original details		Revised details							
Month	GSTIN of supplier	GSTIN of supplier	Details of supplies made which attract TCS			Amount of tax collected at source			Place of Supply (POS)
			Gross value of supplies made	Value of supply returned	Net amount liable for TCS	Integrated Tax	Central Tax	State/UT Tax	
1	2	3	4	5	6	7	8	9	10
4A. Supplies made to registered persons									
4B. Supplies made to unregistered persons									
									".

";

E-way Bill

1. Information to be furnished prior to commencement of movement of goods and generation of e-way bill (Notification No. 12/2024 C.T. dated 10-7-2024):

with effect from a date to be notified, (**Now notified w.e.f. 11-2-2025 vide NOTIFICATION No. 09/2025–Central Tax, dated 11th February, 2025**) in rule 138, in sub-rule (3), after the third proviso, the following proviso shall be inserted, namely:- —

Provided also that an unregistered person required to generate e-way bill in FORM GST EWB-01 in terms of the fourth proviso to sub-rule (1) of Rule 138 (i.e. where handicraft goods are transported from one State or UT to another State or UT by a person who has been exempt from the requirement of obtaining registration under clause (i) or (ii) of section 24, the e-way bill shall be generated by the said person irrespective of the value of the consignment) or an unregistered person opting to generate e-way bill in Form GST EWB-01, on the common portal, shall submit the details electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner and, upon validation of the details so furnished, a unique enrollment number shall be generated and communicated to the said person.

2. with effect from a date to be notified, after the FORM GST ENR-02, the following Form shall be inserted, namely: - —FORM GST ENR-03 [See rule 138(3)] Application for Enrollment [only for un-registered persons] Now notified vide **NOTIFICATION No. 09/2025–Central Tax New Delhi, the 11th February, 2025. W.e.f 11th day of February, 2025**.

Demand and Adjudication

1. **Circular No. 239/33/2024-GST dated 4th December 2024:**

Here is a **simple and professional example** that covers **all key points** of **Circular No. 239/33/2024-GST dated 4th December 2024**, which clarifies the adjudication of SCNs issued by DGGI officers under 74A (from F.Y. 2024-25) or Sections 73 and 74 of the CGST Act, 2017:

Practical Example – SCN Adjudication by Officer with All India Jurisdiction

■

Background:

- **Date of SCN issued by DGGI**: 10th December 2024
- **Nature of Allegation**: Fraudulent availment of ITC using fake invoices (Section 74)
- **Number of Noticees**: 3
- **Same or Different PANs**: Different PANs
- **Same Issue**: Yes – fake ITC availed without receipt of goods
- **Jurisdiction**: Multiple States/Commissionerates involved
- **Adjudication Required**: As per amended Circular and Notification 27/2024-Central Tax

Case Details:

Noticee Name	PAN	State	Jurisdiction Commissionerate	Tax Demand (₹)
M/s Shine Traders	AAAAA1111A	Maharashtra	Mumbai East	₹1,80,00,000
M/s Star Distributors	BBBBB2222B	Gujarat	Ahmedabad North	₹90,00,000
M/s Crystal Pvt Ltd	CCCCC3333C	Rajasthan	Jaipur	₹1,50,00,000

Step-by-Step Application of Circular No. 239/33/2024 dated 4th December 2024**:**

Point 1: Common Issue + Multiple PANs + Different Commissionerates

- Covered under Para 7.1 of the circular.
- DGGI has issued one SCN to three entities for same issue (fraudulent ITC).
- Principal places of business fall under **different Commissionerates**.

Point 2: Who has the highest tax demand?

- **M/s Shine Traders** – ₹1.80 Cr → falls under **Mumbai East Commissionerate**

■ ***Point 3: Allocation of Adjudication***

- As per amended **Table V of Notification No. 02/2017**, updated via **Notification No. 27/2024-Central Tax**, cases involving Mumbai East jurisdiction will be adjudicated by:

■ **Additional/Joint Commissioner, Mumbai South Commissionerate (All India Jurisdiction)**

■ ***Point 4: Irrespective of Amount***

- Circular clarifies **no monetary threshold** is applicable – All India jurisdiction applies even if amounts vary.

■ ***Point 5: New SCN on Same Issue in Future***

Suppose later, on **1st March 2025**, DGGI issues a fresh SCN on same issue to:

- M/s Alpha Steels (New PAN, based in Bengaluru South)
- Tax Demand = ₹2.10 Cr

As per **Para 7.1.1**, since there is only one noticee in the later SCN:

- SCN will be adjudicated by the **jurisdictional officer of Bengaluru South Commissionerate**.

■ ***Point 6: Old SCNs before 01.12.2024 but No Order Passed***

If original SCN was issued on **25th September 2024** (before 01.12.2024) and no order was passed till 30th November 2024:

- **Para 7.3** of the circular allows issue of **corrigendum**
- SCN to be made answerable to **Additional Commissioner, Mumbai South**, based on highest demand criteria.

- **Final Summary:**

SCN Category	Adjudicating Authority
One SCN to multiple PANs (same issue)	Addl./Joint Commissioner (Mumbai South Commissionerate)
Later SCN to one PAN (same issue)	Jurisdictional Addl./Joint Commissioner
SCN before 01.12.2024, no order passed	Corrigendum to assign to Mumbai South Adjudicating Officer

2. To operationalize the **Amnesty Scheme** under **Section 128A of the CGST Act, 2017**, the Central Government issued **Notification No. 11/2025 – Central Tax** dated 27th March 2025 to **amend Rule 164 of** the CGST Rules, 2017. This amendment brings legal clarity to:

- When a taxpayer **is NOT entitled to a refund**, even if part of the tax falls under the amnesty period.
- How a taxpayer can **partially withdraw appeals** related to the amnesty period without affecting other periods under dispute.

1. (1) These rules may be called the Central Goods and Services Tax (Second Amendment) Rules, 2025.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Central Goods and Services Tax Rules, 2017,–

(a) in rule 164, –

(i) in sub-rule (4), after the words "after payment of the full amount of tax", the words "related to period mentioned in the said sub-section and" shall be inserted.

(ii) after sub-rule (4), the following Explanation shall be inserted, namely: -

"Explanation, - No refund shall be available for any tax, interest, and penalty, which has already been discharged for the entire period, prior to the commencement of the Central Goods and Services Tax (Second Amendment) Rules, 2025, in cases where a notice or statement or order mentioned in sub-section (1) of section 128A, includes a demand of tax, partially for the period mentioned in the said sub-section and partially for a period other than mentioned in the said sub-section.".

(b) in rule 164, in sub-rule 7, after the first proviso, the following proviso shall be inserted, namely: -

"Provided further that where the notice or statement or order mentioned in sub-section(1) of section 128A of the Act includes demand of tax, partially for the period mentioned in the said subsection and partially for the period other than that mentioned in the said sub-section, the applicant instead of withdrawing the appeal, shall intimate the appellate authority or Appellate Tribunal that he does not wish to pursue the appeal for the period mentioned in the said sub-section and the relevant authority shall, after taking note of the said request, pass such order for the period other than that mentioned in the said sub-section, as he thinks just and proper.

Explanation,– For the removal of doubt, it is clarified that the appeal application

shall be deemed to have been withdrawn to the extent of the said intimation for the period

from the 1st July, 2017 to the 31st March, 2020 or part thereof, for the purpose of sub-clause (3) of section 128A.”

Let’s now provide a **detailed and expanded explanation of** Notification No. 11/2025 – Central Tax dated 27th March 2025, with clarity on each clause, illustrations, and real-world application.

1. Amendment to Rule 164(4): No Refund if Already Paid for Mixed Periods

“No refund shall be available for any tax, interest, and penalty, which has already been discharged for the entire period, prior to the commencement of the CGST (Second Amendment) Rules, 2025…”

Meaning: *If a taxpayer receives a* ***show cause notice (SCN) or demand order*** *that includes:*

- Tax period **from 01-07-2017 to 31-03-2020** (eligible for amnesty), and
- Another period (e.g., FY 2021–22), and
- The taxpayer has **already paid the full demand** (for both periods) prior to the commencement of the Central Goods and Services Tax (Second Amendment) Rules, 2025

Then **no refund can be claimed for** the portion falling under the amnesty period.

Example 1: No Refund Permissible

Particulars	Amount (₹)
Demand for FY 2018–19 (Amnesty period)	₹1,00,000
Demand for FY 2022–23	₹2,00,000
Total SCN issued on 15-Jan-2025	₹3,00,000
Amount paid on 1-Feb-2025	₹3,00,000 + Interest + Penalty

Taxpayer paid before the rules came into force.

Query: Can the taxpayer now seek refund of ₹1,00,000 (FY 2018–19) under amnesty?

Answer: No. Refund is **not allowed even for amnesty period tax, as the entire amount was already paid before the rule came into force.**

2. Amendment to Rule 164(7): Partial Appeal Withdrawal Allowed

Legal Text: **"**Where the SCN/order includes demands for both amnesty period and other periods, the taxpayer can choose not to pursue appeal for the amnesty period. Appeal is deemed withdrawn to that extent.**"**

Meaning:

- Taxpayer **need not withdraw the entire appeal**.
- He can **withdraw appeal only for FY 2017–2020**, and still **continue appeal for later years** like FY 2021–22 or 2022–23.
- This applies when the order contains **mixed period demand.**

Example 2: Partial Appeal Deemed Withdrawn

Particulars	**Amount (₹)**
Demand for FY 2019–20 (Amnesty)	₹1,20,000
Demand for FY 2021–22 (Non-Amnesty)	₹2,80,000
Appeal filed against entire order	Yes
Taxpayer pays FY 2019–20 under 128A	₹1,20,000
Intimates withdrawal for 2019–20 only	Yes

Result:

- FY 2019–20 appeal is **deemed withdrawn** as per Rule 164(7)
- Appellate authority continues adjudication **only for FY 2021–22**

3. Explanation for Rule 164(7): Clarification on Period Covered

"…appeal application shall be deemed to have been withdrawn to the extent of the said intimation
for the period from 1st July 2017 to 31st March 2020…"

Clarifies that only **amnesty period** is affected by this partial withdrawal.

If your SCN is for FY 2018–19 and 2021–22, and you pay only for FY 2018–19, the rest remains under litigation.

Scenario: M/s DataNext Ltd.

- Receives demand on 10-Feb-2025:
  - ₹80,000 for FY 2018–19 (Amnesty eligible)
  - ₹1,20,000 for FY 2021–22 (Not eligible)
- Files appeal on 15-Feb-2025.
- Pays ₹80,000 (no interest/penalty) on 05-Apr-2025 under Amnesty.
- Intimates authority that they **wish to continue appeal only for FY 2021–22**.

Outcome:

- Amnesty accepted for FY 2018–19.
- Appeal **deemed withdrawn for FY 2018–19**.
- Appeal **continues for FY 2021–22**.
- Department will **adjudicate only the balance demand**.

3. Circular No. 248/05/2025-GST dated 27th March 2025:

Representations have been received from trade and industry highlighting certain issues being faced in availing the benefit provided under section 128A of the CGST Act, 2017 such as eligibility of cases for benefit under section 128A, where payment has been made through GSTR-3B instead of DRC-03 and treatment of withdrawal of appeals filed by the taxpayer against consolidated adjudication order covering periods beyond the one specified under section 128A of the CGST Act, 2017 for the purpose of availing the said benefit.

Below is a **professional set of numerical examples** covering all key clarifications issued under **Circular No. 248/05/2025-GST dated 27th March 2025**, related to **Section 128A** and **Rule 164** of the CGST Act and Rules. These examples align with the clarifications made regarding **tax paid via GSTR-3B**, **DRC-03**, and **withdrawal of appeals** in cases where the adjudication order covers periods both *within* and *outside* the eligible period (FY 2017–18 to FY 2019–20).

Issue 1: GSTR-3B Payments Prior to 1st November 2024

Example 1A: Eligible GSTR-3B Tax Payment Before 01.11.2024

M/s A-One Enterprises received a notice under **Section 73** for **FY 2018–19** (period eligible under Section 128A) for short-paid tax of ₹5,00,000.

- They paid the tax via **GSTR-3B** in **May 2023**, **before any demand notice** was issued.
- No penalty or interest was paid.
- **Section 128A came into force on 1st November 2024.**

Clarification per Circular:

Since tax was **voluntarily paid via GSTR-3B before 01.11.2024**, and it pertained to the same demand, **benefit of Section 128A** can be availed.

No need to re-pay through DRC-03

Interest & penalty are waived

Subject to verification by proper officer

Example 1B: GSTR-3B Payment Made After 01.11.2024

M/s ABC Traders received a **Section 73** notice for FY 2019–20 in **January 2024**.

They paid the tax of ₹7,00,000 via **GSTR-3B in November 2024** (after 01.11.2024).

Clarification:

Not eligible under 128A unless payment is done via **DRC-03 or prescribed modes under Rule 164(2) on or after** 01.11.2024.

They must **re-pay via DRC-03** for waiver of interest & penalty:

File application Form GST SPL-01 – against notice: The application in FORM GST SPL-01, shall be filed within a period of three months from the date notified under section 128A (1), i.e., within three months from 31.03.2025.

Issue 2: Partial Period Covered under Section 128A

Example 2A: Consolidated Order for FY 2019–20 and FY 2020–21

M/s Sunrise Equipments received a single adjudication order dated **15th May 2023** covering:

- FY 2019–20: Tax demand ₹6,00,000 (eligible under 128A)
- FY 2020–21: Tax demand ₹4,00,000 (not eligible)

An appeal was filed before the Appellate Authority for the entire period.

What can be done now?

1. Pay ₹6,00,000 (FY 2019–20) through DRC-03 or mode specified under Rule 164.
2. File application **Form SPL-02** (if order issued).
3. Submit a declaration to Appellate Authority stating they are availing **128A for** FY 2019–20 and wish to **pursue appeal only for FY 2020–21**.

Note: The application in FORM GST SPL-01 or FORM GST SPL-02, as the case may be, shall be filed within a period of three months from the date notified under section 128A (1), i.e., within three months from 31.03.2025. However, as per the first proviso to sub-section (1) of Section 128A, where a notice has been issued under section 74, and the Appellate Authority or Appellate Tribunal or a court directs the proper officer to redetermine the tax as if the demand notice is issued under section 73, in accordance with the provisions of section 75(2), then same is covered under clause (b) of sub-section (1). Therefore, as mentioned in proviso to sub-rule (6) of Rule 164, in such cases, an application in FORM GST SPL-02, can be filed within six months from the date

communication of order of the proper officer redetermining the amount of tax to be paid under
section 73.

■ Appellate Authority will consider partial withdrawal for eligible period only.

■ *Example 2B: Appeal Filed, Intends to Avail 128A*

M/s Vision Tech filed appeal before Tribunal against consolidated order:

- FY 2018–19: ₹3,00,000 (eligible)
- FY 2021–22: ₹9,00,000 (not eligible)

Steps:

1. Pay ₹3,00,000 via "payment towards demand" facility in case of demand orders (i.e. by crediting the amount in the electronic liability register against debit entry created by the said order) and through Form GST DRC-03 in case of notices. However, if payment has already been done through Form GST DRC-03 for any demand order then the taxpayer needs to link the said Form GST DRC 03 with such demand order through Form GST DRC-03A, which is now available on the common portal.DRC-03 followed by DRC-03A.
3. Notify Tribunal regarding withdrawal of appeal only for FY 2018–19
2. File application Form GST SPL-02

■ Tribunal may pass separate order for FY 2021–22 as it deems fit.

■ Waiver of interest and penalty granted only for FY 2018–19

Summary Table for Quick Reference

Scenario	Tax Paid	Period	Mode of Payment	Eligibility under Sec 128A	Action Required
Before 01.11.2024	₹5,00,000	FY 2018–19	GSTR-3B	Eligible	Subject to PO verification
After 01.11.2024	₹7,00,000	FY 2019–20	GSTR-3B	Not eligible	Re-pay via DRC-03
Consolidated Order	₹6L (2019–20), ₹4L (2020–21)	Mixed	DRC-03 for eligible year	Partial benefit	File SPL-02 + Inform Authority
Appeal Filed	₹3L (2018–19), ₹9L (2021–22)	Mixed	DRC-03	Partial benefit	Withdraw FY 2018–19 only

Clarification issued vide point 6 of the Table at para 4 of circular No. 238/32/2024-GST dated 15th October 2024 is accordingly withdrawn:

To avail amnesty scheme, one needs to pay full tax for the portion ‘allowable under 128A’ and for the portion ‘not allowable under 128A’ is withdrawn, as per amendment in Rule 164(4) **to be notified** vide **Notification No. 11/2025 – Central Tax** dated 27th March 2025.

3. **Circular No. 249/06/2025-GST**, dated 9th June 2025

CBIC clarifies that **Document Identification Number (DIN)** is **not required** on communications issued via the **GST Common Portal** which already have a **Reference Number (RFN)**.

Such RFNs are **auto-generated**, **verifiable**, and serve the purpose of **tracking authenticity**, similar to DIN.

Background on DIN vs RFN

Feature	DIN	RFN
Introduced via	Circular 122/41/2019-GST	Auto-system from GST portal
Applicable for documents	Manual or emailed communications	Auto-generated portal
Verifiable at	Not available publicly	https://services.gst.gov.in/services/verify Rfn
Mandatory?	Yes, for manual/documents outside present portal	No DIN required if RFN is

Example 1: Show Cause Notice via GST Portal

- **Taxpayer**: M/s GreenGrow Agro Pvt. Ltd.
- **Date of Issue**: 10th June 2025
- **Type of Document**: SCN under Section 73 for FY 2018–19
- **Mode of Issue**: GST Portal (auto-generated)
- **RFN**: ZD1006250123456
- **DIN**: Not quoted

As per Circular 249/06/2025:

- **Since RFN is present**, no DIN is required.

SCN is valid & verifiable

The taxpayer can validate RFN at GST RFN Verifier

Example 2: Adjudication Order via GST Portal

- **Taxpayer**: M/s SuperFab Textiles
- **Date of Issue**: 15th June 2025
- **Document Type**: Order under Section 73(9)
- **GST Demand**: ₹4,50,000
- **Issued by**: GST Portal
- **RFN**: ZO1506250078943
- **DIN**: Not mentioned

Conclusion:

- **No DIN required**, as RFN serves the purpose.
- Taxpayer should retain RFN for audit/tracking.

Order is legally valid

Example 3: Notice via Email from Proper Officer

- **Taxpayer**: M/s HexaTech Tools
- **Date**: 12th June 2025
- **Communication**: Reminder for DRC-03 payment
- **Channel**: Officer's official email
- **DIN**: CBIC-GST-2025-005687
- **RFN**: Not applicable

Conclusion:

- Since this is **manual/email communication**, DIN is **mandatory**

DIN present → **Document is valid**

Example 4: Summons Physically Delivered

- **Taxpayer**: M/s Modern Tiles Ltd.
- **Date**: 18th June 2025
- **Document**: Summons under Section 70
- **Mode**: Delivered by Inspector (hard copy)
- **DIN**: CBIC-GST-2025-008111
- **RFN**: Not applicable

Conclusion:

- **DIN is mandatory for such offline/manual notices**

DIN is quoted → Valid

Summary Table

Scenario	Channel	DIN Required?	RFN Present?	Valid?
SCN issued via GST portal	Portal	Not needed	Yes	Valid
Order via GST portal	Portal	Not needed	Yes	Valid
Email communication	Email/Manual	Yes	No	Valid if DIN is quoted
Physical Summons	Manual delivery	Yes	No	Valid if DIN is quoted

Key Takeaways from Circular 249/06/2025-GST

1. **If RFN is available on a GST portal document, DIN is not needed.**
2. **Taxpayers can verify RFN** at https://services.gst.gov.in/services/verifyRfn
3. **DIN is compulsory for email/manual communications.**
4. **Avoid duplication**: RFN and DIN **should not both be present** on the same communication.

Appeals under GST

Illustrating the implications and procedures clarified in **CBIC Circular No. 250/07/2025-GST**
dated 24th June 2025, related to **Review, Revision, and Appeal of Orders passed by Common Adjudicating Authorities (CAAs)** for DGGI-issued Show Cause Notices (SCNs):

Numerical Example Based on Circular No. 250/07/2025-GST

Subject: Review, Revision, and Appeals for Orders passed by Common Adjudicating Authorities (CAAs)

Example Scenario: M/s Bright Light Industries

Background:

- **Show Cause Notice (SCN)** issued by: **DGGI, Chennai Zonal Unit**
- **Adjudicating Authority (CAA)**: **Joint Commissioner**, Chennai North Commissionerate (as designated via Notification No. 02/2017, Table III)
- **Order-in-Original (OIO)** passed by CAA: Dated 12th June 2025
- **Tax Demand Confirmed**: ₹25,00,000 under Section 74 for FY 2019–20
- **Penalty & Interest**: ₹10,00,000
- **Total Liability**: ₹35,00,000

A. Appeal Filed by Taxpayer under Section 107

- **Taxpayer Action**: M/s Bright Light Industries is aggrieved by the OIO.
- **Appellate Authority**: Appeal must be filed before the **Commissioner (Appeals), Chennai North**, because:
  - The **Joint Commissioner (CAA)** is posted in **Chennai North Commissionerate**
  - Hence, **territorial jurisdiction is with Chennai North**

As per Circular Para 4(c): Appeal lies with the **Commissioner (Appeals) of** the jurisdiction **where the CAA is posted**, not where DGGI issued SCN.

Taxpayer files appeal on 10th July 2025 before Commissioner (Appeals), Chennai North.

B. Departmental Review under Section 107(2)

- **Reviewing Authority**: **Principal Commissioner of Central Tax, Chennai North**

- The CAA (Joint Commissioner) is posted under this Commissioner.

■ **As per Para 4(a) of the circular:**

- The **Principal Commissioner, Chennai North**, may review the OIO to decide whether to file an appeal.
- He may **seek inputs/comments from DGGI Chennai Zonal Unit** under Para 4(e).

■ **C. Departmental Revision under Section 108**

- **Revisional Authority**: Same as above: **Principal Commissioner, Chennai North**
- He is empowered under Notification No. 05/2020 to **revise orders passed by Joint Commissioner** posted under him.

■ Example:

- If it is found that the CAA ignored a major point, the **Commissioner may revise** the order within prescribed timelines.

■ **D. Department Representation**

- During the taxpayer's appeal hearing, the **department must be represented**.
- **Commissioner, Chennai North** will appoint a **Superintendent** or **Assistant Commissioner** to defend the OIO.

■ **As per Para 4(d)**: The Commissioner may designate any subordinate officer to represent the department before Commissioner (Appeals).

Summary Table:

Step	Authority Involved	Designated Role	Based on Posting of CAA
Appeal filed by taxpayer	Commissioner (Appeals) Chennai North	Appellate Authority	Yes
Department Review	Principal Commissioner, Chennai North	Reviewing Authority	Yes
Revision (if applicable)	Principal Commissioner, Chennai North	Revisional Authority	Yes
Department representation in appeal	Superintendent (appointed by Principal Commissioner)	Department Representative	Yes

Final Takeaway:

Even though SCNs are issued by DGGI, the **adjudication, appeal, review, and revision flow based on the jurisdiction of the Commissionerate where the CAA is posted**, not where the DGGI unit is located.