



The Institute of Chartered Accountants of India GST & Indirect Taxes Committee

GOODS & SERVICES TAX UPDATE-234

Appointment of effective date for the applicability of the amendments made vide the Finance Act, 2024

The Finance Bill, 2024 which was presented in the Parliament on 1st February, 2024 and got enacted on 15th February, 2024 had made certain amendments in the CGST Act, 2017.

[Notification No. 16/2024-CT dated 06.08.2024](#) has been issued to appoint the effective date for the said amendments as under:

1. Substitution of Section 2(61) - Definition of input service distributor: Effective date - 1st April, 2025

Section 2(61) which defines input service distributor had been substituted vide the Finance Act, 2024 to include reverse charge invoices in the scope of credit distribution by an input service distributor.

As per the substituted definition, an input service distributor means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20.

The substituted definition will become effective from 1st April, 2025.

2. Substitution of Section 20 - Manner of distribution of credit by an Input Service Distributor: Effective date – 1st April, 2025

Section 20 which prescribes the manner of distribution of credit by an input service distributor had been substituted vide the Finance Act, 2024 to make the input service distributor mechanism as provided thereunder mandatory. The amendment was made pursuant to the recommendations made in the 50th GST Council meeting held on 11.07.2023.

The substituted section 20 provides as under:

(1) Any office of the supplier of goods or services or both which receives tax invoices

towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.

(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.

The substituted section 20 will become effective from 1st April, 2025.

3. Insertion of new section 122A - Penalty for failure to register certain machines used in manufacture of goods as per special procedure: Effective date 1st October, 2024

New section 122A had been inserted vide the Finance Act, 2024 to levy penalty on failure to register certain machines used in manufacture of goods (tobacco, pan-masala and similar items) as per special procedure notified u/s 148 of CGST Act.

The new section 122A provides as under:

(1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.

(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:

Provided that such machine shall not be confiscated where—

(a) the penalty so imposed is paid; and

(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.

The new section 122A will become effective from 1st October, 2024.

Notification No. 16/2024-CT dated 06.08.2024

***Vice – Chairman
GST & Indirect Taxes Committee***

***Chairman
GST & Indirect Taxes Committee***

Union Budget 2024-25 Highlights on Indirect Taxes & some recent GST Updates including the updates on notifications/circulars issued pursuant to 53rd GST Council Meeting are given below for quick reference

[Union Budget 2024-25 Highlights - Indirect Taxes](#)

[GST Update-233](#)

[GST Update-232](#)

[GST Update-231](#)

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