



# The Institute of Chartered Accountants of India

## GST & Indirect Taxes Committee

### GOODS & SERVICES TAX UPDATE-236

#### Recommendations of the 54<sup>th</sup> GST Council Meeting

The 54<sup>th</sup> GST Council Meeting held on 9<sup>th</sup> September, 2024 in New Delhi recommended the following:

#### 1. Measures for facilitation of trade

##### (a) Procedure and conditions for waiver of interest or penalty or both, in respect of tax demands under section 73 for FYs 2017-18, 2018-19 and 2019-20 as per section 128A

- To insert new rule 164 along with certain Forms, providing for the procedure and conditions for availment of benefit of waiver of interest or penalty or both, relating to tax demands under section 73 of CGST Act, pertaining to FYs 2017-18, 2018-19 and 2019-20, as per section 128A of CGST Act.
- To notify 31.03.2025 as the date on or before which the payment of tax may be made by the registered persons, to avail the said benefit as per section 128A of the CGST Act.
- To notify the insertion of Section 128A as proposed in Finance (No.2) Act, 2024 with effect from 01.11.2024.

##### (b) Mechanism for implementation of newly inserted sub-section (5) and sub-section (6) in section 16

- To notify the insertion of sub-section (5) and sub-section (6) in section 16 with retrospective effect from 01.07.2017.
- To notify a special procedure for rectification of orders under section 148 of the CGST Act, to be followed by the class of taxable persons, against whom any order under section 73 or section 74 or section 107 or section 108 has been issued confirming demand for wrong availment of input tax credit on account of contravention of provisions of sub-section (4) of section 16 but where such input tax credit is now available as per the provisions of sub-section (5) or sub-section (6) of section 16, and where appeal against the said order has not been

filed.

**(c) Amendments in rule 89 and rule 96 and to provide clarification in respect of IGST refunds on exports where benefit of concessional/ exemption notifications specified under rule 96(10) has been availed on the inputs**

- To clarify that where the inputs were initially imported without payment of integrated tax and compensation cess by availing benefits under *Notification No. 78/2017-Customs dated 13.10.2017* or *Notification No. 79/2017-Customs dated 13.10.2017*, but IGST and compensation cess on such imported inputs are subsequently paid, along with applicable interest, and the Bill of Entry in respect of the import of the said inputs is got reassessed through the jurisdictional Customs authorities to this effect, then the IGST paid on exports, refunded to the said exporter shall not be considered to be in contravention of provisions of sub-rule (10) of rule 96.
- To prospectively omit rule 96(10), rule 89(4A) & rule 89(4B) from CGST Rules, 2017, considering the difficulty being faced by the exporters due to restriction in respect of refund on exports, imposed under these rules, in cases where benefit of the specified concessional/ exemption notifications is availed on the inputs.

**(d) Following circulars to be issued:**

- Clarification on the Place of Supply of advertising services provided by Indian advertising companies to foreign entities
- Clarification regarding availability of Input Tax Credit on demo vehicles by the dealers of the vehicle manufacturers
- Clarification on Place of Supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.
- To issue a circular to clarify the procedure and various issues related to implementation of the provisions of sub-section (5) and sub-section (6) of section 16.
- **Flying training courses**  
To clarify by way of a circular that the approved flying training courses conducted by DGCA approved Flying Training Organizations (FTOs) are exempt from the levy of GST.
- **Preferential Location Charges (PLC)**

To clarify that location charges or Preferential Location Charges (PLC) paid along

with the consideration for the construction services of residential/commercial/industrial complex before issuance of completion certificate forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply that is, construction service.

➤ **Affiliation services**

To clarify by way of circular that the affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions in the notification No. 12/2017-CT(R) dated 28.06.2017 and GST at the rate of 18% is applicable on the affiliation services provided by the universities.

## **2. Other Measures**

### **(a) B2C E-invoicing**

To provide an opportunity to the retail customers to verify the reporting of the invoice in the GST return. The pilot will be rolled out on voluntary basis in selected Sectors and States.

### **(b) Invoice Management System and new ledgers**

To introduce Reverse Charge Mechanism (RCM) ledger, an Input Tax Credit Reclaim ledger and an Invoice Management System (IMS). Taxpayers would be given the opportunity to declare their opening balance for these ledgers by 31<sup>st</sup> October 2024.

IMS will allow the taxpayers to accept, reject, or to keep the invoices pending for the purpose of availment of Input Tax Credit. This will be an optional facility for taxpayers to reduce errors in claiming input tax credit and improve reconciliation. This is expected to reduce notices issued on account of ITC mismatch in the returns.

## **3. Changes/Clarifications in GST Tax Rates of Services**

### **(a) Life and Health insurance**

It has been recommended to constitute Group of Ministers (GoM) to holistically look into the issues pertaining to GST on the life insurance and health insurance. The GoM members are Bihar, UP, West Bengal, Karnataka, Kerala, Rajasthan, Andhra Pradesh, Meghalaya, Goa, Telangana, Tamil Nadu, Punjab, and Gujarat. The GoM is to submit the report by the end of October 2024.

### **(b) Transport of passengers by helicopters**

To notify GST @ 5% on the transport of passengers by helicopters on seat share basis and to regularise the GST for past period on 'as is where is' basis. To also clarify that

charter of helicopter will continue to attract 18% GST.

**(c) Supply of research and development services**

To exempt supply of research and development services by a Government Entity or a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 using Government or private grants.

Past demands to be **regularised** on '*as is where is*' basis.

**(d) Affiliation services**

To **clarify** that affiliation services provided by educational boards like CBSE are taxable. However, to **exempt** affiliation services provided by State/Central educational boards, educational councils and other similarly placed bodies to Government Schools prospectively. The issue for the past period between 01.07.2017 to 17.06.2021 to be regularized on '*as is where is*' basis.

**(e) Import of service by branch Office**

To exempt import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration. The council also recommended to regularise the past period on '*as is where is*' basis.

**(f) Renting of commercial property**

To bring renting of commercial property by unregistered person to a registered person under Reverse Charge Mechanism (RCM) to prevent revenue leakage.

**(g) Ancillary/intermediate services are provided by GTA**

To clarify that when ancillary/intermediate services are provided by GTA in the course of transportation of goods by road and GTA also issues consignment note, the service will constitute a composite supply and all such ancillary/intermediate services like loading/unloading, packing/unpacking, transshipment, temporary warehousing etc. will be treated as part of the composite supply. If such services are not provided in the course of transportation of goods and invoiced separately, then these services will not be treated as composite supply of transport of goods.

**4. Changes/Clarifications in GST Tax Rates of Goods**

S. No.	Goods	HSN	Rate
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1.	Namkeens and Extruded/Expanded Savoury food products	1905 90 30	18% to 12% (Applicable prospectively)
2.	Cancer Drugs (Trastuzumab Deruxtecan, Osimertinib and Durvalumab)	-	12% to 5%
3.	Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways	8415	28%
4.	Car seats of motor cars	9401	18% to 28% (Applicable prospectively)
5.	Metal Scrap	<p>RCM to be introduced on supply of metal scrap by unregistered person to registered person provided that the supplier shall take registration as and when it crosses threshold limit and the recipient who is liable to pay under RCM shall pay tax even if supplier is under threshold.</p> <p>A TDS of 2% will be applicable on supply of metal scrap by registered person in B to B supply.</p>	

## 5. Other Changes

- To regularise the GST liability for the past period prior to 01.10.2021 on 'as is where is' basis, where the film distributor or sub-distributor acts on a principal basis to acquire and distribute films.
- To exempt supply of services such as application fees for providing electricity connection, rental charges against electricity meter, testing fees for meters/transformers/capacitors, labour charges from customers for shifting of meters/service lines, charges for duplicate bills etc. which are incidental, ancillary or integral to the supply of transmission and distribution of electricity by transmission and distribution utilities to their consumers, when provided as a composite supply. GST for the past

period to be regularised on 'as is where is' basis.

*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 53<sup>rd</sup> 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](#)

[GST Update-230](#)

[GST Update-229](#)

[GST Update-228](#)

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