



# SUPPLEMENTARY\_PAPER 7B\_FOR JUNE 2025

## TERM OF EXAMINATION\_SYLLABUS 2022

### INDIRECT TAX (PAPER 7B)

#### Amendment by the Finance Act 2024

The following amendment has been made by the Finance Act 2024:

S.N.	Amendment	Clause of the Finance Act, 2024	Applicable from
<b>Amendment in CGST Act</b>			
1.	<p>The definition of input service distributor has been amended. Amended definition are as under:</p> <p>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 u/s 9(3) or 9(4), for or on behalf of distinct persons referred to in sec. 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in sec. 20</p>	11	01-04-2025
2.	<p>Sec. 20 has been replaced by new sec. 20:</p> <p><b>Manner of distribution of credit by Input Service Distributor [Sec. 20]</b></p> <ul style="list-style-type: none"><li>➤ 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 u/s 9(3) or 9(4), for or on behalf of distinct persons referred to in sec. 25, shall be required to be registered as Input Service Distributor u/s 24(viii) and shall distribute the input tax credit in respect of such invoices.</li><li>➤ The Input Service Distributor shall distribute the credit of tax charged on invoices received by him, including the credit of tax in respect of services subject to levy of tax u/s 9(3) or 9(4) 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.</li><li>➤ 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.</li></ul>	12	01-04-2025



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### Amendment by the Finance (No. 2) Act 2024

The following amendment has been made by the Finance (No. 2) Act 2024:

S.N.	Amendment	Clause of the Finance (No. 2) Act, 2024	Applicable from
<b>Amendment in CGST Act</b>			
1.	Section 9 has been amended to take un-denatured extra neutral alcohol or rectified spirit used for the manufacture of alcoholic liquor for human consumption out of purview of central tax. Similar amendments have also been made in the IGST Act and UTGST Act.	114	16-08-2024
2.	Sec. 10(5) has been amended, so as to incorporate a reference to section 74A in the said subsection.	115	16-08-2024
3.	Sec. 11A has been inserted to empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar amendment has been made in the IGST Act, UTGST Act and GST (Compensation to States) Act.	116	16-08-2024
4.	Sec. 13(3) has been amended to provide for time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies.	117	16-08-2024
5.	Sec. 17(5) has been amended, so as to restrict the non-availability of input tax credit in respect of tax paid u/s 74 only for demands upto Financial Year 2023-24. Further, it also removes reference to sec. 129 and 130 in the said sub-section	119	16-08-2024
6.	Sec. 21 has been amended, so as to incorporate a reference to the new section 74A in the said section.	120	16-08-2024
7.	A new proviso in sec. 30(2) has been inserted, so as to provide revocation of cancellation of registration shall be subject to prescribed conditions and restrictions	121	16-08-2024
8.	Sec. 31(3)(f) has been amended, so as to incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies. Explanation is also inserted so as to specify that a supplier registered solely for the purposes of tax deduction at source u/s 51 shall not be considered as a registered person for the purpose of clause (f) of sec. 31(3)	122	16-08-2024
9.	Sec. 35(6) has been amended, so as to incorporate a reference to the new section 74A in the said section	123	16-08-2024
10.	Sec. 39(3) has been substituted, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not. It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.	124	16-08-2024



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11.	<p>Following sections have been amended, so as to incorporate a reference to the new section 74A in the respective section:</p> <p style="text-align: center;">Sec. 49(8)    Sec. 50(1)    Sec. 51(7)    Sec. 61(3)    Sec. 62(1)</p> <p style="text-align: center;">Sec. 63        Sec. 64(2)    Sec. 65(7)    Sec. 66(6)</p>	125-127 & 129-134	16-08-2024
12	<p>In the schedule III, the following entries are inserted:</p> <p>9. Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.</p> <p>10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission</p>	149	01-11-2024
<b>Amendment in IGST Act</b>			
13.	<p>Sec. 16(4) has been amended, so as to provide for notification of class of persons who may make zero rated supplies of goods or services or both or class of goods or services which may be supplied on zero rated basis, and refund of integrated tax in respect of which can be claimed, in accordance with the provisions of sec. 54 of the Central Goods and Services Tax Act, subject to such conditions, safeguards and procedures as may be prescribed.</p> <p>Further, sub-section (5) has been inserted in the said section to provide that no refund of unutilized input tax credit or of integrated tax paid on account of zero-rated supply of goods shall be allowed in cases where the zero-rated supply of goods is subjected to export duty.</p>	153	16-08-2024
<b>Amendment in the Customs Tariff Act</b>			
14.	In the Customs Tariff Act, section 6 shall be omitted i.e., the provision relating to Protective Duties has been omitted	107	16-08-2024
15.	<p>Sec. 8B(9), 9(7A) and 9A(8) has been substituted with the following provision:</p> <p>The provisions of the Customs Act, 1962 and all rules and regulations made thereunder, including but not limited to those relating to the date for determination of rate of duty, assessment, non-levy, short-levy, refunds, exemptions, interest, recovery, appeals, offences and penalties shall, as far as may be, apply to the duty chargeable under this section as they apply in relation to duties leviable under that Act or all rules or regulations made thereunder, as the case may be.</p>	108-110	16-08-2024



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### Amendments in Exemption notification

The following entries are inserted or amended

9E	Services provided by Ministry of Railways (Indian Railways) to individuals by way of: a) sale of platform tickets; b) facility of retiring rooms/waiting rooms; c) cloak room services; d) battery operated car services
9F	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways)
9G	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.
12.	Services by way of renting of residential dwelling for use as residence. <b><u>Taxpoint:</u></b> However, this entry does not cover the following: (a) accommodation services for students in student residences;
12A	Supply of accommodation services having value of supply less than or equal to ₹ 20,000 per person per month provided that the accommodation service is supplied for a minimum
25A	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission and distribution of electricity provided by electricity transmission and distribution utilities to their consumers (w.e.f. 10-10-2024)
36A.	Services by way of reinsurance (including retrocession) of the insurance schemes specified in serial number 35 or 36 or 40. <b><u>Taxpoint:</u></b> 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Re-insurer)
44A	Research and development services against consideration received in the form of grants supplied by – (a) a Government Entity; or (b) a research association, university, college or other institution, notified u/s 35(1)(ii) or (iii) of the Income-tax Act, 1961. <b><u>Taxpoint:</u></b> Such research association, university, college or other institution should be notified at the time of supply of the research and development service
66A.	Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity



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71.	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Education and Training.
10L (IGST Act)	Import of services by an establishment of a foreign company in India, which is an airline company, from a related person or from any of its other establishments outside India, when made without consideration (the exemption is subject to certain restrictions)

### **Amendments in Reverse Charge**

- Supply of metal scrap by an unregistered person to any registered person is covered under the reverse charge mechanism
- W.e.f. 10-10-2024, service by way of renting of any immovable property other than residential dwelling by an unregistered person to any registered person is covered under the reverse charge mechanism

### **Clarification issued for value of supply**

Sec. 15 provides that after the supply has been effected, if-

- i. discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
- ii. input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply

such discount shall be reduced from the value of supply.

However, till the time a functionality/facility is made available on the common portal to enable the suppliers as well as the tax officers to verify whether the input tax credit attributable to the discounts offered through tax credit notes has been reversed by the recipient or not, the supplier may procure a certificate from the recipient of supply, issued by the Chartered Accountant (CA) or the Cost Accountant (CMA), certifying that the recipient has made the required proportionate reversal of input tax credit at his end in respect of such credit note issued by the supplier. However, where the amount of tax (CGST+SGST+IGST and including compensation cess, if any) involved in the discount given by the supplier to a recipient through tax credit notes in a Financial Year is not exceeding ₹ 5,00,000, then instead of CA/CMA certificate, the said supplier may procure an undertaking / certificate from the said recipient that the said input tax credit attributable to such discount has been reversed by him.

### **Value of supply: Corporate Guarantee**

Rule 28(2) relating to valuation has been amended and the amended provisions are as under:

The value of supply of services by a supplier to a recipient who is a related person located in India, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be 1% of the amount of such guarantee offered per annum, or the actual consideration, whichever is higher.

However, where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of service.



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### **Invoice: Insertion of Rule 47A**

#### **Time limit for issuing tax invoice in cases where recipient is required to issue invoice [Rule 47A]**

Where an invoice referred to in rule 46 is required to be issued u/s 31(3)(f) by a registered person [i.e., by recipient], who is liable to pay tax u/s 9(3) or 9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods or services, or both, as the case may be.

### **Return**

- W.e.f. 01-11-2024, GSTR 7 are required to be submitted on or before the tenth day of the month succeeding the calendar month
- GSTR-4 is required to be submitted annually by 30<sup>th</sup> June following the end of the financial year
- Electronic Credit Ledger: Reference to Rule 96(10) has been omitted.
- In the Rule 21, 21A, 36, 37A, 40, 48, 60, 78, wherever reference to GSTR 1 occurred, reference to GSTR 1A has been added.
- The registered person may, after furnishing the details of outward supplies of goods or service or both in FORM GSTR-1 for a tax period but before filing of return in FORM GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in FORM GSTR-1A for the said tax period electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner.
- W.e.f. 01-08-2024, in GSTR 1, inter-State supplies with invoice value more than ₹ 1,00,000 [earlier the limit was ₹ 2,50,000] made to the unregistered persons are required to be show separately.