

Demystifying Complexities

TAX EDGE

Monthly Tax & Regulatory Updates

Tax • Regulatory • Assurance • Legal



Contents



Goods & Services Tax ('GST')



Direct Tax



International Tax



Corporate Law & Regulatory



Compliance Calendar

Goods & Services Tax ('GST')

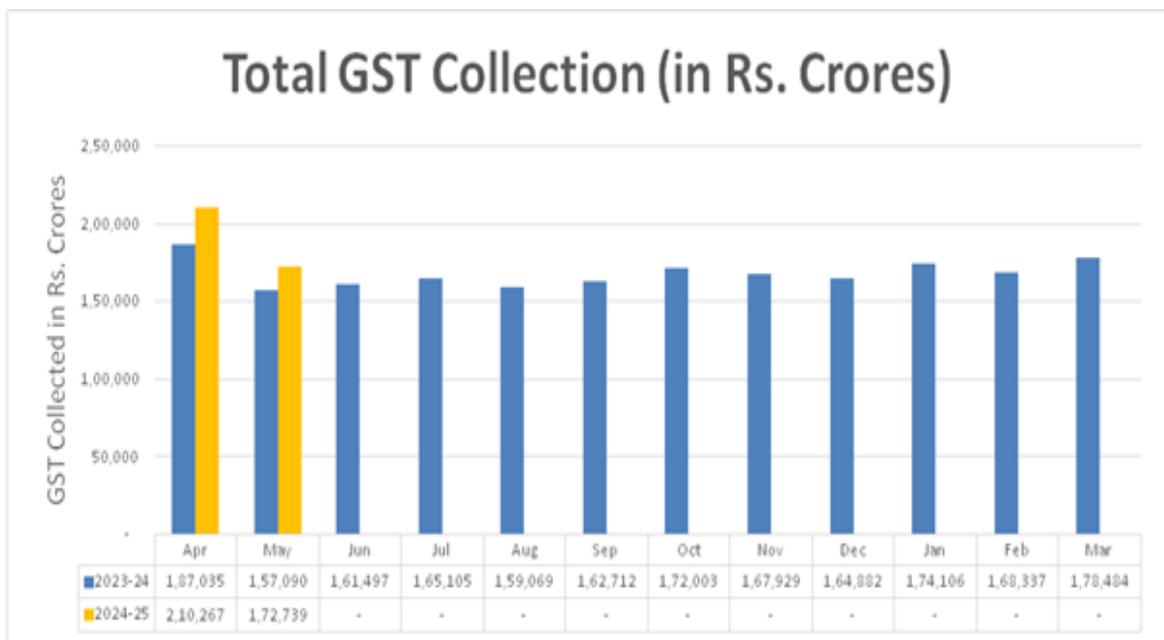


GST revenue collection for May 2024 Rs. 1,72,739 Crore (10% higher than GST revenue in May 2024)

The gross GST revenue collected in the month of May 2024 is Rs 1,72,739 crore as below:

IGST (Integrated Goods and Services Tax)	Rs. 87,781 Crore
CGST (Central Goods and Services Tax)	Rs. 32,409 Crore
SGST (State Goods and Services Tax)	Rs. 40,265 Crore
Compensation cess	Rs. 12,284 Crore
Total	Rs. 1,72,739 Crore

The gross GST collections in the Financial Year (FY) 2024-25 till May 2024 stood at Rs. 3.83 lakh crore. This represents 11.3% year-on-year growth, driven by a strong increase in domestic transactions (up 14.2%) and marginal increase in imports (up 1.4%). After accounting for refunds, the net GST revenue in the FY 2024-25 till May 2024 stands at ₹3.36 lakh crore, reflecting a growth of 11.6% compared to the same period last year.



Please [Click Here](#) to read Press Release dated 1 June 2024.

Amendments giving effect to the recommendations of the 53rd GST Council meeting held on 22 June 2024 at New Delhi

The 53rd meeting of the GST Council was held on 22 June 2024 at New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. Recommendations were made by the GST Council under the following heads:

- GST rate changes: Goods
- GST rate changes: Services
- Dispute resolution
- Compliances
- Circulars to provide clarification
- Other Proposals

Please [Click Here](#) to read our detailed Alert on the key recommendations.

To give effect to the above recommendations, the Central Board of Indirect Taxes & Customs has issued a series of Circulars summarised below:

Sl. No.	Circulars (Please click to read)	Particulars
1	Circular no. 207/01/2024-GST dated 26 June 2024 Fixing monetary limits for filing appeals or applications by the tax department before GST Appellate Tribunal (GSTAT), High Court and Supreme Court	Monetary limits have been fixed as below for filing appeals by the tax department before the GSTAT, High Court and Supreme Court: <ul style="list-style-type: none">• GSTAT – Rs.20 lakh• High Court – Rs. 1 crore• Supreme Court – Rs. 2 crore Additionally, the Circular outlines principles and exclusions for determining whether a case meets the monetary limits for filing an appeal under GST law.

Sl. No.	Circulars (Please click to read)	Particulars
2	<p>Circular no. 208/02/2024-GST dated 26 June 2024</p> <p>Clarifications on various issues pertaining to special procedure for manufacturers of Pan Masala & Tobacco taxpayers</p>	<p>In the GST Council meeting held in July 2023, the GST Council had recommended special procedure for manufacturers of tobacco, pan masala, etc. for registration of machines and filing of monthly returns. Accordingly, a special procedure was prescribed vide Notification no. 30/2023– Central Tax dated 31 July 2023 for such taxpayers, which was to be effective from 1 January 2024 onwards.</p> <p>Subsequently, the Central Board of Indirect Taxes & Customs (CBIC) issued a notification in January 2024 rescinding the procedure prescribed earlier and stipulating that the effective date for new procedure would be 1 April 2024 (instead of 1 January 2024) onwards. Further, the following forms were notified:</p> <ul style="list-style-type: none"> • GST SRM-I, pertaining to registration and disposal of packing machines of pan masala and tobacco products • GST SRM-II, being monthly statement of inputs used and the final goods produced by the manufacturer <p>Circular no. 208/02/2024-GST dated 26 June 2024 issued by CBIC provides clarifications regarding adherence to the special procedure prescribed in the notification dated January 2024, as below.</p> <ul style="list-style-type: none"> • Issue - Non-availability of make, model number and machine number: <ul style="list-style-type: none"> ✓ Optional fields for Make and Model - In Table 6 of Form GST SRM-I, make and model number are optional. If the make is unavailable, the year of purchase can be declared as the make number ✓ Mandatory Machine Number - The machine number is mandatory. If unavailable, the manufacturer can assign a numeric number and provide details in Table 6 • Issue - Electricity consumption rating not available: <ul style="list-style-type: none"> ✓ Declare the electricity consumption rating based on available specifications or documents in Table 6 of Form GST SRM-I ✓ If not available, get it calculated and certified by a Chartered Engineer in Form GST SRM-III. Upload this certificate with Form GST SRM-I and provide details in Table 10. • Issue - Qualification and eligibility of Chartered Engineer: <ul style="list-style-type: none"> ✓ A Practicing Chartered Engineer with a certificate of practice from the Institute of Engineers India (IEI) is qualified to provide the required certificate. • Issue - Applicability of special procedure: <ul style="list-style-type: none"> ✓ Not Applicable to Special Economic Zone (SEZ) units ✓ Not applicable to manual seamer / sealer operations or manual packing, such as post-harvest tobacco leaf packing

Sl. No.	Circulars (Please click to read)	Particulars
3	Circular no. 209/03/2024-GST dated 26 June 2024 Clarification regarding the 'Place of Supply' in case of supply of goods to unregistered persons	Clarification has been provided regarding the 'Place of Supply' of goods supplied to unregistered persons, where the delivery address is different from the billing address. In such cases, the place of supply is determined by the location specified in the delivery address as recorded in the invoice.
4	Circular no. 210/04/2024-GST dated 26 June 2024 Clarification on valuation of supply of import of services by a related person where the recipient is eligible to full Input Tax Credit (ITC)	It has been clarified that in cases where the foreign affiliate is providing services to the related domestic entity for which full ITC is available to the recipient, the value of supply declared in the invoice by the domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. In case invoice is not issued by the recipient, the value of services may be deemed to be declared as Nil and may be deemed as open market value.
5	Circular no. 211/05/2024-GST dated 26 June 2024 Time limit u/s 16(4) of CGST Act, 2017 in respect of Reverse Charge Mechanism (RCM) supplies received from unregistered persons	<p>The clarification aims to address industry concerns by providing clear guidance on the time limits for availing ITC in cases of RCM supplies from unregistered suppliers. Timely issuance of the invoice and payment of tax is crucial to avoid interest and penal consequences.</p> <p>The date of issue of self-invoice would be considered for determination of time limit for availing ITC on supplies received from unregistered suppliers under RCM.</p> <p>The recipient must fulfill all conditions and restrictions u/s 16 and 17 of the CGST Act.</p> <p>Delay in issue of invoice will result in interest on delayed tax payment and may attract penal action u/s 122 of the CGST Act.</p>

Sl. No.	Circulars (Please click to read)	Particulars
6	<p>Circular no. 212/06/2024-GST dated 26 June 2024</p> <p>Mechanism for providing evidence of compliance of conditions of post - sale discount, by the suppliers</p>	<p>Clarification verifying the reversal of ITC by recipients when discounts are offered by suppliers through credit notes after the supply has been effected.</p> <p>Currently, there is no facility on the common portal to verify whether the ITC attributable to the discount has been reversed by the recipient.</p> <p>Clarification - Verification mechanism via Physical certificates</p> <ul style="list-style-type: none"> Suppliers can procure a certificate from the recipient, issued by a Chartered Accountant (CA) or Cost Accountant (CMA), certifying the required ITC reversal CA / CMA Certificate must include details of credit notes, relevant invoice numbers, amount of ITC reversal, and the relevant document through which the ITC reversal has been made If the tax amount involved in the discount does not exceed Rs. 500,000 in a FY, the supplier can procure an undertaking / certificate from the recipient instead of CA / CMA certificate Such certificates or undertakings are considered suitable and admissible evidence for the purpose of section 15(3)(b)(ii) of the CGST Act Suppliers should produce these certificates / undertakings during proceedings such as scrutiny, audit, investigations, etc. Even for past periods, these certificates can be produced as evidence of ITC reversal
7	<p>Circular no. 213/07/2024-GST dated 26 June 2024</p> <p>Clarification on the taxability of Employee Stock Option (ESOP) / Employee Stock Purchase Plan (ESPP) / Restricted Stock Unit (RSU) provided by a company to its employees through its overseas holding company</p>	<p>The Circular addresses the taxability especially in cases where Indian subsidiary companies offer the option for allotment of securities / shares of their foreign holding companies.</p> <p>Clarifications issued revolve around the following:</p> <ul style="list-style-type: none"> Non-taxability of Securities transfer - Transfer of shares / securities is not subject to GST as they are neither goods nor services Compensation plans - ESOPs, ESPP, and RSUs provided as part of employee compensation are not subject to GST Reimbursement of costs - Reimbursement of the cost of shares / securities by the domestic subsidiary company to the foreign holding company on a cost-to-cost basis is not subject to GST Additional charges - Any additional charges over the cost of securities by the foreign holding company are subject to GST on a RCM basis by the domestic subsidiary company

Sl. No.	Circulars (Please click to read)	Particulars
8	<p>Circular no. 214/08/2024-GST dated 26 June 2024</p> <p>Clarification on the requirement of reversal of ITC in relation to the premium for life insurance policies which is not included in taxable value</p>	<p>The Circular addresses whether the amount of insurance premium, which is excluded from the taxable value under Rule 32(4) of the CGST Rules, should be classified as an exempt supply or non-taxable supply. Further if considered exempt / non-taxable, there would be a need for reversal of ITC as per section 17(1) of the CGST Act read with Rule 42 & 43 of the CGST Rules.</p> <p>Clarification issued - No requirement for reversal of ITC.</p> <p>Life insurance services are taxable; however, the premium component allocated for investment is not included in the taxable value as per Rule 32(4). The premium portion not included in the taxable value is neither nil rated, wholly exempt, nor non-taxable, as the service itself is taxable.</p> <p>The amount of the premium for taxable life insurance policies, which is not included in the taxable value as per Rule 32(4) of the CGST Rules, should not be treated as pertaining to an exempt or non-taxable supply.</p> <p>Consequently, there is no requirement for reversal of ITC in respect of this amount under Rule 42 or Rule 43 of the CGST Rules.</p>
9	<p>Circular no. 215/09/2024-GST dated 26 June 2024</p> <p>Taxability of wreck and salvage values in motor insurance claims.</p>	<p>Insurance companies provide services of insuring vehicles for damages, charging premiums from the vehicle owners. It is the responsibility of the insurance company to either get the vehicle repaired or compensate the insured person, as per the terms of the insurance contract.</p> <p>Clarification issued revolves around the following:</p> <ul style="list-style-type: none"> • No GST liability for Insurance companies - If the insurance company deducts the salvage value from the claim amount, the salvage remains with the insured (due to deduction in claim settlement). In such cases, there is no supply of salvage by the insurance company, and hence, no GST liability on the insurance company for the salvage value • GST liability for Insurance companies - If the insurance company settles the claim for the full Insured's Declared Value (IDV) without deducting the salvage value, the salvage becomes the property of the insurance company. In such cases, the insurance company is liable to discharge GST on the disposal or sale of the salvage.

Sl. No.	Circulars (Please click to read)	Particulars
10	<p>Circular no. 216/10/2024-GST dated 26 June 2024</p> <p>Clarification in respect of GST liability and ITC availability in cases involving Warranty / Extended Warranty</p>	<p>Replacement of goods - Earlier, circular was issued to address GST liability and ITC reversal only for replacement of parts, not for entire goods. Now, it is clarified that such clarifications extend to entire goods replaced under warranty. Where the term 'parts' is used in the initial circular, it should be read as 'goods' or 'parts'.</p> <p>Replacement by distributors from own stock - No GST or ITC reversal required when distributors replace parts / goods from their stock and get replenished by the manufacturer.</p> <p>Nature of supply for extended warranty:</p> <ul style="list-style-type: none"> • For agreement at the time of original supply - If the supplier of goods and extended warranty are different, the extended warranty is a separate supply of services. • For agreement after original supply - Extended warranty is always treated as a supply of services.
11	<p>Circular no. 217/11/2024-GST dated 26 June 2024</p> <p>Entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement.</p>	<p>Insurance companies provide general insurance services, including motor vehicle insurance and settle claims either through Cashless or Reimbursement mode.</p> <p>Clarification issued revolves around the following:</p> <ul style="list-style-type: none"> • ITC on repair expenses in reimbursement mode: <ul style="list-style-type: none"> ✓ Insurance companies are considered recipients of repair services, even if the initial payment is made by the insured and reimbursed by the insurer. ✓ ITC is available to insurance companies for repair expenses incurred under reimbursement mode, as the insurance company is ultimately liable for the repair costs. • Availability of ITC when repair invoice includes excess amounts beyond approved claim cost: <ul style="list-style-type: none"> ✓ Separate Invoice - If 2 separate invoices are issued (1 for the approved claim cost to the insurance company and another for the excess amount to the customer), ITC is available to the insurance company on the invoice issued to it, subject to reimbursement of the said amount to the customer. ✓ Single Invoice - If a single invoice is issued for the full repair amount to the insurance company, ITC is available only to the extent of the approved claim cost reimbursed to the insured. • Availability of ITC when invoice for vehicle repair is not in the name of the insurance company - ITC is not available to the insurance company if the repair invoice is not in its name, as the conditions of section 16(2) are not satisfied.

Sl. No.	Circulars (Please click to read)	Particulars
12	Circular no. 218/12/2024-GST dated 26 June 2024 Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by any person to a related person	<p>Taxability of loans between related entities - Providing loans between related entities or by overseas affiliates to Indian entities, with consideration only by way of interest or discount, is considered a supply but is exempt from GST.</p> <p>Processing and administrative fees related to loan services - Generally, a one-time fee is charged, such fees if charged is taxable under GST as it represents taxable consideration for the service of facilitating the loan. However, absence of such fees in related party transactions implies no additional taxable supply apart from the interest or discount. Hence, there is no GST on such transactions by resorting to open market value for valuation as per Rule 28 of CGST Rules.</p>
13	Circular no. 219/13/2024-GST dated 26 June 2024 Availability of ITC for ducts and manholes used in Optical Fiber Cable (OFC) networks	<p>Ducts and manholes are part of 'plant and machinery' as they are used in OFC network for making outward supply of telecommunication signals.</p> <p>They are not specifically excluded from the definition of 'plant and machinery' as they are not land, building, civil structures, telecommunication towers, or pipelines laid outside factory premises.</p> <p>Availability of ITC - ITC is not restricted in respect of ducts and manhole used in the network of OFCs, u/s 17(5)(c) or (d) of CGST Act.</p>
14	Circular no. 220/14/2024-GST dated 26 June 2024 Clarification on place of supply applicable for custodial services provided by banks to foreign portfolio Investors	<p>Clarification has been provided that the place of supply for 'custodial services' supplied by Indian banks to foreign portfolio investors would be determined as per section 13(2) of the Integrated GST Act, i.e., basis the location of the recipient.</p>

Sl. No.	Circulars (Please click to read)	Particulars
15	<p>Circular no. 221/15/2024-GST dated 26 June 2024</p> <p>Time of supply of annuity payments under Hybrid Annuity Model (HAM) projects</p>	<p>Under HAM projects, consideration is paid partly upfront and partly by way of instalments, which are paid subsequently based on completion of the project.</p> <p>HAM contracts are considered as continuous supply of services u/s 2(33) of the CGST Act.</p> <p>Time of Supply:</p> <ul style="list-style-type: none"> • If the invoice is issued on time - Date of issue of invoice or date of receipt of payment, whichever is earlier. • If the invoice is not issued on time - Date of provision of service (due date of payment) or date of receipt of payment, whichever is earlier.
16	<p>Circular no. 222/16/2024-GST dated 26 June 2024</p> <p>Time of supply in respect of allotment of spectrum to telecommunications companies</p>	<p>Clarification has been provided regarding time of supply in respect of allotment of spectrum to telecommunications companies in cases where payment of both the licence fee and spectrum usage charges are to be made in instalments.</p> <p>GST is payable on these spectrum allocation services on RCM basis.</p> <p>Time of supply under deferred payment options:</p> <ul style="list-style-type: none"> • Upfront payment - GST is payable when the payment is made or due, whichever is earlier. • Deferred payment - GST is payable on deferred payments as and when they are due or made, whichever is earlier.

Furnishing of information by manufacturers of Pan Masala & Tobacco taxpayers

Background

In the 50th GST Council meeting held in July 2023, the GST Council had recommended special procedure for manufacturers of tobacco, pan masala, etc. for registration of machines and filing of monthly returns. Accordingly, a special procedure was prescribed vide Notification no. 30/2023– Central Tax dated 31 July 2023 for such taxpayers, which was to be effective from 1 January 2024 onwards.

Notification no. 4/2024 issued by CBIC on 5 January 2024

The CBIC issued a notification on 5 January 2024 rescinding the procedure prescribed earlier and stipulating that the effective date for new procedure would be 1 April 2024 (instead of 1 January 2024) onwards. Further, the following forms were notified:

- GST SRM-I, pertaining to registration and disposal of packing machines of pan masala and tobacco products
- GST SRM-II, being monthly statement of inputs used and the final goods produced by the manufacturer

Advisory issued by GST Network on 7 June 2024

The GST Network has made available Form GST SRM-II on the GST portal. Taxpayers dealing in the manufacture of Pan Masala and Tobacco products can now report the details of inputs and outputs procured and consumed for the relevant month.

Dashboard Services GST Law Downloads Search Taxpayer Help and Taxpayer Facilities e-Invoice News and Updates

Dashboard Returns GST SRM English

FORM GST SRM

Indicates Mandatory Fields

- The SRM Forms are applicable only to manufacturer of pan masala and tobacco products.
- Kindly go to Service=>Returns=>View Filed Returns to **Download** the filed Form GST SRM I.
- For filing the SRM II, period is mandatory. Whereas 'Period' shall be kept optional.

Financial Year* 2024-25 Period June **SEARCH**

Registration and disposal of packing machines of pan masala and tobacco products FORM GST SRM-I	Monthly Statement of inputs used and the final goods produced by the manufacturer of pan masala and tobacco products FORM GST SRM-II
PREPARE ONLINE	Due Date - 10/07/2024 PREPARE ONLINE

Form GST SRM-I was already made available on the GST portal with effect from 15 May 2024. Taxpayers have started using the same for registration of machines and other information.

Please [Click Here](#) to read the advisory dated 7 June 2024.

Central Board of Indirect Taxes & Customs (CBIC) Chairperson inaugurates GST Bhawan at Rohtak, Haryana

Shri Sanjay Kumar Agarwal, Chairman, CBIC inaugurated the GST Bhawan, an official complex of CGST Rohtak Commissionerate at Rohtak, Haryana. Shri Shashank Priya, Member, CBIC (GST, Legal, CX & ST); Shri Manoj Kumar Shrivastava, Chief Commissioner CGST Panchkula Zone, senior officers from CBIC and officers and staff from CGST Rohtak Commissionerate, Panchkula Zone, were also present.



Located at Rohtak, the project sits at the hub of connectivity to major districts of Haryana and has easy and quick access to facilitate GST Taxpayers. It is located at a distance of about 3 km from Rohtak Bus stand.

 वित्त मंत्रालय
MINISTRY OF
FINANCE 

INAUGURATION OF CGST BHAWAN ROHTAK

Office to CGST Commissionerate Rohtak, the Audit Circle Rohtak, the Rohtak Divisional Office, and the Pay and Accounts Office

Enhancing Operational Efficiency & Service Delivery

Building offers plethora of facilities:

- State-of-the-art conference rooms
- 75 designed rooms
- Taxpayer facilitation room
- Recreation room
- Gymnasium
- Creche
- Modern lift facility for enhanced accessibility

 @cbic_india  @cbicindia  @cbicindia  @cbic  @CBICINDIA  @CBIC India  cbic.gov.in

Addressing the gathering, Shri Agarwal expressed his satisfaction that the project was finished within the allocated budget despite the challenges posed by the COVID-19 pandemic. He emphasized that high quality was maintained throughout, and that the project effectively accommodated the future needs of the workspace.



Shri Agarwal remarked, "The Government's consistent support and encouragement for infrastructure development are evident, as reflected by the Ministry of Finance sanctioning residential and office building projects for CBIC amounting to approximately Rs. 4,600 crore over the last 10 FYs (2014-24)."

Please [Click Here](#) to read Press Release dated 5 June 2024.



CBIC issues guidelines for initiation of recovery proceedings before 3 months from the date of service of demand order

Background

The general rule for initiation of recovery proceedings is that, where any amount payable by a taxpayer pursuant to an order passed under the CGST Act is not paid within 3 months from the date of service of such order, recovery proceedings shall be initiated by the appropriate GST officer *after the expiry of 3 months*. Only in exceptional cases where it is necessary to protect the interest of revenue, the GST department may insist the taxpayer to deposit the demand *before expiry of 3 months*, after recording the reasons in writing.

Reportedly, instances have come to the notice of CBIC wherein GST officers have insisted taxpayer to pay the demand *before expiry of 3 months, without reasons recorded in writing*. To streamline the process, CBIC has issued the below guidelines.

Instruction no. 01 / 2024 – GST dated 30 May 2024 issued by CBIC

- The rank of the designated officer who can insist taxpayer to pay the demand within 3 months from the date of service of order, is Principal Commissioner / Commissioner. The rank of the officer who can initiate recovery proceedings, is Assistant Commissioner / Deputy Commissioner
- In case GST department wants to insist a taxpayer to pay the demand *before expiry of 3 months*, the matter needs to be placed for approval by the Assistant Commissioner / Deputy Commissioner before the Principal Commissioner / Commissioner, along with reasons / justification for such action
- In case the Principal Commissioner / Commissioner is satisfied, it shall allow the Assistant / Deputy Commissioner to proceed, after recording reasons in writing. The directions to pay the demand before expiry of 3 months shall be send to the taxpayer, with a copy to the Assistant / Deputy Commissioner
- The Principal Commissioner / Commissioner must clearly record the specific reasons / circumstances for which the taxpayer is being asked to pay the demand earlier than expiry of 3 months. Such reasons could include high risk to revenue due to apprehension that the taxpayer may close the business operations soon, possibility of default by the taxpayer due to declining financial conditions or impending insolvency, likely initiation of proceedings under Insolvency and Bankruptcy Act, etc.

- The reasons to believe must be based on credible evidence. While issuing the instructions, the Principal Commissioner / Commissioner should consider aspects such as financial health, status of business operations, infrastructure, credibility of the taxpayer, and strike a balance between the interest of revenue and ease of doing business. The instructions should not be issued mechanically without regard to specific facts of the case
- In case such instructions have been issued (i.e, asking the taxpayer to pay the demand within 3 months) and the taxpayer fails to make the payment within the time limit defined in the instructions, the Assistant Commissioner / Deputy Commissioner is empowered to proceed with recovery proceedings under the CGST Act.

Please [Click Here](#) to read Instruction no. 01/2024 dated 30 May 2024.

Advisory on release of E-Waybill 2 Portal on 1 June 2024

E-Way bill system is for GST registered person / enrolled transporter for generating the way bill (a document to be carried by the person in charge of conveyance) electronically on commencement of movement of goods exceeding the value of Rs. 50,000 in relation to supply or for reasons other than supply or due to inward supply from an unregistered person.

E-Way bill system (<https://ewaybillgst.gov.in>) was implemented nationwide in April 2018 and has been operating for 6 years now. Over 480 Crores e-way bills have been generated during this time. Subsequently as per requests, the E-Invoice system was launched 3.5 years ago, resulting in over 600 Crores e-invoices generated by taxpayers through this portal. Both systems have been operational 24/7 without downtime and have a Business Continuity Plan in place at Hyderabad.

In March 2023, a 2nd e-invoice portal was launched in Hyderabad alongside existing one to enhance service availability. 4 additional e-invoice portals have been established by GST Network.

National Informatic Centre (NIC) announced the launch of the 2nd e-way bill portal on 1 June 2024, from Hyderabad, offering high availability services. Users can utilize existing log in credentials of the original e-way bill portal.

The e-way bill2 portal operates independently but synchronizes data seamlessly with the main portal in Delhi, ensuring continuity. It supports critical functions such as generating, updating, printing and cancelling e-way bills. Integration with e-invoice portals ensures smooth coordination between e-way bill and e-invoice generation.

Future plans include merging e-way bill1 and e-way bill2 systems to eliminate dependencies and enhance operational efficiency. The portal also facilitates cross-operations between e-way bill1 and e-way bill2 for printing and updating Part-B details. Critical services and Application Programming Interfaces (APIs) are available to taxpayers and logistic operators, ensuring accessibility and operational ease.

Overall, the e-way bill2 portal aims to provide robust services and integration capabilities, enhancing efficiency and reliability in e-way bill management.

Goods and Services Tax
E - Waybill System

Home Laws Help Search Registration Statistics Contact Us Login

Reporting of 4/6 digit HSN in e-Waybill from 1st February 2024. This is a

GST e-Invoice

Total no. of e-Invoices registered in 3.5 Years :
567 Crores

Thank you all Stakeholders

3 1/2 years of Journey

Latest Updates

- 29 MAY 2024 • Release of E-Waybill 2 Portal on 1st June 2024.
- 11 MAR 2024 • E-Waybill mobile app for Android is enhanced. Users are requested to download the latest app from the portal.
- 05 JAN 2024 • Reporting of 4/6 digit HSN in e-Waybill from 1st February 2024.

[Previous Updates](#)

E-Way bill system is for GST registered person / enrolled transporter for generating the way bill (a document to be carried by the person in charge of conveyance) electronically on commencement of movement of goods exceeding the value of Rs. 50,000 in relation to supply or for reasons other than supply or due to inward supply from an unregistered person.

Please [Click Here](#) to read the advisory dated 29 May 2024.

Direct Tax



Direct Tax

Gross Direct Tax collection for Financial Year (FY) 2024-25 (upto 17 June 2024) is Rs.5.16 lakh crore, 22.19% higher than gross collection for corresponding period last year

The Central Board of Direct Taxes has released the following statistics on 18 June 2024.

For the period 1 April 2024 till 17 June 2024	Amount (Rs.)	Remarks
Gross direct tax collection	5.16 Lakh crore	22.19 % higher than gross collection for corresponding period last year
Net direct tax collection	4.63 Lakh crore	20.99% higher than net collection for corresponding period last year
Refunds issued	0.53 Lakh crore	33.70% higher than refunds issued for corresponding period last year
Advance Tax collection	1.49 Lakh crore	27.34% higher than advance tax collection for corresponding period last year

Please [Click Here](#) to read Press Release dated 18 June 2024.

Central Board of Direct Taxes (CBDT) prescribes certain forms to be submitted electronically

CBDT has clarified that following Income-tax forms shall be submitted electronically.

- Form 3CN - Application for notification of affordable housing project u/s 35AD of the Income-tax Act
- Form 3CS - Application for notification of a semiconductor wafer fabrication manufacturing unit u/s 35AD of the Income tax-Act
- Form 3CEC - Application for a Pre-filing meeting
- Domestic 3CEFB - Application for opting for Safe Harbour in respect of Specified Domestic Transactions
- Form 59 - Application for approval of issue of public companies u/s 80C(2)(xix) of the Income-tax Act
- Form 59A – Application for approval of mutual funds investing in eligible companies u/s 80C(2)(xx) of the Income-tax Act

Please [Click Here](#) to read Notification no. 01/2024-25 dated 24 June 2024.

Direct Tax

Union Finance Minister chairs pre-budget consultation with States' Finance Ministers for taking suggestions for upcoming Union Budget 2024-25

The Union Budget for FY 2024-25 (which was hitherto pending due to general elections) is expected to be tabled in the Parliament in the 4th week of July 2024. The Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman chaired the pre-budget consultations with the Finance Ministers of States and Union Territories (with Legislature) in New Delhi on 22 June 2024. The meeting was attended by Union Minister of State for Finance Shri Pankaj Chaudhary, Chief Ministers of Goa, Meghalaya, Mizoram, Nagaland and Sikkim, Deputy Chief Ministers of Bihar, Madhya Pradesh, Odisha, Rajasthan and Telangana, State Finance Ministers and other Ministers and Senior Officers from the States and Union Territories (with Legislature) and the Union Government.



Please [Click Here](#) to read the Press Release dated 22 June 2024.

Ministry of Finance seeks suggestions from trade & industry associations for upcoming Union Budget 2024-25

The union budget for FY 2024-25 (which was pending due to general elections) is expected to be tabled in the Parliament in the 4th week of July 2024. In this regard, the Tax Research Unit, Department of Revenue, Ministry of Finance sought suggestions from trade & industry associations within the country, for changes in the duty structure, rates and broadening of tax base on both direct and indirect taxes giving economic justification for the same.

The Ministry requested the suggestions and views to be supplemented and justified by relevant statistical information about production, prices and revenue implication of the proposal. Request for correction of inverted duty structure, if any for a commodity, must necessarily be supported by value addition at each stage of manufacture of the commodity.

It has been indicated that the Government policy with reference to direct taxes in the medium term is to phase out tax incentives, deductions and exemptions while simultaneously rationalising the rates of tax. Suggestions may also be provided by trade and industry for reduction of compliances, litigation and providing tax certainty. It has been clarified that GST related requests are not examined as part of annual budget.

Please [Click Here](#) to read the letter no. F. No.334/1/2024-TRU dated 12 June 2024 issued by Tax Research Unit, Department of Revenue, Ministry of Finance.

Centre releases Rs. 1,39,750 crore instalment of tax devolution to States – Total sum of Rs. 2,79,500 crore devolved to States for FY 2024-25 till 10 June 2024

The Interim Budget 2024-25 had a provision of Rs.12,19,783 crore towards devolution of taxes to States. It has been decided that apart from the regular release of the devolution amount for the month of June 2024, an additional instalment of Rs.1,39,750 crore would be released. With this release, the total amount devolved (for FY 2024-25) to States till 10 June 2024 stood at Rs. 2,79,500 crore.

Please [Click Here](#) to read the Press Release dated 10 June 2024 including bifurcation of tax amount devolved to different States.

International Tax



International Tax

Equalisation Levy - India & United States of America (USA) extend the Transitional Approach till 30 June 2024

What is Equalization Levy?

A direct tax levied on payment made to non-resident for services in the nature of online advertisement or providing digital advertising space or any other facility for the purpose of online advertisement. This tax is not a part of the Income-tax Act of India but was introduced in Chapter VIII of the Finance Act, 2016. For digital services (such as online advertising) the tax rate is 6% of the gross consideration. For e-commerce transactions (such as online sale of goods or services) the rate is 2% of the gross consideration. Equalisation Levy aims to ensure a fair share of digital economy tax and avoid double taxation.

Development so far

- On 8 October 2021, India and USA joined 134 other members of the Organization for Economic Cooperation and Development (OECD) / G20 Inclusive Framework (including Austria, France, Italy, Spain and United Kingdom) in reaching agreement on the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy.
- On 21 October 2021, USA and Austria, France, Italy, Spain and United Kingdom reached a political compromise on the transitional approach to the unilateral measures in force while Pillar 1 is implemented. The compromise is reflected in the joint statement that was issued by those six countries on that date ('October 21 Joint Statement').
- On 24 November 2021, India and USA agreed that the same terms that apply under the October 21 Joint Statement shall apply between India and USA with respect to India's charge of 2% equalisation levy on e-commerce supply of services and USA's trade action regarding the said Equalisation Levy. The validity of this agreement was from 1 April 2022 till implementation of Pillar One or 31 March 2024, whichever is earlier. This was stated in public statements made by both sides ('November 24 Statements').
- On 18 December 2023, the Inclusive Framework issued a statement calling for a finalization of the text of the Pillar 1 multilateral convention by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024.
- On 15 February 2024, USA and Austria, France, Italy, Spain and United Kingdom decided to extend the political compromise set forth in the October 21 Joint Statement until 30 June 2024. That decision is reflected in the joint statement ('Updated October 21 Joint Statement') issued by them on 15 February 2024.

International Tax

[Press Release issued by Ministry of Finance on 28 June 2024](#)

In light of above developments, India and USA have decided to extend the validity of the agreement reflected in November 24 Statements till 30 June 2024. All other terms of the transitional approach remain the same.

India and USA will remain in close contact to ensure that there is common understanding of the respective commitment and endeavour to resolve all issues on this matter through constructive dialogue.

Please [Click Here](#) to read the Press Release dated 28 June 2024

Delhi Tribunal's decision (in case of Denso Thailand Co. Ltd.) holding that in absence of Fee for Technical Services (FTS) clause in India - Thailand Double Taxation Avoidance Agreement (DTAA), technical service provided to Associated Enterprise (AE) in India, being in the nature of business income, is not taxable in India in absence of Permanent Establishment (PE)

The Delhi Income-tax Appellate Tribunal in case of Denso Thailand Co. Ltd (taxpayer) has held that fee for technical service provided to Indian AE by overseas taxpayer is not taxable in the absence of PE in India. The nature of income is 'business income' and not 'other income'. The relevant article under Thailand-India DTAA accordingly that deserves consideration, is Article 7 (Business Income) and not 22 (Other Income). The residuary provisions of Article 22 will not apply to items of income which can be classified under other provisions of the DTAA.

While doing so, Tribunal has observed the following principles:

- The Memorandum of Association (MoA) is the relevant document to determine the nature and scope of a taxpayer's business activity. Web portal is not a conclusive evidence for this purpose
- The coverage of 'Other Income' under Article 22 extends to income that, owing to lack of regularity, continuity and frequency, do not form part of regular business activities of a taxpayer
- Hence, in absence of PE in India of the taxpayer, FTS was found to be non taxable in India

The Tribunal's order is a welcome ruling in the list of the favourable judicial precedents that have concluded that in the absence of the FTS Article in the DTAA, technical services rendered by a taxpayer cannot be directly taxed under Article 22 (Other Income) of the DTAA in absence of PE in India.

Please [Click Here](#) to read Delhi Tribunal's order dated 31 May 2024.

International Tax

Delhi High Court's decision (in case of Bank of Tokyo – Mitsubishi UFJ Ltd.) holding that interest received by a PE from its head office or overseas branches is not taxable in India unless the Income-tax Act of India or DTAA requires otherwise

The Delhi High Court in case of Bank of Tokyo – Mitsubishi UFJ Ltd. has held that the interest income earned by the Indian branch / PE of a foreign taxpayer bank, from the overseas head office or other branches, was not taxable in India. This is because the PE and head office were not separate legal entities but one single person and a person cannot earn profit from itself.

Since the matter pertained to Assessment Year (AY) 2003-04, the High Court also noted that the Explanation provided u/s 9(1)(v) of the Income-tax Act, 1961 (according to which interest paid from the Indian PE of a bank to its overseas head office should be taxable in India in the hands of overseas head office) is not applicable in the present case since the Explanation came into effect from AY 2016-17 onwards.

The ruling reaffirms the principle of mutuality, i.e, one cannot make a profit from his ownself.

Please [Click Here](#) to read Delhi High Court's order dated 28 May 2024.

Delhi High Court's decision (in case of Progress Rail Automotive Inc.) holding that mere existence of subsidiary in India does not constitute a PE – The necessary conditions prescribed under DTAA must be fulfilled in order to constitute PE in India

Background

The constitution of PE in India of a foreign enterprise doing business through a subsidiary (company / limited liability partnership) in India, has been a matter of perennial litigation. The Income-tax department has been arguing that the foreign company in such cases has a presence in India in the form of Fixed Place PE or Service PE or Agency PE and hence, taxable in India to the extent of profits attributable to India.

The Delhi High Court has in case of Progress Rail Automotive held that mere existence of a subsidiary in India would not itself amount to PE in India. To constitute a PE, the conditions prescribed under the applicable DTAA must necessarily be fulfilled. Since those conditions were found not to be fulfilled in the instant case, it was held that no PE is constituted in India.

International Tax

While pronouncing the ruling, High Court observed the following:

(a) Fixed Place PE

- Tax department failed to prove that any part of the premises of Indian subsidiary was under the exclusive control or disposal of the foreign taxpayer for its business activities. The foreign taxpayer's principal activity was manufacture and supply of railway related products, an activity that was not undertaken at the subsidiary's premises
- Merely because the submission of tenders was aided by a collaborative exercise between the foreign taxpayer and subsidiary's employees, could not lead to the subsidiary being viewed as an 'alter ego' of the overseas taxpayer. A subsidiary would be viewed as 'alter ego' if it is found that it has no independent business activity to undertake or is working only to serve the business interests of the taxpayer
- Merely because the foreign taxpayer has placed its representative individuals on the board of directors of the Indian subsidiary, would not mean that a PE has come into existence
- Administrative control of the employees of the subsidiary was in the hands of management in India
- Some degree of collaboration and exchange of information between the head office / parent company and Indian subsidiary is indispensable and cannot alone result into a PE in India
- The subsidiary's activities are in the nature of collection of information, co-ordination, etc. which are preparatory or auxiliary in nature

(b) Service PE

- Merely because the head office employees visited India, interacted with the employees of Indian subsidiary and discussed subjects of mutual concern, did not mean that services were provided by the foreign taxpayer to Indian subsidiary and thus, was not sufficient to establish a Service PE in India
- The occasional visits of taxpayer's employees to India could at best be recognized as right of the parent company to oversee Indian operations and exercise high level managerial oversight. Such visits are principally to share best practices, experiences and problem solving

(c) Agency PE

- Tax department failed to prove that the subsidiary entered into contracts for or on behalf of the foreign taxpayer with the Indian Railways. Merely because seal of overseas taxpayer was found at the premises of Indian subsidiary, does not prove that the subsidiary has rights to conclude contract on behalf of the parent company in India
- The subsidiary had independent transactions with Indian Railways. It was not merely an extension of the foreign taxpayer

Please [Click Here](#) to read Delhi High Court's order dated 28 May 2024.

Corporate Law & Regulatory



Corporate Law & Regulatory

Formation of & expectations from the new Government

The new Government has been formed for the 3rd time in a row under the leadership of Prime Minister Shri Narendra Modi and his trusted cabinet ministers. Although the Bharatiya Janata Party (BJP), under Shri Modi's leadership, could not secure an absolute majority in Parliament, the BJP secured a comfortable majority with its pre-poll alliance partners to run the government for another term of 5 years. Citizens may expect the continuance of key reforms and the promotion of 'Make in India' policies.

Expected Reforms & Initiatives

- Economic Reforms
 - ✓ Taxation - Simplification and rationalization of the tax system continues to be a priority, with further enhancements to the GST framework to increase compliance and ease of doing business
 - ✓ Investment Climate - Initiatives to attract foreign direct investment are being strengthened, with policies focused on reducing red tape and improving the ease of doing business in India
 - ✓ Privatization - The Government is advancing its disinvestment strategy, targeting key public sector enterprises to boost efficiency and generate revenue.
- Digital India
 - ✓ Digital Infrastructure - Expansion of digital infrastructure to ensure connectivity in rural and urban areas alike, bridging the digital divide and fostering inclusive growth.
 - ✓ E-Governance – Enhancement of Government services through digital platforms, increasing transparency and reducing bureaucratic delays
- Infrastructure Development
 - ✓ Smart Cities Mission - Continued focus on developing smart cities with state-of-the-art infrastructure, efficient public transport and sustainable urban planning
 - ✓ Transportation - Major investments in the expansion and modernization of railways, highways and airports to facilitate seamless movement of goods and people
- Agricultural Reforms
 - ✓ Modernization - Introduction of technology-driven farming practices and improved access to credit and markets for farmers
 - ✓ Support systems - Strengthening of crop insurance schemes and minimum support prices to ensure farmer welfare.
- Social Welfare:
 - ✓ Health and Education - Increased budgetary allocation for healthcare and education to build a skilled and healthy workforce
 - ✓ Employment generation - Implementation of skill development programs and job creation initiatives to address unemployment and underemployment

One may expect from the new Government, continuity of policies and major initiatives to foster an environment conducive to robust economic activities, with a focus on infrastructure, digitalization and investment reforms to stimulate economic growth, create jobs, and enhance India's position in the global economy.

Corporate Law & Regulatory

Reserve Bank of India (RBI) allows Authorised Dealer (AD) Category-I banks (maintaining special rupee vostro account) to extend facility of opening additional special current account for settlement of export as well as import transactions

In November 2023, RBI had issued circular in terms of which Authorised Dealer (AD) Category-I banks maintaining special rupee vostro account on international trade settlement in Indian Rupees (INR) were permitted to open an additional special current account for its constituents, exclusively for settlement of *export* transactions.

To provide operational flexibility, the facility of opening an additional special current account by the AD Category-I banks (maintaining special rupee vostro account) has been allowed to be extended for settlement of their *export as well as import* transactions.

Please [Click Here](#) to read FED Circular no. 11 dated 11 June 2024 issued by RBI.

Ministry of Labour & Employment issues notifications to amend employee benefit schemes relating to pensions, provident funds & insurance

The Ministry of Labour & Employment has issued following notifications on 14 June 2024 to amend employee benefit schemes, with an objective to update and refine the existing framework for employee pensions, provident funds and insurance.

- [Employees Pension \(Amendment\) Scheme 2024 \[G.S.R. 325\(E\)\]](#) – Amendment adding new actuarial factors for different age groups in Table B of Employees' Pension Scheme, 1995. These factors are used to calculate the pension benefits for employees retiring before the age of 42 years. The amendment introduces a graduated scale for pension benefits, with an aim to provide a more accurate reflection of the contributions.

Corporate Law & Regulatory

- [Employees Pension \(2nd Amendment\) Scheme 2024 \[G.S.R. 326\(E\)\]](#) – Amendment replacing Table D of Employees' Pension Scheme, 1995, which deals with the return of contributions upon exit from employment. The new table outlines the proportion of wages returned based on months of service, ranging from 0.08 for 1 month to 9.33 for 109 months and beyond. This detailed schedule aims to provide clearer guidelines and a structured approach to calculating the return of contributions, ensuring employees receive fair and transparent compensation upon exit from employment.
- [Employees Pension \(3rd Amendment\) Scheme 2024 \[G.S.R. 327\(E\)\]](#) – Amendment imposing penalty on employers who default on contributions to the Employees' Pension Fund. The Central Provident Fund Commissioner has been empowered to impose penalty @ 1% of outstanding contributions per month. The amendment is intended to enforce stricter compliance and ensure timely payments to the pension fund.
- [Employees Provident Funds \(Amendment\) Scheme 2024 \[G.S.R. 329\(E\)\]](#) – Amendment imposing penalty on employers who default on contributions to the Provident Fund. The authorized officials have been empowered to impose damages @ 1% of the arrears per month. The amendment is intended to enforce timely and complete contributions by employers.
- [Employees Deposit Linked Insurance \(Amendment\) Scheme 2024 \[G.S.R. 330\(E\)\]](#) – Amendment imposing penalty on employers who default on contributions to the Insurance Fund. The authorized officials have been empowered to impose 1% monthly penalty on employers defaulting on contributions to the Insurance Fund or other related charges. The amendment seeks to ensure more rigorous adherence to funding requirements of the insurance scheme, providing better security to the employees' insurance benefits.



Corporate Law & Regulatory

Food Safety & Standards Authority of India (FSSAI) extends due date for submission of annual return for FY 2023-24

The FSS (Licensing & Registration of Food Businesses) Regulations, 2011 vide clause 2.1.13 specifies the condition for submission of annual returns by manufacturers and importers by 31 May of every year for the food business activities being handled by them during the previous FY.

Considering that the Food Safety Compliance System (FoSCoS) portal had encountered load issues due to heavy user traffic, some users had faced difficulty in submitting the annual return for FY 2023-24 by 31 May 2024. Accordingly, the due date for submission of said return has been extended by FSSAI from 31 May 2024 to 30 June 2024.

Submission of annual return is accepted only through online mode on the portal of FoSCoS (<https://foscoss.fssai.gov.in>).

https://foscoss.fssai.gov.in/annualreturn/

A+ | A | A-

 **FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA**
Ministry of Health and Family Welfare, Government of India



FoSCoS
Food Safety Compliance System

 **Eat Right India**
सही भोजन, बेहतर जीवन.

Filling Annual Return For License

License No.

Validity End Date

561446 

Enter Captcha

NOTE :-
1. Express Renewal Facility has been provided to file annual return. For replying to the queries raised on the application, you must possess user id and password.

Please [Click Here](#) to read letter no.15(31)2020/FoSCoS/RCD/FSSAIpt1-Part(4) (E-7909) dated 3 June 2024 issued by FSSAI.

Compliance Calendar

Compliance calendar for the month of July 2024

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th July	June 2024	TDS / TCS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
10 th July		a) GSTR-7 (TDS return under GST)	a) Person required to deduct TDS under GST
		b) GSTR-8 (TCS return under GST)	b) Person required to collect TCS under GST
11 th July		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2023-24 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th July		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
		GSTR-5 (Return by Non-resident)	Non-resident taxable person (NRTP)
	April-June 2024	GSTR-1 (Outward supply return)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and opted for QRMP Scheme
15 th July	FY 2023-24	Form 27EQ –TCS return	All Collectors
		Annual Return on Foreign Liabilities & Assets (FLA)	Indian companies / LLPs which have received Foreign Direct Investment (FDI) or made overseas investment
20 th July	June 2024	Deposit of PF & ESI contribution	All Deductors
		GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2023-24 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for QRMP scheme
		GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	OIDAR services provider
22 nd July	April-June 2024	GSTR-3B (Summary return)	Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2023-24 and opted for QRMP scheme and having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands. Lakshadweep
24 th July			Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2023-24 and opted for QRMP scheme and having principal place of business in any other state
30 th July		TCS certificate in Form 27D	All Collectors
31 st July	FY 2023-24	TDS Return	All Deductors
		Income Tax Return (ITR)	Individuals (including expatriates) & Non corporates, not liable for Tax Audit.
		Filing of Form 10-IEA	Individuals, non-corporates, having income from business / profession & who are not liable for Tax Audit & wish to be governed by old tax regime under the Income-tax Act, 1961, or re-enter the new tax regime

About KrayMan

KrayMan Consultants LLP (KrayMan) is an accounting & consulting Firm headquartered in Gurugram & serving Clients across India for more than 12 years.

We were founded in 2012 by professionals from Big 4 accounting firms & industry background. We are a team of Chartered Accountants, Company Secretaries, Advocates & MBAs.

We specialize in India-Entry, Accounting, Taxation, Legal, Regulatory, Assurance, HR, Payroll & Loan staffing services. We provide services in the areas of Compliance, Advisory & Litigation.

We have been serving Domestic as well as International Clients from countries like USA, Japan, Australia, EU etc.

We have been Awarded under the category 'Small Business Award 2021' by the International Business Council of Australia.

Contact Us



1170 A, 11th Floor, Tower B1
Spaze i-Tech Park
Sector 49, Sohna Road
Gurugram – 122018 (India)
T +91 (124) 4309418

For any assistance, please write to us at:
communications@krayman.com

This publication contains information of general nature . The information is only for general guidance and is not meant to be a substitute for professional advice in any manner. In case the reader requires any specific inputs / suggestions / advice from our end, please contact us separately.