

Office of The Commissioner of State Tax, Chhattisgarh

3rd Floor, GST Bhawan, North Block, Sector 19 Nava Raipur Atal Nagar

No./CT/Tech/ /2024

Dated : 13-12-2024

Minutes of the 1st Grievance Redressal Committee Meeting of Chhattisgarh for FY 2024-25

The Grievance Redressal Committee meeting for Chhattisgarh was held on 14th October 2024 at Board Room, New Circuit House, Sector 24, Nava Raipur Atal Nagar. The Meeting was co-chaired by Shri C P Goyal, Chief Commissioner, Central Tax, Central Excise & Customs, Bhopal Zone (MP&CG) and Shri Pushpendra Kumar Meena, Commissioner of State tax, Chhattisgarh. The list of Members of the Committee who attended the meeting is at "Annexure-A".

1.2 The following agenda items were kept before the Committee for discussion in GRC Meeting:

Agenda	
1.	Discussion on representations received from trade bodies and other stakeholders
	(i) Chhattisgarh Chamber of Commerce and Industries (ii) ChhattisgarhKhanijPattedarSangh (iii) Urla Industries Association (iv) Indian Beverages association new Delhi (v) National Restaurant Association of India (vi) CA Bhavesh Mittal.
2.	Any Other agenda with permission of the Co Chair

1.3 At the outset, the co-chairs, Shri C P Goyal, Chief Commissioner, Central Tax, Bhopal Zone (MP & CG) and Shri Pushpendra Kumar Meena, Commissioner of State tax, Chhattisgarh were welcomed by the members of the Committee with floral bouquet. The co-chair, Shri C.P.Goyal Chief Commissioner, Central Tax, Central Excise & Customs, Bhopal Zone(MP & CG), was invited to give his opening remark. In his opening remark, Shri C.P. Goyal thanked all the trade members and officials for taking out their valuable time for the meeting. He emphasized on the importance of such meeting and interactions of all stakeholders of

GST, and expressed his regret that the Grievance Redressal Committee (GRC) of Chhattisgarh is being conducted after a lapse of almost one and a half years since the last meeting, which was held in March 2023. He further acknowledged that, as per the guidelines, GRC meetings are supposed to be held quarterly, however it could not be held earlier due to unavoidable reasons in earlier quarters of FY 2024-25, like assembly elections in the State and the Centre, coupled with administrative restructuring at State. He stressed on the importance of the administration's responsibility to hold regular meetings with trade members to understand and address their grievances effectively and assured the participants that going forward, GRC meetings would be conducted at regular intervals to ensure consistent dialogue and resolution of issues.

1.4 Shri C.P. Goyal further stated that the GST revenue collection from the state of Chhattisgarh in the previous financial year amounted to approximately Rs. 34,000 crore, reflecting the scale of economic activities in the State. He projected that, assuming a year-on-year growth rate of 14%, the revenue could reach around Rs. 40,000 crore in the current financial year. He noted that while revenue collection during the first four months of the current financial year was robust, the revenue growth showing a negative trend compared to the previous financial year witnessed in the last two months have been a cause for concern. This growth trend of the State also stands in contrast to the national growth rate of approximately 10% for the corresponding period. Highlighting the need to address this issue, Shri Goyal encouraged the members to deliberate on these aspects and to engage with the taxpayers, the most critical stakeholders, to identify the reasons behind this trend and to anticipate future revenue patterns.

1.5 Thereafter, Shri C.P. Goyal gave a brief overview of the major taxpayer-friendly policy decisions taken during the 53rd and 54th GST Council meetings and the changes made in the Budget, 2024. These measures were aimed at reducing disputes and resolving existing issues, particularly those related to Input Tax Credit (ITC), the amnesty scheme for interest and penalties on SCNs issued under Section 73, and the introduction of new time limits for demands, among others. After highlighting these trade-friendly measures, he turned attention to the

challenges faced by the GST Department. Shri Goyal emphasized that the Government's focus is on encouraging voluntary compliance by taxpayers with minimal interference from the Department. He stated that the minimum expectation from taxpayers is the timely filing of their statutory returns, such as GSTR-1 and GSTR-3B. He expressed concern that out of the 2 lakh registered taxpayers in Chhattisgarh, 13%—around 26,000 taxpayers—did not file their returns for August 2024 on time. He also pointed out that several taxpayers with turnovers exceeding Rs. 5 crores were not generating e-invoices as mandated. This level of non-compliance, he explained, compels the Department to initiate enforcement actions. The Co-Chair appealed to representatives of trade bodies to sensitize their members about the importance of compliance, stressing that compliance is the right choice, as non-compliance ultimately leads to losses for both the Taxpayers and Tax Department. He also underscored the need for officers to conduct themselves as per Government guidelines and assured that the Department remains committed to addressing any instances of improper conduct of any officers, brought to its attention.

2. Thereafter, the Co-Chair, Shri Pushpendra Kumar Meena, Commissioner, State GST Chhattisgarh, addressed the forum. Welcoming the participants, he mentioned that the State GST Chhattisgarh has been regularly conducting informal meetings with various trade associations, focusing on addressing the issues faced by taxpayers. Highlighting the significance of GRC meetings, Shri Meena emphasized that the GRC serves as a crucial platform for addressing and resolving taxpayer grievances. He noted that the issues raised in GRC meetings conducted across the country that require policy interventions are given due consideration by the GST Council. He further stated that the State GST, Chhattisgarh, has recently prioritized fostering a business-friendly attitude among officers, underscoring the Department's commitment to creating a supportive and responsive environment for taxpayers.

3. After opening remarks from both dignitaries, a power point presentation by the Co-Chair Shri C.P. Goyal was given, in which details of revenue receipts, taxpayer friendly measures taken by the Government and challenges faced by the department were discussed in detail. PPT is annexed as 'Annexure-B'.

4. Thereafter, deliberations on representations received from trade bodies and other stakeholders was done:

4.1. Chhattisgarh Chamber of Commerce and Industries, Raipur:

In their representation, Chhattisgarh Chamber of Commerce and Industries, Raipur (CCCI, Raipur) had raised 27 issues pertaining to ITC, RCM, e way bill, return filing, registration, rate changes and procedural related and other procedural issues. The deliberations on these were held as under:

4.1.1 In response to the grievance raised that input tax credit (ITC) of Buyers' should not be denied and/or penalized for the seller's non-compliance, as it is unfair and against natural justice, the Co-Chair Shri C.P Goyal explained that GST is levied at all stages, right from manufacture up to final consumption, with credit of the taxes paid at previous stages available as setoff as only value addition is taxed and burden of tax is to be borne by the final consumer only. For this chain to function properly and for taking the benefit of, the taxes paid to their seller, as setoff while paying the taxes to government, the taxpayers cannot expect that the benefits is taken one-sided only, i.e., the burden is borne by Government alone. There cannot be a system where the Government does not receive any tax while provide ITC (Input Tax Credit)/setoff of tax not received by them is allowed. He also emphasized that allowing ITC without the supplier paying taxes via GSTR-3B would lead to a chain reaction of non-compliance, potentially increasing non-compliance rates. He further said that it is also the purchaser's responsibility to ensure their supplier is tax-compliant and make use of the information about suppliers' tax compliance available in the public domain before engaging with them. Engaging with non-compliant taxpayers and making them a part of GST System/ecosystem, he is putting the whole system at risk. He concluded that the Government's decision about ITC and provisions of section 16 of the GST Act, was well-deliberated and should not be requested to be reversed or altered, instead as responsible citizen ensure that we all work toward making our indirect taxation system evasion proof and simple and smooth for genuine taxpayers.

4.1.2 Shri Amar Parwani, President of the Chamber of Commerce and Industries, Chhattisgarh, welcomed the Co-Chairs. He recalled the proposal for a 'Star Rating' system for taxpayers based on compliance, which is yet to be implemented. He emphasized that the onus of compliance lies on the purchaser under GST, unlike the pre-GST regime, and reiterated the Chamber's consistent advocacy on this issue since 2017. Shri Parwani expressed concerns about the liquidity crunch caused by monthly ITC reconciliation, contrasting it with the annual reconciliation under the pre-GST and VAT systems. He pointed out that honest taxpayers suffer double payments if their suppliers fail to file returns, leading to compliance burdens, particularly for small taxpayers. He suggested focusing on larger taxpayers for value addition and emphasized that over 60% of invoices are issued in the last few days of the month, causing ITC flow issues. He proposed that the Department should not link ITC to the physical receipt of goods if GSTR-1 is filed by the supplier. In response to the issues, the Co-Chair Shri C.P Goyal explained the rationale behind the current compliance framework, stating that taxpayers with turnovers below ₹40 lakhs are exempt from GST. Those with turnovers up to ₹1.5 crores can opt for the composition scheme, and those between ₹1.5 crores and ₹5 crores can avail of the QRMP (Quarterly Return Monthly Payment) scheme. He assured that these measures aim to reduce the compliance burden on small taxpayers.

4.1.3 Shri Parwani further stated that the definition of small taxpayers based on annual turnover does not apply universally. He cited the example of a mobile dealer with limited profit margins and suggested that such taxpayers should not face excessive compliance burdens due to limited resources. The Co-Chair Shri C.P Goyal stated that the existing policy is the result of collective efforts by all States and the Centre. He emphasized that any proposed changes to the policy must address two key questions: the rationale for change and the feasibility of implementation. He encouraged data-backed arguments and feasible solutions rather than retrospective discussions. He suggested that his association may do case study and submit a sector specific report along with the request and then it may be considered on merit.

4.1.4 Shri Amar Parwani proposed providing data on annual reconciliation, and the Department was urged to analyze the e-invoicing

patterns, particularly at the month's end, which will support the issue raised that majority of the supplier raise invoice on 30th or 31st of the month and the recipient receive goods in next month, in these cases recipient is not getting ITC as he is not in receipt of goods in the same month. The Additional Commissioner of State Tax suggested that the IMS (Invoice Management System) introduced by GSTN could address the monthly reconciliation issues. It was further discussed by the members that the invoice of 30th or 31st the month issued by the supplier will like all other invoices issued throughout the month has to be shown as supply and invoices declared in his GSTR-1 for that month when he files latest by 10th of the succeeding month, and the same would automatically reflect on the recipient's GSTR-2B, hence the same should not be an issue.

4.1.5 The Chamber raised concerns about actions taken on entire chains in cases of fake transactions involving only a few non-compliant taxpayers. In this issue the Co-Chair, Shri C.P Goyal told that the second all India drive is going on from the month of August-24 to identify fake registration and this is being done on the basis of risk parameters. In Chhattisgarh, CGST has received 292 taxpayers for verification and 70 of them have been found fake/non existent and these fake firms have been found to have passed ITC of over Rs. 200 crores. He emphasized that all should appreciate the menace of fake invoicing in the GST System. It becomes responsibility of all to purge such kind of nuisance maker, so that genuine taxpayers are not disturbed and they are focused in their core area of concern i.e., business and making India the biggest economy. To answer the specific question, he confirmed that in cases of fake registration, the department is presently verifying and issuing alerts limited to only next stage on both sides i.e., inward and outward supply chain.

4.1.6 Shri Amar Parwani further requested to roll-back the provision of disabling the filing of GSTR-1 by the taxpayers for the month/quarter, when the GSTR-3B of the previous month/quarter has not been filed by them, introduced vide Notification No. 01/2021 dated 01.01.2021 and provision of blocking of e-way bill generation consequent to default of more than two returns should be removed. The co-chair, CC CGST Bhopal Zone replied that there is factual error in representation as non-

filing of GSTR 3B for two consecutive months stops the Taxpayer to file his GSTR1 for the 3rd month. Similarly, blocking e-way bill issuance is also system enabled deterrence for non-compliance. Compliant and genuine taxpayer, shall not be facing any difficulty with such provisions. Concerns of non-compliant taxpayer cannot be entertained and justified when all the stakeholders are committed to build one compliant and robust indirect tax system in whole of the country.

4.1.10 Further, Shri Amar Parwani raised concerns about ITC reversal if payment to the supplier is not made within 180 days, arguing that payment terms are subject to mutual agreements and tax authorities should not get involved into it. The Co-Chair responded that this provision, was derived from legacy VAT law, which also introduced there on request of the then VAT assesses. The provision was there for very long and was not questioned. Hence, to question the same without valid justification and supported by study cannot be considered.

4.1.11 Further, Shri Amar Parwani proposed relaxing e-way bill requirements for intra-district transactions and limiting inter-district requirements to sectors prone to evasion. The Co-Chair, Commissioner, SGST assured that this matter would be looked into.

4.2 Chhattisgarh Khanij Pattedar Sangh (Sangh). Main points raised by the Sangh were:

- Apex Court has still not decided whether the effects of the judgement passed in case of Mineral Area development Authority etc. Versus M/s Steel Authority of India & Ors. (CA No. 4056-4064/1999) will be applicable prospectively or retrospectively?
- To request you for non-recovery of past liability of GST under RCM on Royalty and waiving off interest and penalty for non-payment or short payment on account of tax neutrality principle.
- To establish a framework which can grant us refund of Input Tax credit being accumulated on account of inverted duty structure and non-availability of refund on input services.
- To bring to the notice of GST Council the hardships being faced by the minor mineral leaseholders due to the stand taken by the Central GST Department through Circular No. 164/20/2021-GST dated 06th October, 2021.

- To bring to the notice of GST Council the misquoting of Section 74 by the Directorate General of GST Intelligence (DGGI) for issuing show cause notices with respect to non-payment or short payment of GST under RCM on Royalty paid to the state government.

4.2.1 The co-chair, CC CGST referred to the Order of the Constitutional Bench of Hon'ble Supreme Court passed on 14.08.2024 in the case of Mineral Area development Authority etc. Versus M/s Steel Authority of India & Ors. (CA No. 4056-4064/1999), wherein the majority bench clarified that the judgement would apply retrospectively up to 01.04.2005 and no penalties or interests could be imposed on the retrospective tax demands. Hence, the first issue raised seems settled now.

4.2.2 Further, he mentioned that the issue of service tax or vat on royalty was pending before the Constitutional Bench of Supreme Court for a long time, during pendency the taxpayers who opted not to pay the tax, made a conscious decision not to pay the tax and face the consequence, if any. Now, the verdict of the nine member Constitutional Bench of Hon'ble Supreme Court has come that royalty is not a tax so service tax or GST is leviable, hence those taxpayers have to pay the tax, as it is part of the conscious choice parties made when cases were in litigation and pending. Further, the ground of revenue neutrality on payment of tax under RCM is not valid across the taxes involved in litigation and it is also not across all taxpayers, hence the waiver from previous all liability may not be possible now.

4.2.3 The co-chair, CC CGST stated that the claim of ITC accumulation on account of inverted duty structure in cases of certain mineral leaseholder, should be supported by data. If any request with supporting data is submitted then the same can be considered on merit for further forwarding it for consideration by higher authorities.

4.2.4 On the question that hardships are being faced by the minor mineral leaseholders due to the stand taken by the Central GST Department through Circular No. 164/20/2021-GST dated 06th October, 2021, he explained that the clarification was brought by the Board, to clarify the doubt and explained the stand taken by GST Council in its series of meeting. With respect to the issue involved the Circular dated

06.10.2021 clarified that the Council in its 45th meeting held on 17.09.2021, decided that the rate schedule for the service by way of grant of mining rights, during the period 1.07.2017 to 31.12.2018, would be at 18% in view of principle laid down in the 14th meeting of the Council for residuary GST rate. However, if the Sangh wants to bring to the notice of the Council, that hardship is faced by them, they may make a representation supported by facts and data and the same may be considered and forwarded to higher authorities.

4.2.5 The co-chair, CC CGST stated that notices under the Act are issued with due diligence. the Authority issuing notice has to prove the rationale of issuing the notices under Section 74 and must state the facts and evidence to support the allegation of fraud, willful mis-statement or suppression of facts. If someone has issued these notices in contravention to the statutory provisions then the same will not be able to sustain during adjudication or in appellate forum. So there appears no need for any interference on this aspect.

4.3 Urla Industries Association: The Urla Industries association had put forward some suggestions related to GST which are enumerated below:

4.3.1 Assesses must not be penalized for any type of Clerical mistake in Invoice/E-way bill: The Act itself provides in Section 75 of the CGST Act, 2017, that penalties should be commensurate with the nature and gravity of the offense. As such, there are no instances where taxpayers are heavily penalized for minor breaches in Chhattisgarh. However, if any specific aberrations from the same are observed, they may be brought to our attention so that the reasons can be reviewed and addressed accordingly.

4.3.2 Recipient not to be penalized for non-compliance of supplier: Already deliberated upon on discussion on representation of CCCI, Raipur

4.3.3 An amnesty cum settlement scheme should be introduced under GST to regularize past transactions from 2017 - 18 till dated on a self-assessment basis with a complete waiver from interest and penalty. Consequently, the tax paid under the scheme should be allowed as a credit in the hands of the recipient: As discussed before during presentation, it is already in force for earlier period of GST.

4.3.4 Tax payer having multiple registrations under same PAN whether in one State or different States should be allowed to transfer unutilized ITC: It was deliberated that there are already mechanisms in place, such as cross-charge and Input Service Distributor (ISD), to address such situations. However, while cash can be easily transferred between two registered persons under the same PAN (as both are treated as the same entity under Income Tax), under GST, these registrations are considered distinct legal entities. Therefore, free transfer of unutilized ITC between such registrations is not permitted at present.

4.3.5 Permit Refund of ITC on input services/ Capital goods in case of inverted duty structure and Exports under LUT and ITC eligibility on construction/renovation of immovable property used for business purposes: As the hon'ble Supreme Court of India vide its Order dated 01.10.2024, has already decided that the constructing a building is necessary for providing services like leasing or renting, and such building may qualify as "plant and machinery" under Section 17(5)(d) of the CGST Act, 2017. However, the hon'ble Supreme court noted that deciding whether structures like malls, warehouses, or other commercial buildings qualify as "plant" under Section 17(5)(d) would depend on the specifics of each case and accordingly each case would be decided. So the issue may be looked into individually on the basis of this judgement of Hon'ble Supreme Court .

4.3.6 The announcement for GST Tribunal has been made few months but it has not become functional. Request you to make the necessary arrangements to form the same at the earliest so that the assesses can take the advantage of the forum to resolve their long pending issues.: Status was already apprised in the presentation before.

4.3.7 Possibility of obtaining a single registration at pan India level may be explored to avoid taxation on self-services between branches of same entity: It was deliberated that discussion at policy level is already going on for the same.

4.4 Representation from the Indian Beverages association and National Restaurant Association of India: These associations requested a reduction in tax rates on beverages and restaurant services. The Committee agreed that, since a Group of Ministers (GoM) has been formed for rate

rationalization and the representations lack concrete data, this is not the appropriate platform to discuss rate changes.

4.5 Representation from CA Bhavesh Mittal: It was also taken up but not discussed in detail, as the points raised were already covered in the representation from the KhanijPattedar Sangh.

4.6 By the permission of Co-Chairs, CA Vikas Golecha presented some issues on behalf of representatives of Bar and ICAI. Following were the suggestions :

- The concept of GSTP was to facilitate taxpayers, so their mobile number and email id should be updated along with taxpayer's details. Many a times notices are delivered to old email ids and mobile numbers this creates problem for taxpayers as well as for the department also.
- Multiple proceedings shall not be initiated at one time for one tax payer, for example if detailed audit has been done for a period then there should not be scrutiny or enforcement proceeding for the same period.
- When tax liability is being determined by the tax officer for a period payment by DRC 03 should also be taken in consideration.
- New registration shall be given red carpet welcome, rather they are subjected red tapeism .
- There is time limit of issuing APL 02 which is not complied by the Appellate Authorities, similarly time limit of passing order in appeal should also be streamlined.

4.6.1 The Co-Chair, CC CGST, inquired whether Mr. Golecha had submitted a written representation, to which the response was negative. The Co-Chair then explained that the CGST system has undergone changes in the back-office module, which is now managed by GSTN instead of being maintained in-house. This transition has increased the workload on officers, which might be one of the reasons for delays in certain proceedings, particularly in appeals. He emphasized that in cases where unnecessary delays occur, specific instances should be brought to the Department's attention for prompt resolution. Addressing the issue of multiple proceedings, the Co-Chair clarified that the GST system operates based on risk parameters and is supported by relevant data. He urged GSTPs (Goods and Services Tax Practitioners) and chartered accountants to assist taxpayers and guide them appropriately. He stressed that if

taxpayers are misled, it could harm their business operations. The Co-Chair highlighted the significant responsibility of tax consultants, emphasizing that their knowledge of the law places a duty on them to provide accurate guidance to taxpayers. This ensures that businesses can operate smoothly and thrive within the compliance framework. He also suggested that necessary and immediate amendment of details should be done by taxpayers, so as to avoid such situation as described by Shri Golecha.

4.7 Representation from the Steel Authority of India Limited (SAIL): Shri P K Chokani, CGM (F&A) SAIL raised the issue of import bills of entry not getting populated in GSTR-2B, which is causing difficulties for them as there is mismatch between the ITC availed in GSTR3B and that show as available in GSTR 2B. The Co-Chair inquired whether this issue affected all bills of entry or only certain ones. The representative from SAIL, CGM Finance, responded that it occurred only in some cases, not all. The Co-Chair assured them that the issue would be addressed if relevant data regarding the claims were provided and specific instances are brought to the notice of the jurisdictional officer, so as to flag it to Icegate and GSTN.

4.7.1 The second issue raised by the CGM SAIL was the removal of the option to link credit and debit notes to the original invoice in the system. He suggested that at least an option should be available for taxpayers to facilitate this linkage. The Co-Chair acknowledged the significance of the issue and informed the committee that certain tax frauds were detected wherein this system limitation was exploited. He assured that the matter would be brought to the attention of GSTN for resolution.

4.7.2 The third issue raised by the CGM SAIL concerned amendments made by suppliers in GSTR-1. He pointed out that the details of such amendments, including the reasons and specifics, are not reflected on the recipient's end. He suggested that recipients should have visibility of these changes. The Co-Chair requested that data and screenshots illustrating the issue be provided so the matter could be pursued further with GSTN.

4.7.3 The fourth and final issue raised by the CGM SAIL was related to RCM (Reverse Charge Mechanism). He proposed relaxing compliance where ITC is available upon tax payment under RCM. The Co-Chair responded by explaining the rationale behind RCM, noting that it was introduced to simplify compliance. He cited examples from the agricultural and insurance sectors, where the

- number of suppliers is vast, making it more logical to tax the recipient under RCM.

5. The meeting concluded with a vote of thanks to the Co-Chair, extended by the Additional Commissioner, SGST, on behalf of all attendees.

Encl: Annexure A and Annexure B.



Chief Commissioner of
CGST & CE Chhattisgarh
Co-Chair



Commissioner of State Tax
Chhattisgarh
Co-Chair



The following Committee members attended the meeting:

S.No.	Name of Member	Designation
1	Shri C P Goyal	Chief Commissioner, Central Tax, Central Excise & Customs, Bhopal Zone
2	Shri Pushpendra Kumar Meena	Commissioner of State tax, Chhattisgarh
3	Shri Abu Sama	Commissioner of Central Tax, Central Excise & Customs, Raipur
4	Shri Pratik Jain	Adl. Commissioner of State Tax Chhattisgarh
5	Shri Vikas Verma	Assistant Vice President, GSTN
6		DGGI
7	Shri Amar Parwani	President Chamber of commerce and industries Chhattisgarh
8	Shri Jitendra Doshi	Chairman CAIT Chhattisgarh
9	Shri Vikas Golechha	Vice President ICAI
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Following Members did not attend the meeting:

1. Shri Faraz Ahmad, Adl Commissioner, CGST, CCO, Bhopal Zone
2. Shri Hemant Sinha, Deputy Commissioner, State Tax, HQ, Raipur
3. Shri Chaitanya K Trivedi, Assistant Commissioner, CGST, Raipur
4. Dr.A K Panda, CGM I/C(F&A) SAIL, Bhilai
5. Shri ShriAshishSaraf, State Chairman, CII
6. Shri Ashwin Garg, President, Urla Industries Association
7. Shri Bharat Bajaj, President, CG State C&F Association
8. Shri Ashok Chaturvedi, Director, Prakash Industries Ltd Champa
9. Shri Kishore Baradia, Regional Member, ICAI
10. Shri Arindam Goswami Regional Member, CMA

Some of the above members informed the concerned officer about their inability to attend the meeting and nominated representative to attend the meeting on their behalf: Dr. Pinky Baskey, Deputy Commissioner, CCO, Bhopal attended the meeting in place of Shri Faraz Ahmad, Shri Manish Mishra, Deputy Commissioner, State tax, HQ, Raipur attended the meeting in place of Shri Hemant Sinha, Shri P K Chokani, CGM (F&A) SAIL attended the meeting in place of Dr. A.K. Panda and Shri Vikas Rathore, PIL in place of shri Ashok Chaturvedi .



Taxpayer-Friendly Latest Changes in GST

Grievance Redressal Committee Meeting-Chhattisgarh on 14.10.2024 at Raipur



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INTRODUCTION

➤ GST Council in its 38th meeting held on 18.12.2019 decided that a structured grievance redressal mechanism should be established for the taxpayers under GST to tackle grievances of taxpayers on GST related issues of specific/ general nature. Last meeting held on 20.03.2023

➤ Revenue Trend: (Total TP=1,94,382(Centre - 72,978 + State- 1,21,404) Total-

MONTHS	FY 2023-24	FY 2024-25	Differ. 23-24 vs 24-25	% Change
APR	3500	3994	494	14
MAY	2523	2849	326	13
JUN	3006	3175	169	6
JUL	2799	3313	514	18
AUG	2893	2604	(-)288	(-)10
SEPT	2681	2598	(-) 82	(-)3
FY (upto the month)	7761.32	8505.66	1132	7
FY 2023-24 Total Revenue		34832		

CLARIFICATION

Extra Neutral Alcohol

- The 52nd GST Council meeting proposed exempting Extra Neutral Alcohol (ENA) from GST, allowing States to impose VAT instead.
- In the Union Budget 2024, Section 9 was amended to exempt Extra Neutral Alcohol used in the production of alcoholic beverages for human consumption from GST.
- This change aims to resolve the ongoing confusion in the alcohol industry concerning the application of VAT and GST by State Governments.
- The existing GST exemption under Section 9 of CGST Act, 2017, which currently covers only "alcoholic liquor for human consumption," is being expanded to include un-denatured extra neutral alcohol (ENA) and rectified spirit when used in manufacturing alcoholic liquor for human consumption.
- This amendment, effective from November 1, 2024, essentially creates a complete GST exemption chain by covering both the end product (alcoholic beverages) and its key raw materials (ENA/rectified spirit) used in alcohol production.

ISD vs CROSS CHARGE

- Circular 199/11/2023-GST dated 17th July 2023 has given option to the assessee for distribution of common ITC either through cross charge or ISD mechanism by introduction of two categories namely "third Party" services and " Internally generated" services.
- ✓ Third Party services relates to services availed from someone outside the company like auditor, security etc
- ✓ Internally generated services mean services provided by one branch to another.
- For third party services the circular had given the option either to follow the cross-charge method or the ISD method.
- However, in case of internally generated services the same will be distributed through cross charge.
- The rules are more flexible when there's full ITC availability, as it creates tax neutrality. However, when full ITC isn't available, special valuation rules apply but with relaxation on including employment costs.

GRIEVANCE REDRESSAL

ITC AVAILMENT FOR PAST PERIODS


- Vide Insertion of Section 16(5), the last date of availing ITC has been extended for 4 FYs.
- For the financial years 2017-18, 2018-19, 2019-20, and 2020-21, input tax credit (ITC) will be available for any GSTR-3B filed by November 30, 2021. This provision aims to resolve disputes regarding ITC claimed after the time limit specified in Section 16(4).
- Earlier the due date of availment of ITC For
 - ✓ For 2017-18 was 20TH April, 2019.
 - ✓ For 2018-19 was September Month Due Date i.e 20th October, 2019.
 - ✓ For 2019-20 was September Month Due Date i.e 20th October, 2020.
 - ✓ For 2020-21 was September Month Due Date i.e 20th October, 2021.
- Now, the same has cumulatively been set to be 30th November 2021 for FY 2017-18 to 2020-21 (4-years).
- The provision come into force from 27.09.2024 vide Not.No. 17/2024-CT dated the 27.09.2024.

ITC AVAILMENT IN REVOCATION CASES

➤ Vide insertion of Section 16(6) of CGST Act, 2017, the ITC will now be available to the Recipient, if the Supplier's registration is cancelled and later revoked, under the following conditions:

1. The ITC was not restricted under Section 16(4) on the date of the cancellation order.
2. The ITC must be claimed within the later of the following time frames:
 - ✓ By November 30 of the financial year to which the invoice or debit note pertains, or
 - ✓ Within 30 days from the date of revocation of cancellation for the return period from the date of cancellation until the date of revocation order.

➤ Taxpayers are encouraged to examine their records and take advantage of the extended deadlines for ITC claims according to the new regulations.



SPECIAL PROCEDURE

- Introduced by Notification No. 22/2024– CT dated 08.10.2024.
- Registered persons who have received an order confirming a demand for incorrectly claimed ITC due to violation of Section 16(4) under sections 73, 74, 107, or 108 of the Act, can now avail benefit by electronically filing an application for rectification of an order within six months of this notification, provided no appeal has been filed and the credit is now available under subsections (5) or (6) of section 16.
- The applicant must upload the information in the proforma (Annexure A) along with the application, and the original issuing authority will decide on the application and issue a rectified order within three months by following the principles of natural justice.
 - (i) in FORM GST DRC-08, in cases where rectification of an order issued under section 73 or section 74 of the said Act is made; and
 - (ii) in FORM GST APL-04, in cases where rectification of an order issued under section 107 or section 108 of the said Act is made.

BLOCKED ITC UNDER SECTION 17(5)

- Sub-section (5) of Section 17 of the CGST Act is amended to restrict the non-availability of ITC solely for taxes paid under Section 74 of the CGST Act, 2017 for demands up to the financial year 2023-24 ONLY.
- There is no blockage of ITC for taxes paid under Sections 129 and 130 of the CGST Act, 2017.
- Starting from FY 2024-25, there will be no blockage of ITC for taxes paid by the supplier under demand and recovery provisions. However, this will still be subject to the time limit for availing ITC as outlined in Section 16(4).
- Amendment in Section 17(5) of the CGST Act, 2017

(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely:-

*(i) any tax paid in accordance with the provisions of **section 74 in respect of any period upto Financial Year 2023-24.***

TRANSITIONAL CREDIT FOR ISD

- Based on the 53rd GST Council proposal and the amendment to Section 140(7) of the CGST Act, 2017 brought by Finance (No. 2) Act, 2024 dated 16.08.2024. The provision shall come into force from 01.11.2024 (Not.No. 17/2024–CT dated the 27.09.2024)
- This amendment, effective from July 1, 2017, aims to resolve the transitional credit issues faced by Input Service Distributors (ISD) as now credit can be claimed for “*the invoices relating to such services are received prior to, on or after, the appointed day*”. Previously, Section 140(7) only covered invoices received by ISDs on or after the appointed date, leaving those in the earlier scenario unable to claim the credit due from the previous regime.
- Reduction of Legal Disputes: Ongoing litigations concerning transitional credits may find resolutions under the clarified provisions.
- Financial Impact : Transitional Credit that could not be claimed, can now be claimed and utilized to offset their GST liabilities, enhancing cash flow.

MODIFICATION OF TIME OF SUPPLY

- Time of Supply has been modified vide Amendment of Section 13(3) of the CGST Act, 2017.

Registered suppliers	Unregistered suppliers
Date of payment as per books of recipient or debit in bank whichever is earlier	Date of payment as per books of recipient or debit in bank whichever is earlier
Date immediately following 60 days of the date of issue of invoice by the supplier in all cases where supplier is required to issue invoices	Date of issue of invoice where invoice is to be issued by recipient

- In respect of Reverse charge, separate time of supply has been provided for supplies received.
- If a person is registered solely for the purpose of TDS, he would be considered as an unregistered person under GST.
- Section 31(3)(f) of the CGST Act is 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 from unregistered persons.

CONDITIONS FOR REVOCATION OF CANCELLATION OF REGISTRATION

➤ Conditions for revocation of cancellation of registration has been inserted by section 121 of The Finance Act (No. 2) Act, 2024 No. 15 of 2024 dated 16.08.2024 by amendment to Section 30(2) of the CGST Act, 2017.

(2) The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

Provided further that such revocation of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed.

➤ The provision shall come into force from 01.11.2024 (Not.No. 17/2024–CT dated the 27.09.2024)

➤ The conditions and restrictions for the revocation of cancellation of registration would be prescribed through the rules which are yet to set.

RELIEF AND BENEFIT

ATTENDANCE AT SUMMONS

➤ Under the existing rules, only the individual who has been summoned is allowed to attend. However, the insertion of sub section (1A) to Section 70 of the CGST Act, 2017, now permits a person to attend through an authorized representative, provided this is done under the direction of the officer. The summoned individual remains obligated to attend and must provide truthful statements during the examination, as well as produce any requested documents or items.

➤ Section 70(1A) of the CGST Act, 2017.

(1A) All persons summoned under sub-section (1) shall be bound to attend, either in person or by an authorised representative, as such officer may direct, and the person so appearing shall state the truth during examination or make statements or produce such documents and other things as may be required.

➤ The provision shall come into force from 01.11.2024 (Not.No. 17/2024–CT dated the 27.09.2024)

NEW AMNESTY SCHEME


- A New Amnesty scheme has been introduced by insertion of Sec 128A by FA,2024 dated 16.08.2024.
- The conditions for opting this scheme are as follows:
 - The Demand should pertain to the period from 1st July 2017 to 31st March 2020
 - The demand falls under any of the following categories
 - Notice has been issued u/s 73 but adjudication order not yet issued
 - Adjudication order issued u/s 73 but first appeal order not yet issued
 - First appeal order issued but the order from Tribunal has not been issued
- It would also cover cases where notice was issued u/s 74 but was reclassified u/s 73 by Appellate Authority / Tribunal / Court
- In case of Revision or Appeal by the Department before First Appellate Authority / Appellate Tribunal, the amnesty would be subject to the condition that the person pays the additional tax payable within 3 months of the order.
- The entire tax amount as per the relevant demand / notice has been discharged within the due date to be specified, Interest and penalty would stand waived
- No refund would be granted for the interest and penalty already paid in the case
- This would be only for demand cases and not for erroneous refund
- The Appeal or Writ Petition before the Appellate Authority / Tribunal / Court would be withdrawn within the specified due date
- Once the proceedings stand concluded upon payment, no appeal can be made against the relevant adjudication / appeal order

NOTIFICATION OF DATES U/S 128A

Sl. No.	Class of registered person	Date upto which payment for the tax payable as per the notice or statement or the order referred to in clause (a) or clause (b) or clause (c) of section 128A of the said Act, as the case may be, can be made for waiver of interest, or penalty, or both, under the said section.
(1)	(2)	(3)
1	Registered persons to whom a notice or statement or order, referred to in clause (a) or clause (b) or clause (c) of section 128A of the said Act, has been issued.	31.03.2025
2	Registered persons to whom a notice has been issued under sub-section (1) of section 74, in respect of the period referred to in sub-section (1) of section 128A of the said Act, and an order is passed or required to be passed by the proper officer in pursuance of the direction of the Appellate Authority, or Appellate Tribunal, or a court, in accordance with the provisions of sub-section (2) of section 75, for determination of the tax payable by such person, deeming as if the notice were issued under sub-section (1) of section 73 of the said Act.	Date ending on completion of six months from the date of issuance of the order by the proper officer redetermining tax under section 73 of the said Act.

The notification No. 21/2024-CT dated 08.10.2024 shall come into effect from the 01.11.2024

NEW PROVISIONS FOR DEMAND

- A new Section 74A has been introduced to consolidate all demand and recovery provisions, replacing Sections 73 and 74. These previous sections will remain in effect only until the end of the financial year 2023-24, after which Section 74A will be applicable starting in FY 2024-25 by insertion of a new sub-section 73(12) & 74(12) of the CGST Act, 2017
 - The common time limit for both evasion and non-evasion cases has been set at 42 months from the due date for submitting the annual return for the relevant financial year. Additionally, the deadline for issuing an order has been established as 12 months from the date the notice is issued. If the Commissioner or an officer of at least the rank of Joint Commissioner documents the reasons for any delay in writing before the deadline, this period can be extended by an additional 6 months.
 - Furthermore, the time frame for reduced penalties in all cases has been increased from 30 days following the notice or order to 60 days.
- 

TIME LIMIT COMPARISON BETWEEN SECTION 73/74 & 74 A

		Sect. 73		Sect. 74		Sect 74A	
F.Y.	GSTR-9 due date	SCN	Order	SCN	Order	SCN	Order
2017-18	07-02-20	30-09-23	31-12-23	07-08-24	07-02-25	N.A.	N.A.
2018-19	31-12-20	31-01-24	30-04-24	30-06-25	31-12-25	N.A.	N.A.
2019-20	31-03-21	31-05-24	31-08-24	30-09-25	31-03-26	N.A.	N.A.
2020-21	28-02-22	30-11-24	28-02-25	31-08-26	28-02-27	N.A.	N.A.
2021-22	31-12-22	30-09-25	31-12-25	30-06-27	31-12-27	N.A.	N.A.
2022-23	31-12-23	30-09-26	31-12-26	30-06-28	31-12-28	N.A.	N.A.
2023-24	31-12-24	30-09-27	31-12-27	30-06-29	31-12-29	N.A.	N.A.
2024-25	31-12-25	N.A.	N.A.	N.A.	N.A.	30.06.29	30.06.30
2025-26	31-12-26	N.A.	N.A.	N.A.	N.A.	30.06.30	30.06.31

NO PENALTY FOR ALL E-COM OPERATORS

Amendment to Section 122(1B) of CGST Act

➤ Scope of Amendment

- The amendment narrows down the applicability of this subsection. It will now apply only to e-commerce operators who are mandated to collect TCS (Tax Collected at Source) under Section 52

➤ Timeline and Implementation

- Retrospective Effect: The amendment will be applied retrospectively from October 1, 2023
- Future Implementation: In accordance with the amendment to Section 140(7) of CGST Act, 2017 brought by Finance (No. 2) Act, 2024 dated August 16, 2024. The provision shall come into force from 01.11.2024 (Not.No. 17/2024-CT dated the 27.09.2024)

➤ Impact

- It limits the scope of penalties under Section 122(1B) to only those e-commerce operators who have TCS collection obligations
- The retrospective application ensures consistency in implementation from the original introduction date.

REFUND PROCESS: ADDITIONAL IGST ON POST-EXPORT PRICE INCREASES

➤ **Process introduced vide Circular . No.226/20/2024-GST dated 11.07.2024.**

1. Form Used:

- ✓ FORM GST RFD-01
- ✓ To be filed electronically on the common portal

2. Category Selection:

- ✓ Choose "Any other" category and specific remark: "Refund of additional IGST paid on account of increase in price subsequent to export of goods"

3. Required Documents:-

- ✓ Shipping bills or bills of export.
- ✓ Original invoices and revised invoices or debit notes.
- ✓ Contracts or documents indicating the need for price revision.
- ✓ Proof of additional IGST payment and relevant GSTR-1 & GSTR-3B
- ✓ Proof of receipt of additional foreign exchange.
- ✓ Statements 9A & 9B of FORM GST RFD-01.

➤ **In cases of downward price revision, exporters must deposit the excess refund amount along with applicable interest.**



COMPLIANCE

AREAS OF CONCERN

GSTR-1 FILING STATUS AS ON 11.10.2024

Ranking	State/UT Name	Eligibility	Returns Filed	Returns Filed %
1	Gujarat	6,83,662	5,96,460	87.24%
2	Dadra and Nagar Haveli	12,088	9,978	82.54%
3	Chandigarh	17,800	14,518	81.56%
4	Punjab	1,81,470	1,43,868	79.28%
5	Haryana	3,13,600	2,38,305	75.99%
6	Delhi	4,50,838	3,39,091	75.21%
7	Maharashtra	9,18,141	6,77,454	73.79%
8	Rajasthan	3,34,962	2,42,727	72.46%
9	Himachal Pradesh	47,812	33,080	69.19%
10	Goa	25,044	16,660	66.52%
11	Kerala	2,97,839	1,88,408	63.26%
	All India Average	84,03,616	52,91,712	62.97%
12	Tamil Nadu	9,63,074	5,87,541	61.01%
13	Karnataka	7,22,719	4,31,833	59.75%
15	Uttarakhand	93,044	54,628	58.71%
16	West Bengal	4,23,664	2,45,771	58.01%

GSTR-3B FILING STATUS AS ON 30.9.2024

Ranking	State/UT Name	Eligibility	Returns Filed	Returns Filed %
1	Gujarat	6,79,851	6,43,765	94.69%
2	Chandigarh	17,849	16,418	91.98%
3	Tamil Nadu	9,61,845	8,81,016	91.60%
4	Punjab	1,82,324	1,64,454	90.20%
5	Uttar Pradesh	10,30,498	9,23,618	89.63%
6	Rajasthan	3,36,053	3,00,925	89.55%
7	Haryana	3,14,114	2,80,939	89.44%
8	West Bengal	4,26,115	3,79,669	89.10%
9	Delhi	4,53,618	4,04,091	89.08%
10	Dadra and Nagar Haveli	12,107	10,777	89.01%
11	Jammu and Kashmir	74,384	66,175	88.96%
	All India Average	84,15,327	74,74,913	88.82%
12	Karnataka	7,21,933	6,39,870	88.63%
13	Jharkhand	1,39,858	1,23,226	88.11%
14	Himachal Pradesh	48,300	42,460	87.91%
15	Tripura	20,934	18,381	87.80%
16	Kerala	2,97,227	2,59,831	87.42%
17	Maharashtra	9,23,866	8,07,107	87.36%
18	Puducherry	19,384	16,896	87.16%
19	Uttarakhand	93,800	81,568	86.96%
20	Madhya Pradesh	2,28,851	1,97,871	86.46%
21	Andhra Pradesh	2,69,851	2,32,893	86.30%
22	Mizoram	6,540	5,642	86.27%
23	Telangana	3,75,659	3,23,952	86.24%
24	Odisha	1,84,404	1,58,348	85.87%
25	Meghalaya	14,651	12,573	85.82%
26	Goa	25,148	21,249	84.50%
27	Bihar	3,02,979	2,54,772	84.09%
29	Nagaland	6,876	5,744	83.54%
30	Lakshadweep	216	178	82.41%

GSTR-1A: Key Features and Functions

Purpose and Scope

- GSTR-1A serves as an amendment form for modifying previously filed GSTR-1 returns
- Enables taxpayers to revise their sales-related declarations for specific tax periods

Benefits

- Streamlines compliance process
- Enhances transparency in GST reporting
- Ensures validated Input Tax Credit flow
- Improves overall efficiency of GST system

Key Functionalities

1. Amendment Capabilities:

- Add missing sales transactions
- Correct errors in original GSTR-1 submissions
- Update sales details to match recipient's GSTR-2B

2. Timing and Limitations:

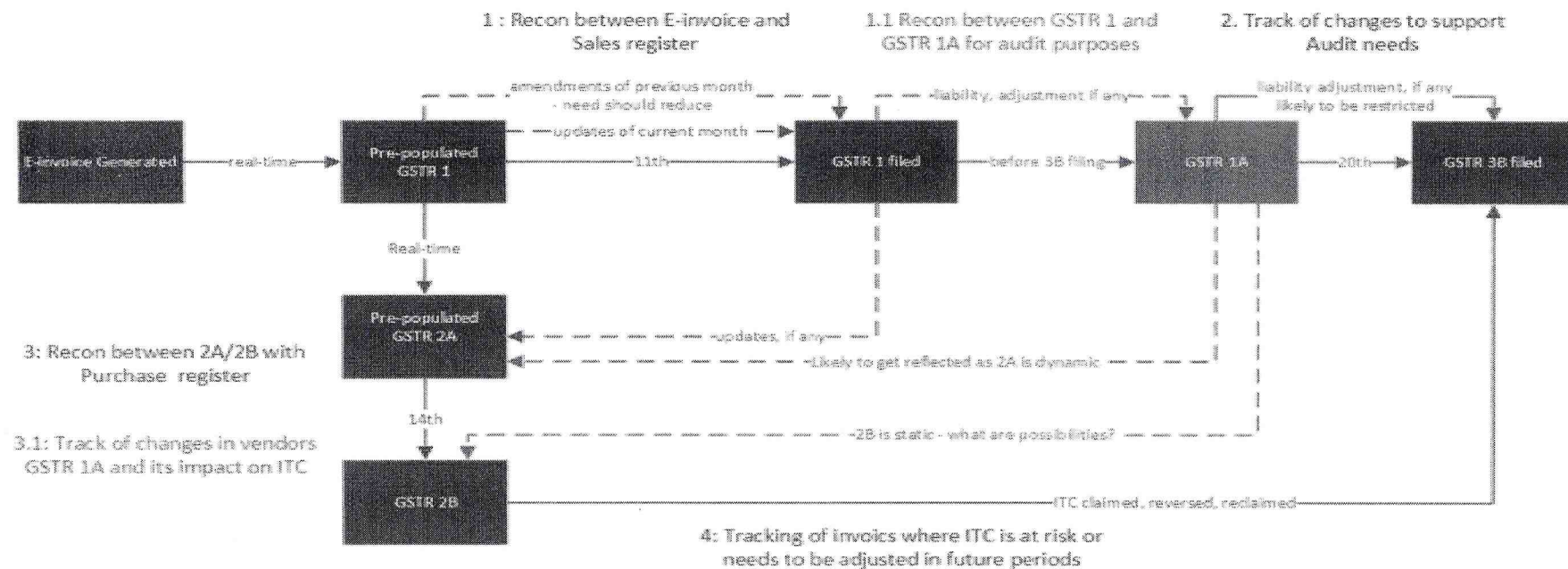
- Amendments possible within the same month/period
- Must be completed before GSTR-3B filing
- Form becomes final after submission - no further changes allowed

3. Integration Features:

- Automatic update of GSTR-3B obligations based on GSTR-1A changes
- Direct reflection in recipient's GSTR-2B

DIAGRAMTIC UNDERSTANDING

Monthly GST Compliance Process : With Amendments



New Return Filing Compliance (1/2)

1. Mandatory Bank Account Verification

- Effective Date: September 1, 2024
- Requirement: Verify bank details in GST profile to file GSTR-1/IFF.
- Impact: Non-compliance blocks return filing, disrupting operations.

2. Invoice Management System (IMS)

- Effective Date: October 1, 2024
- Action Required: Buyers must review and accept/reject invoices.
- Impact: Affects ITC claims in GSTR-3B based on invoice status.

3. New RCM Liability & ITC Statement

- Due Date: Submit opening balance by October 31, 2024.
- Adjustment Period: Amendments allowed until November 30, 2024.

4. Automatic Carry Forward of Negative Liability

- Feature: Automatically carry forward negative amounts in GSTR-3B. These negative amounts will be automatically carried forward to the next month's return, simplifying the process and enhancing accuracy while reducing manual adjustments.

New Return Filing Compliance (2/2)

- 5. Businesses are to disclose any supply exceeding ₹1 lakh in Table B2CL of GSTR-1, as per Notification No. 12/2024.**
- Effective Date: September 2024
 - Requirement: Disclose supplies over ₹1 lakh in GSTR-1.
- 6. Rule 37A [Reversal of ITC in the case of non-payment of tax by the supplier and re-availment thereof] Compliance**
- Deadline: Verify vendor's GSTR-3B filing by 30th day of September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed
 - Action: Reversal of the ITC for non-compliant vendors by the 30th day of November following the end of the relevant financial year. If the registered person does not reverse the specified amount of input tax credit in their GSTR-3B return, that amount will be payable by the registered person along with interest as per Section 50.
 - Reclaiming ITC After Vendor Compliance: If the supplier later files their GSTR-3B return for the relevant tax period, the registered person can reclaim the input tax credit in a future GSTR-3B return.

GST APPELLATE TRIBUNAL

GST APPELLATE TRIBUNAL (1/2)

- Sanction has been approved by DoR on 23.08.2024 for hiring of premises for setting up and housing the Raipur Bench. CPWD Raipur is in final stage of submitting estimates for renovation of GSTAT Bench, which will be submitted to DoR in due course.

❑ Legal changes made for Tribunal:

- This empowers the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal. The said amendment is made effective from the 1st day of August, 2024. (Section 112 (1))
- This also enables the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months. (Section 112 (6))
- The reduction of the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal would be as follows: [Section 112 (8)(b)]
 - from the existing 20% to 10% of the tax in dispute and
 - also reduce the maximum amount payable as pre-deposit from rupees Rs. 50 crores to Rs. 20 crores in CGST

GST APPELLATE TRIBUNAL (2/2)

Other Legal changes made for Tribunal:

- Tribunal are now empowered to hear Anti Profiteering cases by amending Section 171 of GST Act,2017.
- Such matters would be heard only by the Principal Bench.
- Further, the Government have got the power to prescribe certain cases or class of cases which can be heard by the Principal Bench only.
- Apart from the Competition Commission of India, the Appellate Tribunal have also been included as an authority for dealing with Anti-profiteering cases.
- The Government has been empowered to notify the date from which the Authority will not accept any application for anti-profiteering cases(Sunset clause for Anti Profiteering cases)

Recent Circulars

- **Circular no 207-** Fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court
- **Circular no 209-** Clarification on the provisions of clause (ca) of Section 10(1) of the Integrated Goods and Service Tax Act, 2017 relating to place of supply
- **Circular no 211-** Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons.
- **Circular no 212-** Clarification on mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers
- **Circular no 216-** Clarification in respect of GST liability and input tax credit (ITC) availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No. 195/07/2023-GST dated 17.07.2023

THANK YOU!