



# GST AMENDMENTS FOR MAY/JUNE 2025 EXAMS

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## List of Amendments— Part 3

- 1) *Supply: 2 Clarifications issued*
- 2) *Changes in RCM*
- 3) *Exemption*
- 4) *Registration*
- 5) *Returns*
- 6) *Payment*
- 7) *Refund*
- 8) *Appeals*
- 9) *Offences & Penalties*





# SUPPLY

## Clarification on Taxability of ESOP/ESPP/RSU Provided by a Foreign Holding Company to Employees

**Facts:** Indian subsidiary companies may offer employees stock options or shares from the foreign holding company as part of their compensation package. When employees exercise these options, the foreign company issues the securities directly to them, and the Indian subsidiary typically reimburses the foreign holding company for the cost of the shares.

**Issue:** Whether this transfer and reimbursement would be subject to GST, also if it could be considered an import of financial services.

### Clarification:

- **No GST on Transfer:** The **transfer of shares/securities** (ESOP/ESPP/RSU) by the foreign holding company to the employees **is not considered a supply** of goods or services under GST law, **as securities are not classified as goods or services**. Therefore, GST does not apply to the transaction of issuing or transferring securities.
- **No GST on Reimbursement:** The **reimbursement made** by the Indian subsidiary to the foreign holding company for the securities **is not subject to GST, as this reimbursement does not involve a supply of goods or services**.
- **Exemption for Employee Compensation:** ESOP/ESPP/RSU are part of the employee's compensation, which is not subject to GST as per Schedule III of the CGST Act. Therefore, the transfer of shares to employees as part of the employment contract does not attract GST.
- **GST on Additional Fees:** If the foreign holding company charges any additional fees (markup, commission, or other charges) to the Indian subsidiary for issuing the securities to employees, this would be considered a service. In such cases, GST would be levied on the additional fees, and the Indian subsidiary would be liable to pay GST under reverse charge.



### Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle

#### Scenario 1: Salvage Ownership Remains with the Insurer

- If the insurance company settles the claim by deducting the salvage/wreckage value from the insured's claim amount (as per the insurance contract), the salvage remains the property of the insured.
- The insured can dispose of the wreckage independently.
- In this case, no supply is made by the insurance company concerning the salvage, and hence, no GST liability arises for the insurance company.

**Deduction of Salvage Value: No GST liability for the insurance company as the salvage remains with the insured.**

#### Scenario 2: Salvage Becomes Property of the Insurance Company

- If the insurance company settles the claim for the full Insured Declared Value (IDV) without deducting the salvage value, the salvage becomes the property of the insurance company.
- The insurance company is then responsible for disposing of the salvage.
- In such cases, the insurance company must discharge GST liability on the disposal/sale of the salvage.

**Full Claim Paid (No Deduction): GST liability arises for the insurance company as the salvage becomes their property.**



# LEVY

Sec 9(3): Notified supply under RCM

Notified supply of Goods under RCM [N/N 4/2017]

S.N	Description of goods	Supplier	Recipient
8	Metal Scraps	Any unregistered Person	Any Registered Person

Notified supply of Services under RCM [N/N 13/2017 of CT]

Sl. No	Nature of Service	Supplier of service	Recipient (located in TT)
(5AB)	Service by way of renting of any immovable property other than residential dwelling	Any unregistered Person	Any registered person



# EXEMPTION

N/N 12/2017 CT

## RENTING OF IMMOVABLE PROPERTY SERVICE & HOTEL SERVICE

Entry 12	<p>Services by way of <b>Renting of Residential Dwelling for Residence.</b> → <b>except where the residential dwelling is rented to a registered person</b></p> <p>Explanation. - For the purpose of exemption under this entry, <b>this entry shall cover services</b> by way of renting of residential dwelling to a registered person <b>where, -</b></p> <ul style="list-style-type: none"><li><b>(i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and</b></li><li><b>(ii) such renting is on his own account &amp; not that of the proprietorship concern.</b></li></ul> <p><b>Explanation 02: Nothing contained in this entry shall apply to -</b></p> <ul style="list-style-type: none"><li><b>(a) Accommodation services for students in student residences</b></li><li><b>(b) Accommodation services provided by Hostels, camps, paying guest accommodations, and the like</b></li></ul>
Entry 12A	<p>Supply of <b>accommodation services having value of supply less than or equal to ₹ 20,000 per person per month</b> provided that the accommodation service is supplied for a minimum continuous period of 90 days.</p>



Entry 9E	Services provided by Ministry of Railways (Indian Railways) to individuals by way of – <b>(a) Sale of Platform Tickets</b> <b>(b) Facility of Retiring Rooms/Waiting Rooms</b> <b>(c) Cloak Room Services</b> <b>(d) Battery Operated Car Services</b>
Entry 9F	Services Provided by One Zone/Division to Another Zone/Division under Ministry of Railways (Indian Railways)
Entry 9G	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.
Entry 25A	Supply of services by way of <b>providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission and distribution</b> of electricity provided by electricity transmission and distribution utilities to their consumers.
Entry 36A	Services by way of reinsurance ( <b>reinsurance includes retrocession</b> ) of the insurance schemes specified in S.N 35 or 36. [Retrocession means a reinsurance transaction where part of the reinsured risk is further ceded to another insurer or cross-border reinsurer]
Entry 44A	<b>Research and development services against consideration received in the form of grants supplied by –</b> <b>(a) a Government Entity; or</b> <b>(b) a research association, university, college or other institution, notified u/s 35(1)(i)/(iii) of the IT Act, 1961</b> <b>Provided that the research association, university, college or other institution, notified u/s 35(1)(i)/(iii) of the IT Act, 1961 is so notified at the time of supply of the research and development service.</b>
Entry 66A	<b>Services of affiliation</b> provided by a <b>Central/State Educational Board, Council, or any other similar body to schools established, owned, or controlled by the CG, SG, UT Local Authority, Governmental Authority, or Government Entity.</b>

→ National Council for Vocational Training (NCVT) renamed as National Council for Vocational Educational Training (NCVET).



### CBIC Clarifications:

**Issue:** Whether the activity of providing loans by an overseas affiliate to its Indian affiliate or by a person to a related person, where there is no consideration in the form of processing fees, administrative charges, or loan granting charges, and where the consideration is represented only by way of interest or discount, will be treated as a taxable supply of service under GST?

**Clarification:** In the absence of processing or administration charges (other than interest or discount), the loan service between related parties is not considered a taxable supply under GST.

Doubts	Clarifications
Incidental/ ancillary services such as loading/ unloading, packing, unpacking, transshipment, temporary warehousing etc., provided in relation to transportation of goods by road by GTA	<b>Composite supply of GTA service</b> [Method of invoicing used by GTAs irrelevant]
What if above services were provided independently i.e, not provided in the course of transportation of goods & Invoiced separately	<b>Independent Supply</b>



# REGISTRATION

## Sec 23(2): Notified Persons not liable for registration

### (A) Persons making only reverse charge supplies (except metal scrap) [N/N 5/2017 - CT]

Persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both u/s 9(3) have been exempted from obtaining registration.

➔ **However nothing contained in this notification shall apply to any person engaged in supply of metal scraps.**

## 2nd Proviso to Rule 8(4A)— Newly Inserted

Provided further that every application made under sub-rule (4) by a person, *other than a person notified u/s 25(6D), who has not opted for authentication of Aadhaar number, shall be followed by*

- ➔ **taking photograph of the applicant** where the applicant is an individual or of such individuals in relation to the applicant as notified u/s 25(6C) where the applicant is not an individual,
- ➔ **along with the verification of the original copy of the documents** uploaded with the application in FORM GST REG-01 at one of the Facilitation Centers notified by the Commissioner for the purpose of this sub-rule and

**the application shall be deemed to be complete only after successful verification as laid down under this proviso**

- **Biometric based Aadhar authentication extended to all over India.**

## Sec 29(2)(a): Cancellation in case of defaults

Following contraventions done by the registered person [Rule 21]:

- (x) **violates the provisions of third or fourth proviso to Rule 23(1)**

### 3<sup>rd</sup> Proviso to Rule 23:

Provided further that **all returns due** for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration **shall be furnished by the said person within a period of 30 days from the date of order of revocation of cancellation of registration:**

### 4<sup>th</sup> Proviso to Rule 23:

Provided also that **where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of 30 days from the date of order of revocation of cancellation of registration.**



# RETURNS

## Rule 59: Form [GSTR-1] & Manner of furnishing details of Outward Supplies

Details:

Invoice wise details of all	Consolidated details of all	Debit/credit notes
<p>(i) Inter-State and Intra- State supplies made to registered persons</p> <p>(ii) Inter-State supplies made to unregistered persons with invoice value exceeding ₹2,50,000 ₹ 1,00,000</p>	<p>(i) Intra-State supplies made to unregistered persons for each rate of tax</p> <p>(ii) Inter-State supplies made to unregistered persons with invoice value upto ₹2,50,000 ₹1,00,000 for each rate of tax separately for each State</p>	<p>Issued during the month for invoices issued previously</p>

### GSTR-1A

- Provided that the said person may, after furnishing the details of outward supplies of goods or service or both in FORM GSTR-1 for a tax period but before filing of return in FORM GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in FORM GSTR-1A for the said tax period electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner.
- ➔ After introduction of GSTR-1A, any reference to GSTR-1 shall mean “ GSTR-1 or as amended in GSTR-1A, if any”

### Sec 39: Returns

S.N	Persons	Details of	Periodicity	Time Limit
2	Registered Composition Supplier	Return: GSTR - 4  Payment: GST-CMP-08	ANNUALLY  Quarterly	30 <sup>th</sup> April 30 <sup>th</sup> June of Next Year 18 <sup>th</sup> of next Mon

# PAYMENT

**Sec 50: Interest on delayed payment**

**Rule 88B: Manner of calculating interest on delayed payment of tax**

(1) In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of sec 39, *except where such return is furnished after commencement of any proceedings u/s 73 or 74 in respect of the said period*, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified u/s 50(1).

*Provided that where any amount has been credited in the E-Cash Ledger u/s 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.*

**Sec 51: Tax Deducted at Source (TDS)**

**Notified person liable to deduct TDS**

**Notified Persons [N/N 33/2017]**

(a) an **authority or a board** or any other body, -  
 (i) **set up by an Act of Parliament** or a State Legislature; or  
 (ii) **established by any Government**,  
**with 51% or more participation by way of equity or control, to carry out any function;**

(b) **society established** by the CG or SG or a Local Authority under Societies Registration Act, 1860;  
 (c) **public sector undertakings;**  
 (d) **any person receiving supplies of metal scraps from other registered person**

*Provided further that nothing in this notification shall apply to the supply of goods or services or both from a PSU to another PSU, whether or not a distinct person .*

*Provided also that nothing in this notification shall apply to the supply of goods or services or both which takes place between one person to another person specified u/s 51 (1) (a), (b), (c) and (d) **except person referred to in clause (d).***

**TCS Rate - Sec 52**

Old Rate	CGST/SGST - 0.5% each; IGST 1%
New Rate	CGST/SGST - 0.25% each; IGST 0.5%



# REFUND

→ Rule 89(4A)/(4B) – omitted [Accordingly any reference of the same is also deleted u/r 89(4)/89(5)]

**Relevant date [Explanation 2 to Sec 54]:**

S.N	In case of	Relevant date shall be
(1)	In case of Goods exported out of India <i>(including refund of additional integrated tax paid on account of upward revision in price of the goods subsequent to exports, and on which the refund of integrated tax paid at the time of export of such goods has already been sanctioned as per rule 96)</i>	Date of Export (Goods leaves India)



# APPEALS & MISC

## Sec 109: Constitution of Appellate Tribunal and its benches

<b>Appeal Against</b>	<b>Appeal to GST Tribunal to be filled against the order of:</b> (a) Appellate Authority or (b) Revisional Authority. (c) For conducting an examination or adjudication cases as referred to be in Sec 171(2), if so notified under the said section. [matters to be heard by principal bench only]
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## Sec 171: Anti profiteering measure

### Benefit of reduction in tax rates to be passed on to recipient

Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.

*Explanation 1.--For the purposes of this sub-section, "request for examination" shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.*

*Explanation 2.--For the purposes of this section, the expression "Authority" shall include the "Appellate Tribunal"*

### Sec 120: Appeal not to be filed in certain cases

- CBIC empowered to fix monetary limits below which appeal shall not be filed by Dept

Appellate Forum	Monetary Limit (₹)
<b>GSTAT</b>	<b>20 Lakhs</b>
<b>HC</b>	<b>1 Crore</b>
<b>SC</b>	<b>2 Crores</b>

- Non-filing of appeal because of monetary limitation in one case will not preclude Dept from filing appeal in other cases.
- Other Party cannot content that Dept. has accepted the decision/order
- Court while deciding appeal shall have regard to the reason for non-filing was monetary limitation.

#### Clarifications:

Where the dispute pertains to	Amount to be considered for appeal
Demand of tax (with or without penalty and/or interest)	Tax in Dispute (GST + Compensation cess)
Demand of interest only	Disputed Interest
Imposition of penalty only	Disputed penalty
Imposition of late fee only	Disputed late fee
Demand of interest, penalty and/or late fee (without involving any disputed tax amount),	Disputed Interest + penalty + late fee
Erroneous refund	Refund in Dispute (GST + Compensation cess)
Composite order which disposes more than one appeal/demand notice	Total amount of tax/interest/penalty/late fee, as the case may be, and not on the amount involved in individual appeal or demand notice

#### Above limit shall not apply in following cases:

- Where provisions of GST Act/Rule/regulation/Circulars/Notifications are ultra vires to Constitution/GST Act/Rules.
- Where the matter is related to –
  - (a) Valuation of goods or services; or
  - (b) Classification of goods or services; or
  - (c) Refunds; or
  - (d) Place of Supply; or
  - (e) Any other issue,

*which is recurring in nature and/or involves interpretation of the provisions of the Act /the Rules/ notification/circular/order/instruction etc; or*

- Where strictures/adverse comments have been passed and/or cost has been imposed against the Government/Department or their officers; or
- Any other case or class of cases, where in the opinion of the Board, it is necessary to contest in the interest of justice or revenue.



# OFFENCES & PENALTIES

Section 122A: Penalty for failure to register certain machines used in manufacture of goods as per special procedure.-

(1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of ₹1,00,000 for every machine not so registered.

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

Provided that such machine shall not be confiscated where-

- (a) the penalty so imposed is paid; and
- (b) the registration of such machine is made in accordance with the special procedure within 3 days of the receipt of communication of the order of penalty.