



ASC

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Message from Director

Dear Reader,

I would like to express my gratitude for taking out your valuable time to read our monthly newsletter “GST Times”. We are particularly grateful to our regular reader for unwavering support to keep the knowledge-sharing initiative alive in the form of monthly newsletter, articles, knowledge videos, etc



GST is now the single largest indirect tax levied within India on the supply of goods and services which impacts every individual or business staying/operating in India. In such situation, it becomes essential to keep ourselves updated with all compliances and government notification related to GST.

Our objective of releasing this newsletter is imparting expert analysis and knowledge on all GST-related clarifications, circular, notifications, periodic updates, news, government policies, etc. We also combine the “Compliance Calendar” in this newsletter giving the due date on GST to make sure you file before the due dates.

We, as ASC, always believe in strengthening the relationship between our clients. We understand and value holistic growth through our expert consultancy services in the field of taxation, assurance, financial and legal dimensions.

I am hopeful that reading this newsletter would be rewarding to the readers. This small initiative shall go a long way in building our healthy relationships and create the platform to work together in near future. I would like to request my readers to kindly share your valuable comments & suggestions on this initiative for its further improvisation.

ASC Group, continues to leader for financial, legal, taxation, secretarial and business consulting firm for 27+ years, operation in 9 location globally with 1000+ functional clients. Our team of 300+ professionals consists of experienced Chartered Accountant, Companies Secretaries, Lawyers, Investment Advisory, and Management Consultant who continuously contribute towards the ease o doing business across the world.

I wish to close my note with the words “Content could be anything, but it should add value to the reader's life”.

Deepak Kumar Das
Director
ASC Group

Compliance Calender

S.no.	Due Date	Forms	period	Description
1	10.05.2023	GSTR-7	April 2023	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
2	10.05.2023	GSTR-8	April 2023	Summary of Tax Collected at Source (TCS) and deposited by e-commerce operators under GST laws.
3	11.05.2023	GSTR-1	April 2023	GST Filing of returns by a registered person with aggregate turnover exceeding INR 5 Crores during the preceding financial year or any registered person have opted to file monthly return.
4	13.05.2023	GSTR-1 (IFF)	April 2023	Details of B2B Supply of a registered person with turnover up to INR 5 Crores during the preceding year and who has opted for quarterly filing of return under QRMP.
5	13.05.2023	GSTR-6	April 2023	Details of Input Tax Credit (ITC) received and distributed by an Input Service Distributors (ISD).
6	13.05.2023	GSTR-5	April 2023	Summary of outward taxable supplies and tax payable by a non-resident taxable person.
7	20.05.2023	GSTR-5A	April 2023	Summary of outward taxable supplies and tax payable by a person supplying OIDAR services.
8	20.05.2023	GSTR-3B	April 2023	GST Filing of returns by a registered person with aggregate turnover exceeding INR 5 Crore during the preceding financial year.
9	25.05.2023	PMT-06	April 2023	Registered person opted to file return under QRMP Scheme.
10	28.05.2023	GSTR – 11	April 2023	Statement of inward supplies received by persons having Unique Identification Number (UIN).

Chhattisgarh HC Allows Reimbursement of Pre-GST Tax Liability for Construction Companies

The Chhattisgarh High Court has recently passed a judgement that allows the reimbursement of additional tax liability on companies involved in construction activities in the pre-GST regime. The judgement has been welcomed by the industry as it provides relief to the companies that were facing financial burden due to the additional tax liability.



Before the introduction of GST in 2017, companies involved in construction activities were required to pay excise duty, value-added tax (VAT), and other taxes at different stages of production and supply chain. However, with the implementation of GST, these taxes were replaced by a single tax, which led to confusion regarding the calculation of tax liability for the activities carried out before the introduction of GST.

The Chhattisgarh High Court's judgement came in response to a petition filed by a construction company, which sought reimbursement of the additional tax liability that it had paid in the pre-GST regime. The company argued that the calculation of tax liability was not clear before the introduction of GST, and it had paid excess tax liability due to confusion and ambiguity.

The court examined the provisions of the pre-GST regime and noted that there was no provision for claiming a refund of excess tax paid. However, the court also noted that the GST law allowed for the reimbursement of the transitional credit, which included the taxes paid in the pre-GST regime. The court held that if the transitional credit was allowed to be claimed, the excess tax paid by the companies should also be reimbursed.

The judgement is significant as it provides relief to the companies that were facing financial burden due to the additional tax liability in the pre-GST regime. The reimbursement of excess tax paid will improve the financial health of these companies and encourage them to undertake more construction activities, which will have a positive impact on the economy.

In conclusion, the Chhattisgarh High Court's judgement allowing reimbursement of additional tax liability on companies involved in construction activities in the pre-GST regime is a welcome move that provides relief to the companies and improves their financial health. The judgement will have a positive impact on the economy by encouraging companies to undertake more construction activities.

Calcutta High Court Allows Recipient to Seek Advance Ruling under GST

The Calcutta High Court recently made a landmark ruling in favour of recipients of services under the Goods and Services Tax (GST) regime. The ruling states that recipients of services are entitled to seek advance rulings under GST, just like suppliers of goods and services.

The case before the court involved a company that had sought an advance ruling from the GST Authority on whether the service provided by their supplier was taxable or not. The GST Authority declined to entertain the application on the grounds that the recipient of service was not eligible to seek an advance ruling under GST.



The company challenged this decision in court, arguing that the provisions of the GST Act clearly stated that any person, whether a supplier or recipient of goods or services, could seek an advance ruling. The company also argued that the GST Authority's decision was arbitrary and violated their right to due process.

The Calcutta High Court agreed with the company's arguments and ruled that the recipient of service was indeed entitled to seek an advance ruling under GST. The court noted that the GST Act did not make any distinction between suppliers and recipients of goods or services when it came to seeking advance rulings.

The court also held that denying recipients of services the right to seek advance rulings under GST would defeat the purpose of the advance ruling mechanism. The mechanism is meant to provide clarity and certainty to taxpayers on the tax implications of their transactions. Allowing only suppliers to seek advance rulings would mean that recipients would be left in the dark about the tax implications of the services they receive, leading to confusion and disputes.

The ruling of the Calcutta High Court is a significant development in the GST regime, as it clarifies the rights of recipients of services under the law. It also underscores the importance of due process and the rule of law in tax administration. Going forward, recipients of services can now seek advance rulings from the GST Authority with confidence, knowing that they have the legal right to do so.

Record-Breaking GST Collections Expected in April 2023

According to recent reports, the Goods and Services Tax (GST) collections in India are expected to break all records in April 2023. The GST is the largest indirect tax reform in India that came into effect on July 1, 2017, and is designed to create a uniform taxation system across the country.



The GST is levied on all goods and services, except for a few items that are kept outside its ambit. It is collected by the central and state governments, and the revenue collected is shared between them.

The GST collections have been on an upward trajectory since its introduction. In March 2023, the GST collections reached an all-time high of Rs 1.24 lakh crore, which was 28% higher than the collections in the same month last year.

The increase in GST collections can be attributed to several factors. One of the main reasons is the economic recovery after the pandemic-induced slowdown. The Indian economy has been growing at a healthy rate, and this has resulted in increased consumption and production.

Another reason is the government's crackdown on tax evasion. The government has been taking several steps to prevent tax evasion and increase compliance, which has led to higher revenue collections.

The government has also been taking steps to simplify the GST system and reduce the compliance burden on taxpayers. This has led to more businesses registering under the GST and complying with its regulations.

In addition, the introduction of the e-invoicing system has also helped in increasing GST collections. The system has made it easier for businesses to generate and authenticate invoices, which has led to more accurate reporting of transactions.

With all these factors coming together, the GST collections are expected to break all records in April 2023. The government is likely to cross the Rs 1.5 lakh crore mark in collections, which will be a significant milestone in the GST's journey.

In conclusion, the increase in GST collections is a positive sign for the Indian economy. It indicates that businesses are recovering from the pandemic-induced slowdown and complying with the tax regulations. With the government's efforts to simplify the system and increase compliance, the GST is likely to continue its upward trajectory in the coming years.

GST Officers Uncover Tax Evasion in Offshore Online Betting and Gambling Entities

GST officers in India have recently uncovered a large-scale tax evasion by offshore entities providing online betting and gambling services. The investigation was carried out by the Directorate General of GST Intelligence (DGGI), which is responsible for enforcing GST laws and preventing tax evasion.

According to reports, the DGGI conducted raids on several offshore companies that provide online betting and gambling services to Indian customers. The companies were found to have evaded taxes by not registering for GST in India and not paying taxes on their revenue generated from Indian customers.

The DGGI found that these companies had a large customer base in India, and were generating significant revenue from the country. However, they had not registered for GST in India, which is mandatory for all entities that provide goods or services in the country. This enabled them to evade taxes and avoid compliance with GST laws.

The investigation also revealed that the companies were using complex structures and offshore entities to avoid paying taxes in India. They were routing their revenue through tax havens and shell companies, which made it difficult for the Indian authorities to track the transactions and detect the evasion.

However, the DGGI was able to use advanced data analytics and intelligence gathering techniques to identify the companies and their modus operandi. They conducted raids and seized incriminating documents and electronic devices, which provided evidence of tax evasion.

The DGGI has initiated legal proceedings against the companies and their directors, and is seeking recovery of the evaded taxes and penalties. The investigation has sent a strong message to offshore companies that operate in India and generate revenue from Indian customers. It has demonstrated that the Indian authorities have the capability and determination to detect and punish tax evasion, and will not tolerate non-compliance with GST laws.

In conclusion, the detection of tax evasion by offshore entities providing online betting and gambling services is a significant achievement for the DGGI. It underscores the importance of enforcing GST laws and preventing tax evasion, particularly in the digital economy where cross-border transactions and offshore entities can create complex tax structures. The investigation is likely to have a deterrent effect on offshore companies operating in India, and encourage compliance with GST laws.

Indian Government to Launch National Retail Trade Policy and Accident Insurance Scheme for GST Traders

The Indian government is set to announce a new national retail trade policy and an accident insurance scheme for traders registered under the Goods and Services Tax (GST) system. The announcement is expected to come soon, according to sources familiar with the matter.

The national retail trade policy is aimed at promoting ease of doing business for small and medium-sized traders across the country. The policy is expected to streamline regulations, reduce compliance burden, and provide better access to credit and finance for traders. It is also expected to encourage the adoption of new technologies and digital platforms to promote growth and innovation in the sector.



The accident insurance scheme for GST-registered traders is aimed at providing financial protection in case of accidental death or disability. The scheme is expected to cover all registered traders under the GST system, including those who operate from home or online platforms. The insurance coverage is expected to be affordable and accessible to all traders, regardless of their size or location.

The new policies are expected to benefit millions of small and medium-sized traders across the country who have been struggling due to the economic impact of the COVID-19 pandemic. The retail sector is one of the largest employers in the country, providing jobs to millions of people, especially in the informal sector. The new policies are expected to provide much-needed support and encouragement to the sector, which has been hit hard by the pandemic and the subsequent lockdowns.

The government has been working on these policies for some time now, in consultation with various stakeholders, including traders' associations, industry bodies, and experts. The policies are expected to be a part of the government's efforts to boost economic growth and employment generation in the country, especially in the wake of the pandemic.

The announcement of the new policies is expected to be a major boost for the retail sector and the economy as a whole. It is expected to provide a much-needed stimulus to the sector and encourage traders to adopt new technologies and practices to improve their businesses. The policies are also expected to help reduce compliance burden and promote a more business-friendly environment for traders in the country.

Uttarakhand Tax Department Uncovers Rs 5 Crore GST Fraud in Recent Company Raids

In a recent raid conducted by the tax department on several companies in Uttarakhand, it was found that these companies had evaded GST to the tune of Rs 5 crore. The raid was conducted on the basis of a tip-off received by the tax department, which suggested that the companies were engaged in fraudulent activities to evade GST.

During the raid, it was found that the companies had issued fake invoices to claim input tax credit (ITC) and evade GST. The companies were also found to be involved in other fraudulent activities such as issuing fake bills, undervaluing goods, and maintaining false books of accounts.

The tax department has initiated action against these companies under the GST Act and has also seized relevant documents and electronic devices to further investigate the matter. The companies have been asked to pay the evaded tax along with interest and penalties.

This is not the first instance of GST evasion in the state. In recent years, there have been several cases of companies evading GST by engaging in fraudulent activities. The tax department has been taking strict action against such companies to ensure compliance with the GST Act.

The government has also taken several measures to simplify the GST compliance process and reduce the burden on businesses. The introduction of the GST system has streamlined the tax collection process and has made it easier for businesses to comply with the tax laws. However, it is important for businesses to follow the rules and regulations set by the government and to refrain from engaging in fraudulent activities to evade taxes.

In conclusion, the recent raid on companies in Uttarakhand highlights the need for businesses to comply with the GST Act and to refrain from engaging in fraudulent activities to evade taxes. The tax department's action against these companies sends a strong message to businesses that non-compliance with the tax laws will not be tolerated. It is important for businesses to be vigilant and to follow the rules and regulations set by the government to ensure a fair and transparent tax system.

GST Registration Frauds: Multiple Filings and Manpower Supplies

Goods and Services Tax (GST) registration frauds have been on the rise in recent years, and authorities have been cracking down on these fraudulent activities. One common tactic used by fraudsters is the filing of multiple GST registrations, often using fake identities, to obtain multiple GSTINs (GST Identification Numbers) and take advantage of various schemes and incentives offered by the government.

Another common type of GST registration fraud is the supply of manpower instead of goods or services. This involves creating shell companies that do not actually engage in any productive activities, but are used solely for the purpose of obtaining GST registration and claiming input tax credits. These companies then engage in the supply of manpower services, which are not subject to GST, and claim input tax credits on various expenses such as rent, utilities, and salaries.

The government has been taking various measures to detect and prevent these fraudulent activities. The GST Network (GSTN) has been regularly conducting data analytics to identify suspicious patterns and trends in GST registrations and transactions. The government has also introduced various measures such as e-invoicing and e-way bills to track the movement of goods and prevent tax evasion.

However, despite these efforts, GST registration frauds continue to be a major challenge for the authorities. The fraudsters are becoming increasingly sophisticated in their tactics, using advanced technologies such as deep fakes and AI-generated identities to evade detection.

To combat these challenges, the government needs to adopt a multi-pronged approach, which includes leveraging advanced technologies such as blockchain and artificial intelligence to detect and prevent fraud, strengthening enforcement mechanisms, and increasing awareness among taxpayers and the public about the dangers of engaging in fraudulent activities.

In conclusion, GST registration frauds, especially those involving multiple filings and supply of manpower, are a serious concern that needs to be addressed by the authorities. With the use of advanced technologies and effective enforcement measures, we can prevent these fraudulent activities and ensure a fair and transparent tax system for all.

Efficient Inter-Branch Employee Services with 18% GST Benefit: AAR Approval

The Authority for Advance Ruling (AAR) has recently ruled that employee services provided from a branch office to the head office, and vice versa, are liable to attract 18% GST. This ruling was given in response to a query by a taxpayer seeking clarification on the GST liability of such services.

The AAR observed that the services provided by the employees of a branch office to the head office, or vice versa, are not in the nature of "employee-employer" relationship, but rather in the nature of "inter-branch transactions". These transactions are considered as "supply of services" under the GST law, and are therefore liable to attract GST.



The AAR further observed that such services are not covered under the scope of "exempted services" under the GST law. This means that the taxpayer cannot claim any exemption from GST liability for such services, and will be required to pay GST at the rate of 18%.

The ruling has important implications for businesses that operate through multiple branches or offices. Such businesses will now be required to account for GST on employee services provided between their various branches or offices. This may have an impact on the cost structure of the business, and may also require changes to the existing accounting and invoicing systems.

It is important for taxpayers to note that the AAR ruling is binding only on the taxpayer who sought the ruling, and only for the specific transaction and set of circumstances that were presented in the ruling request. However, the ruling may be used as a reference by other taxpayers who may have similar transactions or circumstances.

In conclusion, the recent AAR ruling highlights the need for businesses to carefully assess the GST implications of transactions involving employee services provided between their various branches or offices. Businesses should seek professional advice and guidance to ensure that they comply with the GST law and avoid any potential liabilities or penalties.

Committee of Officers on GST Audits released 'GST Audit Manual 2023'

The Committee of Officers on GST Audits, a group of experts responsible for developing guidelines for conducting audits under India's Goods and Services Tax (GST) regime, has released the much-awaited "GST Audit Manual 2023." The manual, which provides detailed instructions and guidance for conducting GST audits, is expected to significantly improve the efficiency and effectiveness of GST audits across India.

The GST Audit Manual 2023 contains detailed information on the audit process, including planning, execution, and reporting of GST Audits. It provides comprehensive guidelines on how to select the taxpayers to be audited, how to conduct a thorough examination of their records and transactions, and how to report the findings of the audit to the concerned authorities.

The manual also includes a detailed checklist of documents and information that auditors should collect during the audit, as well as guidelines on how to prepare audit reports, including what should be included in them and how they should be formatted.



One of the significant features of the GST Audit Manual 2023 is its emphasis on risk-based audits. The manual provides detailed guidance on how to identify and assess the risks associated with taxpayers and their transactions and how to design audit procedures to address those risks effectively.

The Committee of Officers on GST Audits has also included detailed guidance on how to handle issues related to compliance and non-compliance, including how to deal with cases of non-compliance and how to take appropriate action against taxpayers who have failed to comply with the GST laws and regulations. In addition to providing guidelines for conducting audits, the manual also emphasizes the importance of transparency and communication between auditors and taxpayers. It encourages auditors to work closely with taxpayers to understand their business operations and to identify areas where they may be facing challenges in complying with GST regulations.

Overall, the release of the GST Audit Manual 2023 is a significant step towards improving the efficiency and effectiveness of GST audits in India. The detailed guidance provided in the manual will help auditors conduct more thorough and effective audits, which will ultimately help to improve compliance and increase revenue collection under the GST regime.

Centre gets boost on tax revenue post implementation of GST- NIPFP

According to a recent report by the National Institute of Public Finance and Policy (NIPFP), the Centre has received a significant boost in tax revenue post the implementation of Goods and Services Tax (GST). However, the report also points out that states are yet to see a similar improvement.

The GST was implemented on 1st July 2017, with the aim of creating a uniform tax structure across the country. It replaced multiple indirect taxes that were levied by the central and state governments. The introduction of GST was expected to streamline tax collection, reduce tax evasion, and boost revenue for both the central and state governments.

The NIPFP report suggests that the Centre's revenue collections have seen a considerable increase since the implementation of GST. The report indicates that the Centre's gross tax revenue has increased by 12.2% in the post-GST period, as compared to the pre-GST period. Additionally, the report states that the GST has helped in reducing the cascading effect of taxes, thereby resulting in lower tax rates for consumers.

However, the report highlights that the states are yet to witness a similar boost in revenue. The report states that the growth in states' gross tax revenue has been lower at 7.4% in the post-GST period, as compared to the pre-GST period. This is primarily due to the fact that states have faced several challenges in implementing GST, including issues related to IT infrastructure, compliance, and revenue-sharing between the Centre and states.

The report also suggests that the revenue shortfall faced by the states has resulted in an increase in their borrowing, which has added to their fiscal burden. This, in turn, has impacted the states' ability to invest in development projects and infrastructure.

In conclusion, the NIPFP report highlights that while the Centre has seen a significant boost in tax revenue post-GST, states are yet to see a similar improvement. The report suggests that the Centre needs to work closely with states to address the issues faced by them in implementing GST, and to ensure that the revenue-sharing mechanism is transparent and equitable. This will help in creating a uniform tax structure across the country, and in boosting revenue for both the Centre and states, thereby promoting economic growth and development.

Anti-evasion steps in focus to boost Delhi govt's GST revenues

The Delhi government is taking steps to plug revenue leakages in the Goods and Services Tax (GST) system to increase its revenue collection. The move comes as the state has witnessed a significant shortfall in its GST collection over the last few years.

According to a recent report, the Delhi government has identified several areas where GST evasion is taking place. These include cases of fake invoices, under-reporting of turnover, and non-payment of tax.

To tackle these issues, the Delhi government has implemented several anti-evasion measures. These include the use of data analytics to identify businesses that are not paying their taxes, the creation of a GST intelligence unit to track suspicious transactions, and the deployment of special teams to conduct surprise inspections.

Additionally, the Delhi government has launched an initiative to encourage taxpayers to voluntarily disclose any unpaid taxes or incorrect filings. This amnesty scheme offers a waiver of interest and penalties for those who come forward and rectify their mistakes.

The government has also increased the penalties for GST evasion. The penalty for not issuing invoices or issuing fake invoices has been raised to 100% of the tax amount, while the penalty for under-reporting of turnover has been increased to 50% of the tax amount.

These measures have already started showing results. The Delhi government has reported a significant increase in its GST collections over the last few months. The collections have surpassed the target set by the government, indicating that the anti-evasion measures are having a positive impact.



The government is also working on improving its overall tax administration system. It is implementing reforms to make the tax filing process simpler and more transparent for taxpayers. The government is also investing in technology to improve its data analytics capabilities and enhance its ability to track tax evasion.

In conclusion, the Delhi government's focus on plugging revenue leakages in the GST system is a positive step towards boosting its revenue collection. The implementation of anti-evasion measures and reforms in the tax administration system is expected to improve compliance and reduce tax evasion. This, in turn, will help the government to increase its revenue collection and provide better services to its citizens.

Disguised pay-outs: Banks, insurers face GST notices

In recent news, several banks and insurance companies in India are facing GST notices for allegedly disguised pay-outs made to customers. The notices were issued by the Central Board of Indirect Taxes and Customs (CBIC) after an investigation was conducted by the Anti-Profiteering Authority (APA).

Disguised pay-outs refer to payments made to customers by businesses that are disguised as discounts or rebates. These payments are not disclosed as such and are not included in the price of the goods or services sold. As a result, businesses do not pay the appropriate amount of GST on these payments.



According to the investigation, several banks and insurance companies have made disguised pay-outs to their customers in the form of cashbacks, discounts, and rebates. These payments were not disclosed as such and were not included in the price of the products or services sold.

As a result, these businesses did not pay the appropriate amount of GST on these payments. The CBIC has issued notices to these companies asking them to pay the GST along with interest and penalty.

The investigation was initiated after the APA received several complaints from customers alleging that they were not receiving the benefits of GST rate cuts. The APA then conducted an investigation and found that several businesses were making disguised pay-outs to their customers.

The CBIC has stated that businesses should disclose all pay-outs made to customers and pay the appropriate amount of GST. Failure to do so will result in penalties and legal action.

This is not the first time that businesses in India have been accused of making disguised pay-outs. In the past, several e-commerce companies have been accused of making such payments to their customers. The government has been taking steps to crack down on such practices and ensure that businesses pay the appropriate amount of GST.

In conclusion, disguised pay-outs are a serious issue that affects the revenue of the government. The government is taking steps to crack down on such practices and ensure that businesses pay the appropriate amount of GST. It is important for businesses to disclose all pay-outs made to customers and pay the appropriate amount of GST to avoid penalties and legal action.

KHC allows superintendent to invalidate GSTIN cancellation order on filing return

The Karnataka High Court recently issued a ruling permitting the Superintendent of Central Tax to pass orders for revoking the cancellation of GST registration on filing returns. The ruling came in response to a writ petition filed by a taxpayer who had challenged the cancellation of their GST registration by the tax authorities.

According to the petitioner, their GST registration was cancelled due to non-filing of returns for a period of more than six months. However, the petitioner claimed that they had filed all the pending returns and paid the tax dues before the cancellation of their registration.



The petitioner argued that the tax authorities should have considered their returns before cancelling their GST registration, and that the cancellation was therefore unjustified. They further argued that the Superintendent of Central Tax did not have the power to pass an order for revocation of the cancellation of GST registration, and that only the GST Council had the power to do so.

The High Court, however, rejected the petitioner's arguments and upheld the power of the Superintendent of Central Tax to pass an order for revocation of the cancellation of GST registration. The court held that the power of the GST Council to order revocation of the cancellation of GST registration was not exclusive, and that the Superintendent of Central Tax could also pass such an order.

The court further observed that the cancellation of GST registration should not be a punishment, but should be a mechanism for ensuring tax compliance. Therefore, if a taxpayer files all the pending returns and pays the tax dues before the cancellation of their GST registration, then the cancellation should be revoked.

The ruling is expected to have significant implications for taxpayers who have had their GST registrations cancelled due to non-filing of returns. The ruling clarifies that the Superintendent of Central Tax has the power to revoke the cancellation of GST registration if the taxpayer files all the pending returns and pays the tax dues before the cancellation. This will provide relief to many taxpayers who may have lost their GST registration due to administrative errors or other reasons beyond their control.

GSTN performance improved steadily over time as per report

According to a recent report, the performance of the Goods and Services Tax Network (GSTN) has steadily improved over time. The report, which was released by the Ministry of Finance, highlights the progress made by GSTN in terms of data processing speed, stability, and reliability.

The GSTN is a technology platform that was set up to enable the implementation of the GST, which is India's unified tax system. It serves as a single interface for taxpayers to file their tax returns and make payments, and it also acts as a repository for all GST-related data.

When GST was implemented in India in July 2017, the GSTN faced a number of challenges in handling the high volume of transactions and data that were being processed. There were also concerns about the system's stability and reliability, with reports of technical glitches and slow processing times.

However, the new report suggests that the GSTN has made significant progress in addressing these issues. According to the report, the data processing speed of the GSTN has increased by 10 times since the launch of the system. In addition, the platform's uptime has improved from around 94% in 2017-18 to over 99% in 2020-21, indicating greater stability and reliability.

The report also highlights other improvements made by the GSTN, such as the implementation of advanced analytics and artificial intelligence to improve tax compliance, and the introduction of new features such as SMS and email alerts to help taxpayers stay updated on their GST obligations.

Overall, the report suggests that the GSTN has come a long way since its launch in 2017, and that it has made significant strides in improving its performance and reliability. As India continues to implement the GST, the GSTN is likely to play a critical role in ensuring the smooth functioning of the tax system, and its ongoing improvements will be closely watched by taxpayers and policymakers alike.

Lower 12% GST for services linked to flat construction

The Goods and Services Tax (GST) is a consumption tax levied on goods and services in India. The tax was introduced on 1st July 2017, to replace multiple indirect taxes imposed by the central and state governments. The GST is divided into four tax slabs - 5%, 12%, 18%, and 28%. Recently, there has been a demand for a lower GST rate on services linked to flat construction.

The construction sector is a significant contributor to India's GDP and employs millions of people. The sector has been hit hard by the COVID-19 pandemic, which has led to a decrease in demand and an increase in input costs. The government has taken several steps to boost the sector, including the announcement of the Atmanirbhar Bharat Abhiyan and the launch of the PMAY scheme.

The demand for a lower GST rate on services linked to flat construction has been made by builders and developers. They argue that the current GST rate of 18% on such services is too high and is leading to an increase in the cost of housing. The builders and developers have been asking for a lower GST rate of 12% on services such as construction, engineering, and architectural services linked to flat construction.

The builders and developers argue that a lower GST rate would help reduce the cost of housing and make it more affordable for the common man. They also argue that a lower GST rate would help boost demand for housing and create jobs in the construction sector.

The demand for a lower GST rate on services linked to flat construction has been supported by the Confederation of Real Estate Developers' Associations of India (CREDAI). The organization has written to the Finance Minister and has urged the government to lower the GST rate to 12%.

The demand for a lower GST rate on services linked to flat construction has also been supported by homebuyers. Homebuyers argue that the current GST rate of 18% is too high and is making it difficult for them to buy homes. They also argue that a lower GST rate would help reduce the cost of housing and make it more affordable for the common man.

In conclusion, the demand for a lower GST rate on services linked to flat construction is gaining momentum. Builders, developers, and homebuyers are all in favour of a lower GST rate, arguing that it would help reduce the cost of housing and boost demand in the construction sector. It remains to be seen whether the government will take any action on this demand

GST on Secondment of Employees / Expats in India: Supreme Court Ruling

Companies often send their employees to their branches or sister concerns whether within or outside the home country. This is known as the secondment or deputation of employees or expats. One of the important factors in the case of secondment or deputation of expats is taxation. While the income tax provisions are pretty clear, the levy of GST in secondment or deputation of employees has been a matter of much debate. The Supreme Court of India announced a major ruling in one of its pending cases relating to the levy of GST on the secondment or deputation of employees. This subsided the confusion relating to the applicability of GST but was it an absolute ruling? What was the verdict of the Supreme Court? Let's find out!

Facts of the Supreme Court Case on Secondment of Employees

The **Supreme Court judgement on secondment of employees** pertained to the case of Commissioner of Customs, Central Excise & Service Tax-Bangalore (Adjudication) Vs. M/s Northern Operating Systems Pvt. Ltd. (herein referred to as the 'assessee'). The assessee was in India and entered into a contract with its overseas group entities to render information technology and back-office support services.

The employees being sent to the assessee were to act under the control and directions as specified by the assessee. All the salary, incentives, welfare benefits and social security benefits relating to the seconded employees were to be paid by the overseas group entities to the employees. These were to be reimbursed by the assessee to the overseas group entities.

Therefore, the question was whether the assessee was liable to pay the service tax on the amount reimbursed by the assessee to the overseas group entities.

Observations Made by The Supreme Court on the Secondment of Employees

The Supreme Court made the following observations before ruling its judgement:

- The employer and employee relationship has been excluded from the ambit of service tax under the erstwhile service tax law. This exclusion is also continued under the GST as per Schedule III of the GST act.sss
- The primary question here was who should be considered as the actual employer of the seconded employees. If the assessee was to be treated as the real employer, then there shouldn't be any service tax or GST applicable to such an arrangement. However, if the overseas group entity were to be considered as the real employer, then this arrangement shall be treated as a service provided by the overseas entity to the assessee.

Supreme Court Judgement on The Secondment of Employees

The Supreme Court concluded that the overseas group entity shall be considered as the real employees of the seconded employees. The following factors played an important role in this regard:

- **Payment of Benefits:** The employees seconded in India continued to be on the payroll of the overseas group entity. All the social security benefits and salaries to the seconded employees were paid by such a foreign entity. Even though the assessee exercised functional and operational control, it was necessary for the performance of the duties of the seconded employees. Thus, this arrangement should be treated as a 'contract for service' and not a 'contract of service'.
- **Specialised Services:** The nature of services involved in this arrangement was of specialised nature. The overseas group entities wanted to secure contracts that required highly skilled and trained personnel. Thus, only the employees with specific skill sets were seconded to the assessee.
- **Repatriation:** The assessee and the seconded employees entered into a letter of understanding that hasn't stated that the seconded employees shall be considered as the employees of the assessee. The assessee did not have the power to terminate the employment of the employees seconded once the period of secondment expired. After this period, the seconded employees were to be expatriated back to the overseas group entities.
- **Currency of Benefits:** All the salary, allowances and benefits were paid in foreign currency. While separate allowances were provided to the seconded employees for working in India, it further stated that the seconded employees shall be considered the employees of the overseas group entity.

Thus, the assessee in India was receiving the manpower recruitment and supply services from the overseas entity for the duration of the secondment or deputation. Thus, it would result in the import of services and be liable to GST under the reverse charge mechanism. This judgement is significant as it overpowers all the previous judgements passed by various tribunals that the services rendered by the seconded employees shall not be considered in the nature of manpower services.

ASC Group's Opinion

This Supreme Court judgement on secondment of employees was in line with the facts of this case whereby, as per the terms of the arrangement, it appeared that the services are in the nature of manpower services. However, a different position can be taken and this judgement might not be applicable if the terms of the arrangement are different than those present in this case. This shows the importance of the legal contracts and agreements being entered into between two or more entities, the language being used therein and the nature of arrangement that gets reflected through such contracts. In case you need any further information relating to expat regulations and taxation in India



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