



ASC

GST Times

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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	10.03.2023	GSTR 7	Feb2023	Summary of Tax Deducted at Source (TDS) and deposited under GST law.
2	10.03.2023	GSTR 8	Feb2023	Summary of Tax Collected at Source (TCS) and deposited by ecommerce operators under GST laws
3	11.03.2023	GSTR1	Feb2023	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	13.03.2023	GSTR1 (IFF)	Feb2023	Details of B2B Supply of a registered person with turnover less than INR 5 Crores during the preceding year and who has opted for quarterlyfiling of return under QRMP.
5	13.03.2023	GSTR6	Feb2023	Details of Input Tax Credit (ITC) received and distributed by an Input Service Distributors (ISD).
6	13.03.2023	GSTR-5	Feb2023	Summary of outward taxable supplies and tax payable by a non-resident taxable person.
7	15.03.2023	Annexure-V	Feb2023	Opting for payment of tax under the forward charge mechanism by a Goods Transport Agency (GTA)
8	20.02.2023	GSTR 5A	Feb2023	Summary of outward taxable supplies and tax payable by a person supplying OIDAR services.
9	20.02.2023	GSTR 3B	Feb2023	GST Filing of returns by a registered person with aggregate turnover exceeding INR 5 Crores during the preceding financial year.
10	25.02.2023	PMT-06	Feb2023	Registered person opted to file return under QRMP Scheme.
11	28.03.2023	GSTR-11	Feb2023	Statement of inward supplies received by persons having Unique Identification Number (UIN)
12	31.03.2023	CMP-02	Feb2023	Regular taxpayers to opt for Composition Scheme for FY 2023-24
13	31.02.2023	RFD-11	Feb2023	Application for Letter of Undertaking (LUT) for FY 2023-2024

GST scam in Gujarat: 1500 Aadhaar cards used illegally to generate bogus GST numbers

The state GST department has unearthed a scam with a new modus operandi where 1,500 Aadhaar cards were illegally used in the past eight months to generate bogus GST registration numbers.

The department carried out spot verification of suspected firms, including those in Surat, Bhavnagar, Ahmedabad, Anand and Rajkot, on February 7, to keep a check on bogus billing. It was found that duplicate documents such as Aadhaar and PAN cards were created using an android mobile application during operations conducted over 75 firms in Surat.



An Aadhaar card holder in Palitana had no knowledge about the GST registration and PAN number obtained in their name by amending the mobile number linked to Aadhaar, in Surat.

In Palitana many residents said that in the name of Government assistance, there were many residents taken to Aadhaar centres and had their thumb impression.

The GST department conducted a search operation in Palitana and from Aadhaar centres they seized Mobiles laptops and other digital devices. After they were checking these devices, they found that from the past 8 months, more than 1500 Aadhar cards have had their mobile number amended, through this illegal process the department started adding that 470 GST registration obtained were found. From Gujrat there were 118 registration and remaining were from other states.

“Thus, a new kind of modus operandi has come to the attention of the department to obtain bogus GST numbers,” it added.

It was found that more than 2700 GST registration were obtained across India after verifying 470 registration which was obtained from a modified mobile number in the Aadhar card. in this many of the registration has a probability to be fake. Further verification is in progress. In addition to this, the department has filed a FIR in this regard at Palitana.

DGGI starts prosecution against e-insurance intermediary: GST Bogus invoices

GST authorities have proposed prosecution against insurance intermediaries for allegedly generating fake invoices which are around 100 cr. rupees in the name of marketing and sales.

A Bengaluru based intermediary got prosecution notice in January from DGGI (Direct General of GST Intelligence). And the top management of firm is been questioned. They have been asked to provide evidence of services against the invoices that they have generated.

Issuance of fake invoice demand punishment, which is of penalty and imprisonment if the amount is 5 cr. and above as per the section 122 of the central GST Act.

This move is to widen the investigation against the issuance company which say commission up to 70% to the online independency and offline agent.

The prescribed limit by IRDAI is 15% according to the source formed systematically set up with intermediaries to pan ineligible ITC in the name of the marketing services and raise fake invoices.

Two types of invoices are generated by intermediaries one is under the prescribed limit and other one is in the name of marketing and sales related spend.

These methods have been used to make ITC ineligible.

A thorough investigation is happening and the department is remaining the invoices from both online marketplaces and offline brokerage. If they won't be able to explain the service they provide further more proceedings could be launched.

Last year, the DGGI detected a tax evasion of ₹824 crore by 15 life and non-life insurance companies, and others as part of its probe. Many big insurance firms are under examination.



CBIC will use property tax data, and electricity bills to increase GST base

CBIC Chairman, Vivek Johri said, the CBIC will use data from electric meters and property tax to raise the basis of GST.

The CBIC Chairman said, although GST was implemented, there was a GST tax base of Rs 45-50 lakh, which is now raised to Rs 1.4 crore. Johri added, “here is a good scope for raising the tax base. We’ll help power distribution companies, catch the data of electric meters and will also use the property tax data to raise the tax basis of GST.

Vivek Johri said the board’s strategy regarding GST is those collect earnings as its designation, and along with that it is also needed to raise the tax base, the CBIC Chairman said in an exclusive interview with ANI.

Johari further mentioned, “When we give insight into at other tax bases, the GST taxpayers is very less. We need to increase this in a very organized and scientific way, where analytics will be used”.

Chairman said, “In this Budget, the Finance Minister has announced that PAN will be considered as a common business identifier. We’ll take the help of the distribution data of power distribution companies. We will also use the property tax data”.

“Traders who are in such a department who sell goods in cash and don’t give invoices, and that is why there is a drop of GST. We’ll have to discuss with them how we can change this attitude. This has to be reformed as it is not in the interest of the society and country as a whole. Even if it is the central government or the state government, we are considering the taxable activities,” Johri said CBIC has to identify these departments.

He added that they would take this work forward in some departments, “Regarding VAT there was an experiment in some states, that we’ll draw a lottery on the basis of if you pay the bill so that the customers are encouraged and they come forward and ask for the invoice.”

Johari further said, “We are also trying to address this through our taxpayers’ services. We are running advertisements; states are also doing this to change customers’ attitudes.”



CBIC says won't object to a petitioner going to HC in absence of GSTAT

This is recent news regarding, “CBIC says won't object to a petitioner going to HC in absence of GSTAT” dated 14.02.2023 Official source Business Standard.

A Write petition regarding the dissent over refund was filed in Bombay high court.

An affidavit was filed by CBIC board in the court regarding the writ arguing that the challenge against the order of a commissioner(apples) should not be entertained in the view of court considering the fact the remedy of the tribunal is available under the CGST act 2017.

The notable fact considering the matter is unavailability of GST appellate tribunal which is yet to be constituted.

In this regard CBIC informed the court they want to withdraw a plea which was filed earlier. The plea relied only on a decision taken by the supreme court which says that a writ petition should not be entertained in the high court even if the tribunal is not constituted.

Against this the counsel for the company initiated that the supreme court decision was related to a circumstance where the petitioner was directly petitioned in the high court.

An appeal can be filed before the commissioner under the GST system against the order of an adjudicating authority.

The High Court said the CBIC counsel was unfit to inform it what remedy is available for the supplicant. The court observed that the counsel had sought to contend that however there's no tribunal, nor it can be committed when it'll be set up in near future, the position that the petitioner is remediless, is appropriate.

“Thus, it is essential for us to know whether the Union of India has passed such orders to the advocate,” the court wanted to know.

Next big agenda is adding more tax payers: CBIC chairman Vivek Johri

The Government collects tax breaks at each stage making it a long supply chain where the government charges tax on each stage but in the case of unregistered sellers, the Government does not get the taxes on the last stage.

“CBIC is looking to increase the number of taxpayers to achieve that we are working jointly, figuring out

the strategy which will work the best in achieving the goal,” Vivek Johri said in an interview.

“The current no. of taxpayers in the GST base is around 14 million and if we look at the figure of other taxes let’s say income tax which is having a taxpayer base of 80 million. This indicates scope for increment in the number of taxpayers based on GST” said Johri.

The threshold for businesses to get GST registration is rupees 40 lakhs in sales but to do interstate trade GST registration is required irrespective of its level of sales.

As per official data, India has over 63 million unincorporated, non-agricultural micro, small and medium enterprises, 99% of which are in the micro sector, defined as having sales of up to ₹5 crores.

If we compare this data to the number of GST-registered taxpayers which is around 14 million it indicates a definite sign that many newer GST-registered taxpayers could be added to the regime. And making them part of the indirect tax base will have a measurable impact on improvement in tax collection.

CBIC is working to build up the audits, said Johri. The indirect tax administration is now conducting audits of the initial years of GST, which has picked up Steam.

Key highlights from budget 2023-24 on GST law

Budget 2023 was presented by Nirmala Sitharaman on 1st February 2023 and it was indeed a revolutionary budget, especially for the taxpayers and middle class. In this article, we have highlighted key highlights of Budget 2023 on GST with Interpretation and analysis by an industry expert. One of the major changes in the GST law in Budget 2023 was the decriminalization of certain offences. For this, Sections 132 and 138 of the CGST Act were amended.

Let’s detail the GST Law highlights from Budget 2023 in detail:

1.) Amendment in section 10 of CGST Act, 2017

In the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Central Goods and Services Tax Act), in section 10 -:

- in sub-section (2), in clause (d), the words “goods or” shall be omitted;
- in sub-section (2A), in clause (c), the words “goods or” shall be omitted.



ASC Interpretation:

Now, according to the amendment, the Composition Dealer registered under GST and who is required to collect tax at source under section 52 is allowed to engage in the supply of goods through an e-commerce

2.) Amendment in section 16 of CGST Act, 2017

In section 16 of the Central Goods and Services Tax Act, in sub-section (2) -:

- in the second proviso, for the words “added to his output tax liability, along with interest thereon”, the words and figures “paid by him along with interest payable under section 50” shall be substituted;
- in the third proviso, after the words “made by him”, the words “to the supplier” shall be inserted.

ASC Interpretation:

Now, it has been clarified that interest shall be paid as per Sec. 50 i.e. @18%. Further, it has been clarified that the recipient shall be entitled to avail input tax credit on payment made by him to the supplier for the purchases made.

2.) Amendment in section 17 of CGST Act, 2017

a) in sub-section (3), in the Explanation, for the words and figure “except those specified in paragraph 5 of the said Schedule”, the following shall be substituted, namely-

“except -

- the value of activities or transactions specified in paragraph 5 of the said Schedule; and
- the value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of the said Schedule”

ASC Interpretation:

Earlier, common ITC was required to be reversed only on activities covered under para 5 (Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of the building) of Schedule III of CGST Act, 2017 however, now common ITC reversal is also required for activities covered under Para 8

- (Supply of warehoused goods to any person before clearance for home consumption) of Schedule III.
- in sub-section (5), after clause (f), the following clause shall be inserted, namely:

“(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013;”.

ASC Interpretation:

A new clause has been inserted in section 17(5) of CGST Act, 2017, due to which now companies will not be able to avail ITC on CSR activities performed by them.

4.) Substitution of new section for section 23

For section 23 of the Central Goods and Services Tax Act, the following section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017, namely –

Persons not liable for registration:

“23. Notwithstanding anything to the contrary contained in sub-section (1) of section 22 or section 24 –

(a) the following persons shall not be liable for registration, namely –

- any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act, 2017;
- an agriculturist, to the extent of supply of produce out of cultivation of land”

ASC Interpretation:

Now, Section 23 (Persons not liable for registration) will overrule the Section 22 (Persons liable for registration) and Section 24 (Compulsory registration in certain cases).

5.) Amendment in section 37 (GSTR-1), section 39 (GSTR-3B), section 44 (GSTR-9 – Annual Return) and section 52 (GSTR 7 – TCS return) of the CGST Act, 2017

“A registered person shall not be allowed to furnish its return for a tax period after the expiry of a period of three years from the due date of furnishing the said details”

ASC Interpretation:

Extended time limit for filing GSTR-1, GSTR-3B, GSTR-9- Annual Return and GSTR-7- TCS return is now three years from the due date of furnishing the return.

6.) A new insertion of section 122 (1B) under CGST Act, 2017 related to penalties on E-Commerce Operator has been made for the following acts committed by it:

- allows a supply of goods or services or both through it by an unregistered person other than a person exempted from registration by a notification issued under this Act to make such supply;
- allows an inter-State supply of goods or services or both through it by a person who is not eligible to make such inter-State supply; or
- fails to furnish the correct details in the statement to be furnished under sub-section (4) of section 52 of any outward supply of goods effected through it by a person exempted from obtaining registration under this Act, ASC Interpretation:

After the insertion of the above sub-section, E-Commerce Operator will be penalised Rs.10,000 or an amount equivalent to the amount of tax involved made by a registered person other than a person paying tax under section 10, whichever is higher shall be imposed if mentioned acts are committed.

7.) Retrospective exemption to certain activities and transactions in Schedule III to the Central Goods and Services Tax Act.

- In Schedule III to the Central Goods and Services Tax Act, paragraphs 7 and 8 and the Explanation 2 thereof (as inserted vide section 32 of Act 31 of 2018) shall be deemed to have been inserted therein with effect from the 1st day of July, 2017.
- No refund shall be made of all the tax which has been collected, but which would not have been so collected, had subsection been in force at all material times.

ASC Interpretation:

Activities covered under para 7 (i.e. sale from non-taxable territory to another place in the non-taxable territory without such goods entering into India) and para 8 (i.e. High sea sales) shall neither be treated as supply of goods nor supply of services w.e.f. 01st July 2017.

Further, if tax has been paid on sales which are covered under para 7 & 8 then a refund on such sales shall not be provided considering that para 7 & 8 were in force from 01st July 2017.

8.) Amendment of section 12 of IGST Act, 2017

In section 12 of the Integrated Goods and Services Tax Act, in sub-section (8) (Place of Supply in relation to transportation or courier of goods outside India), the proviso shall be omitted.

ASC Interpretation:

Earlier, according to the above-referred proviso, the place of supply of services by way of transportation of goods, including by mail or courier to a place outside India was a place of destination of goods i.e. Outside India and the Service provider needs to charge IGST, however after removal of the said proviso, the place of supply of such goods will be the location at which such goods are handed over for their transportation, So the service provider needs to charge CGST/SGST in case the Service recipient and Provider are situated in the same state.

NOTE: All the above amendments will come into force whenever CBIC will issue Notification for all the cases.

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