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# AMENDMENTS TO FINANCE BILL 2023 – INDIRECT TAXES

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Finance Bill received the assent of the President of India on 31st March 2023. Changes made in the Finance Act compared with the Finance Bill as presented by the Hon'ble Finance Minister before the Parliament in Indirect taxes is provided in this update document.

1)IGST and GST compensation cess shall be liable to be paid on the goods moved to warehouse for carrying on any manufacturing process or other operations in the warehouse only at the time of removal of goods for home consumption.

Tax was proposed to be levied at the time of removal of goods to warehouse itself in the Finance bill which was not passed hence it remained to be taxable only at the time of removal of goods for home consumption.

2) Persons who are exempted from obtaining GST registration by a notification by the Government under section 23(2) of the CGST Act need not register under GST even if it is required any other provisions of the CGST Act.

In Finance bill it was proposed to provide exemption for following persons who are covered under section 23(1) also which is now restricted to section 23(2) alone, category of persons notified by the Government:

persons engaged in providing exclusively products/services which are exempt or not liable to tax and an agriculturist, to the extent of supply of produce out of cultivation of land;

Hence, now GST registration is not mandatory for the above persons even though it is prescribed under any other section of the GST law.

3) If the taxpayer does not file the returns, notice can be issued in Form GSTR 3A to file the return in 15 days. If the return is not filed within 15 days, then order can be passed under best judgement assessment. However, if the taxpayer files the return within next 30 days, then assessment order is deemed to be withdrawn. This 30 day has been increased to 60 days and then further 60 days has been provided to the taxpayer to file the returns at an additional late fee of Rs. 100 per day each under CGST and SGST after the said 60 days. In any case, late fee and interest shall be liable to be paid.

In short, now taxpayer has a time limit of 120 days in total to file returns (60 days with normal late fee and additional 60 days with additional late fee) in case of order received for non-filing of GST returns for deemed withdrawal of such order.

4) There were confusions in the taxability and Place of supply (POS) in case of service, by way of transportation of goods to a place outside India, provided by an Indian transporter to a person located in India. POS for this service was destination of goods, if goods were delivered by an Indian transporter to a place located outside India then POS shall be outside India. In that situation, taxability of a service with POS outside India was questioned, further ITC with POS outside India was also questioned. In order to remove difficulties, it was clarified by CBIC that it shall be taxable with POS as "other territory" and "ITC" shall be eligible to the service recipient.

Now, amendment has been made to the section to give effect to the clarification.

In short, services provided by way of transportation of goods from India to a place outside by an Indian transporter to an Indian person shall be taxable. Whereas if the same service is provided by a foreign transporter, then it shall remain to be not taxable.

5) Method of calculation of GST compensation cess on pan masala and tobacco products has been changed to avoid revenue leakage by means of under-invoicing and clandestine removal of goods.

**Note:** All the changes relating to GST made in the Finance Act 2023 is yet to be notified by CBIC.

6) Customs duty rates are changed for the following goods:

- a)X-ray generators and apparatus (HSN 90221410) – from 10% to 15%
- b) Portable X-ray machine (HSN 90221420) – from 10% to 15%
- c) Others – falling under HSN 90221490 – from 10% to 15%
- d) Bispyribac-sodium (ISO) (HSN 29335950) – from 7.5% to 10%

Finance Act 2023 can be downloaded from the below link:

<https://egazette.nic.in/WriteReadData/2023/244830.pdf>