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GST CLARIFICATION

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CBIC has issued a few circulars and Notifications which clarifies the certain issues faced by the registered person. The details of the same are as follows:

Amnesty Schemes for non-filers of Annual Returns & revocation of GST cancellation extended till 31st August 2023: Notification No. 22/2023 to 26/2023–Central tax, dated 17 th July 2023

The central government had earlier issued an amnesty scheme to provide a waiver of a certain amount in late fees for the registered persons who fail to furnish return in FORM GSTR-4, GSTR-9, and GSTR-10.

Similarly, an amnesty scheme was issued for revocation of registration cancelled till 31.12.2022 for taxpayers who failed to file revocation within the time prescribed.

Another amnesty scheme for deemed withdrawal of best judgment assessment order was also provided if the return could not be filed within 30 days of the assessment order. However here the registered person has to file the form along with interest and late fee.

These amnesty schemes was in force till 30th June 2023.

Now, all these amnesty schemes have been extended by two months till 31st August 2023 for all the taxpayers.

CBIC issues clarification on charging of interest in cases of wrong availment of IGST credit: Circular No. 192/04/2023–GST dated 17th July 2023

The CBIC has issued a circular to clarify charging of interest under section 50(3) of the CGST Act, that in the cases where IGST credit has been wrongly availed, there will not be any interest liability if the credit under the heads of IGST, CGST and SGST, taken together, has never fallen below the amount of such wrongly availed ITC.

It specifies that the total input tax credit available in the electronic credit ledger, including IGST, CGST, and SGST, should be considered for interest calculation. There is also clarification that the credit of compensation cess cannot be utilized for interest calculation purposes.

Clarification to deal with the difference in ITC for the period 01.04.2019 to 31.12.2021: Circular No. 193/05/2023–GST dated 17 th July 2023

The Circular No. 183/15/2022–GST dated 27 th December 2022, issued a clarification with respect to the difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for FY 2017–18 and 2018–19, subject to certain terms and conditions. Now, this circular to provide a detailed manner to deal with the difference in ITC availed in FORM GSTR-3B compared to ITC available in FORM GSTR-2A for the period 01.04.2019 to 31.12.2021.

Even if the ITC availed is within 20% (or 10% or 5% for the respective periods) of the amount in 2A, even that prescribed amount needs to be established by obtaining Certificate from the Supplier that he has paid the tax.

The Clients needs to start obtaining the Certificates from the Suppliers to ensure the credit is not disallowed by the Audit Team.

ITC need not be reversed by the manufacturer in respect of free replacement parts or repair services: Circular No. 195/07/2023–GST dated 17 th July 2023

This circular clarifies that GST is not chargeable for free replacement of parts or repair service during the warranty period, and there is no need to reverse the input tax credit in respect of the said replacement parts or on repair services provided.

However, suppose any additional consideration is charged by the manufacturer from the customer, either for the replacement of any part or for any service then GST will be payable on such supply with respect to such additional consideration.