

## PAPER 3B: GOODS AND SERVICES TAX

### STATUTORY UPDATE FOR SEPTEMBER 2025 EXAMINATION

*For the sake of brevity, Central Goods and Services Tax, Integrated Goods and Services Tax, Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, Central Goods and Services Tax Rules, 2017 and Integrated Goods and Services Tax Rules, 2017 have been referred to as CGST, IGST, CGST Act, IGST Act, CGST Rules and IGST Rules respectively.*

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The provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 28.02.2025, are applicable for September 2025 examination.

*The amendments made by the Annual Union Finance Acts in the CGST Act, 2017 and IGST Act, 2017 are made effective from the date notified subsequently. Thus, those amendments made by the relevant Finance Acts which have become effective till 28.02.2025 are applicable for September, 2025 examination. **Accordingly, all the amendments made by the Finance (No. 2) Act, 2024 are applicable for September 2025 examination.***

**The subject matter of October edition of the Study Material of Goods and Services Tax is based on the provisions of the CGST Act and the IGST Act as amended by the notifications and circulars issued up to 31.10.2024. The amendments made vide relevant Finance Acts, which have become effective till 31.10.2024, and significant notifications and circulars issued upto 31.10.2024 have been incorporated in the Study Material.**

**Further, students are advised to read all the amendments made by the Finance (No. 2) Act, 2024 given at the end of relevant chapters for September 2025 examinations as all such amendments have become effective.**

**The significant notifications and circulars issued between 01.11.2024 and 28.02.2025 in GST laws are given in this Statutory Update.**

For the ease of reference, the amendments have been grouped into Chapters which correspond with the Chapters of the Study Material.

# CHARGE OF GST



## 1. Amendments in the list of notified services tax on which is payable under reverse charge by the recipient

*Notification No. 13/2017 CT (R) dated 28.06.2017* as amended has notified specified categories of intra-State supply of services wherein whole of the tax shall be paid on reverse charge basis by the recipient of services.

**With effect from 16.01.2025**, the said list of services, tax on which is payable under reverse charge has been amended as follows:-

S. No.	Category of supply of service	Supplier of service	Recipient of Service
4	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person <i>other than a body corporate</i>	Any body corporate or partnership firm located in the taxable territory.
5AB	Service by way of renting of any immovable property other than residential dwelling.	Any unregistered person	Any registered person <i>other than a person who has opted to pay tax under composition levy.</i>

Parallel amendment in Sr. No. 4 reverse charge entry pertaining to services provided by way of sponsorship to any body corporate or partnership firm.in case of inter-State supply of services have been carried out by amending *Notification No. 10/2017 IT(R) dated 28.06.2017*.

***[Notification No. 07/2025 CT(R) dated 16.01.2025 and Notification No. 07/2025 IT(R) dated 16.01.2025]***

## **2. Clarification whether DDA can be treated as local authority under GST law?**

Services supplied by local authority to a business entity are taxable under reverse charge (RCM) basis vide entry at Sr. No. 5 of *Notification No. 13/2017-CT(R) dated 28.06.2017*.

**Issue:** The issue which arose for consideration was whether DDA can be treated as local authority under GST law.

**Clarification:** Local authority means an authority which is similar to the elected self-governing body such as Municipal Committee and which is entrusted with the control and management of municipal or local fund can be termed as local authority.

**Thus, it has been clarified that DDA cannot be treated as local authority under GST law as DDA does not meet the requirement of local authority as per section 2(69)<sup>1</sup> of the CGST Act, 2017.**

***[Circular No. 245/02/2025-GST dated 28.01.2025]***

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<sup>1</sup> Local authority under section 2(69) of the CGST Act, 2017 inter alia means "a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund.

# PLACE OF SUPPLY



## 1. Clarification regarding place of supply of online services supplied by the suppliers of services to unregistered recipients

It has been clarified that a conjoint reading of clause (b) of section 12(2) of the IGST Act, 2017<sup>2</sup>, section 31(2) of the CGST Act<sup>3</sup> and proviso to rule 46(f) of

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<sup>2</sup> **Section 12(2)(b) of the IGST Act, 2017-** *The place of supply of services, except the services specified in sub-sections (3) to (14), made to any person other than a registered person shall be,—*

- (i) *the location of the recipient where the address on record exists; and*
- (ii) *the location of the supplier of services in other cases.*

<sup>3</sup> **Section 31(2) of the CGST Act, 2017-** *A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed.*

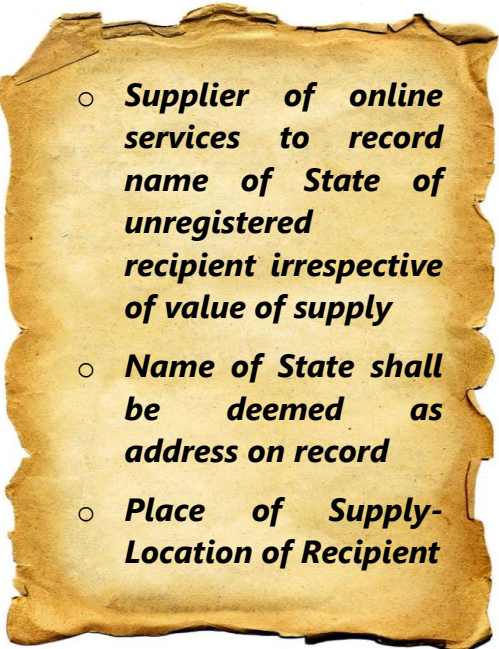
*Provided that the Government may, on the recommendations of the Council, by notification—*

- (a) *specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;*
- (b) *subject to the condition mentioned therein, specify the categories of services in respect of which—*

CGST Rules<sup>4</sup> leads to a conclusion that in respect of supply of services made to unregistered persons, irrespective of the value of the said supply, the supplier is required to mandatorily record the name of the State of the unregistered recipient on the tax invoice, in cases involving supply of online money gaming or supply of taxable services by or through an electronic commerce operator or supply of online information and database access or retrieval (OIDAR) services.

Recording of the name of State of the unregistered recipient on the tax invoice in respect of such supply of services shall be deemed as the address on record of the recipient for the purpose of determination of place of supply of the said services under section 12(2)(b) of IGST Act, 2017.

Accordingly, in such cases, the place of supply of such services shall be considered as the location of the recipient of the services as per provisions of clause (i) of section 12(2)(b) of IGST Act, 2017.

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- **Supplier of online services to record name of State of unregistered recipient irrespective of value of supply**
  - **Name of State shall be deemed as address on record**
  - **Place of Supply- Location of Recipient**

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(i) *any other document issued in relation to the supply shall be deemed to be a tax invoice; or*

(ii) *tax invoice may not be issued.*

<sup>4</sup> **Rule 46(f) of the CGST Rules, 2017-** *name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is unregistered and where the value of the taxable supply is less than fifty thousand rupees and the recipient requests that such details be recorded in the tax invoice:*

**Provided** *that in cases involving supply of online money gaming or in cases where any taxable service is supplied by or through an electronic commerce operator or by a supplier of online information and database access or retrieval services to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the state of the recipient and the same shall be deemed to be the address on record of the recipient*

Combined reading of the definitions of 'electronic commerce' and 'electronic commerce operator' as per section 2(44)<sup>5</sup> and section 2(45) of the CGST Act<sup>6</sup>, along with rule 46(f) of CGST Rules, provides an understanding that all services supplied to unregistered recipients over digital or electronic network, either by the supplier using his own digital or electronic facility / platform or through any other electronic or digital platform owned and operated by an independent electronic commerce operator, will be covered under proviso to rule 46(f) of CGST Rules, 2017.

It is, accordingly, clarified that provisions of proviso to rule 46(f) of CGST Rules, 2017 shall be applicable in respect of all the online supplies of services supplied to an unregistered recipient, in addition to the supply of online money gaming and OIDAR services.

Some of the examples of such services are subscription of e-newspapers and e-magazines, online subscription of entertainment services (e.g. OTT platforms), online telecom services, digital services through mobile applications etc.

**Therefore, in respect of following cases of supplies to unregistered recipients, the suppliers are mandatorily required to record the name of the State of the recipient on the tax invoice, irrespective of the value of supply of such services, and to declare place of supply of the said services as the location of the recipient (based on the name of State of the recipient) in their details of outward supplies in FORM GSTR-1/1A:-**

- (i) supply of any such online/ digital services,
- (ii) OIDAR services and
- (iii) online money gaming

***[Circular No. 242/36/2024 GST dated 31.12.2024]***

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<sup>5</sup> **Section 2(44)- "electronic commerce"** means the supply of goods or services or both, including digital products over digital or electronic network.

<sup>6</sup> **Section 2(45) - "electronic commerce operator"** means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

# EXEMPTIONS FROM GST



*Entry Nos. referred to in this chapter correspond to entries in Notification No. 12/2017 CT (R) dated 28.06.2017 which grants exemption from GST for intra-State supply of specified services. However, these entry numbers have been given only for reference purposes and are not relevant for examination purpose.*

## 1. Amendments in the services exempted from GST

Notification no. 12/2017 CT(R) dated 28.06.2017 provides list of services exempted from CGST. Parallel exemptions from IGST have been granted to inter-State supply of services vide Notification No. 9/2017 IT(R) dated 28.06.2017.

The amendments in the list of exempted services have been highlighted in bold italics/in strikethrough form, hereunder:

### (i) Amendments in the existing exemptions

Following existing exemptions have been amended:

Sl. No.	Description of services	Effective from
25A	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing	16.01.2025

	electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission <del>and</del> <b>or</b> distribution of electricity provided by electricity transmission <del>and</del> <b>or</b> distribution utilities to their consumers.	
69	<p>Any services provided by –</p> <ul style="list-style-type: none"> <li>(a) the National Skill Development Corporation set up by the Government of India;</li> <li>(b) the National Council for Vocational Education and Training;</li> <li>(c) an Awarding Body recognized by the National Council for Vocational Education and Training;</li> <li>(d) an Assessment Agency recognized by the National Council for Vocational Education and Training;</li> <li>(e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training,</li> <li>(f) <b>a training partner approved by the National Skill Development Corporation,</b></li> </ul> <p>in relation to-</p> <ul style="list-style-type: none"> <li>(i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or</li> <li>(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or</li> <li>(iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.</li> </ul>	16.01.2025



**(ii) New exemption introduced**

Following new services have been exempted from CGST:-

Sl. No.	Description of services	Effective from
36B	Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.	16.01.2025

**(iii) New definition introduced**

**Following definition has been added in paragraph 2:-**

Sl. No.	Description of services	Effective from
zja	<p><b>"insurer" has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938.</b></p> <p><i>As per Section 2(9) of the Insurance Act, 1938, "Insurer" means—</i></p> <ul style="list-style-type: none"><li><i>(a) an Indian Insurance Company, or</i></li><li><i>(b) a statutory body established by an Act of Parliament to carry on insurance business, or</i></li><li><i>(c) an insurance co-operative society, or</i></li><li><i>(d) a foreign company engaged in re-insurance business through a branch established in India.</i></li></ul> <p><i>Explanation. — For the purposes of this sub-clause, the expression "foreign company" shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd's established</i></p>	16.01.2025

	under the Lloyd's Act, 1871 (United Kingdom) or any of its Members	
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Parallel amendments in exemptions from IGST to inter-State supply of services have been carried out by amending *Notification No. 9/2017 IT(R) dated 28.06.2017*.

**[Notification No. 06/2025 CT(R) dated 16.01.2025 and Notification No. 06/2025 IT(R) dated 16.01.2025]**

**2. Clarification in respect of applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.**

**Issue:** MCD is receiving the services such as housekeeping, civil maintenance, furniture maintenance and horticulture, from facility management agency, for the upkeep of their office. The issue which arose for consideration was whether such services received by them are exempt from GST in terms of Sr. No.3A of the *Notification No. 12/2017-CT(R) dated 28.06.2017*<sup>7</sup>.

**Clarification:** The services of facility management such as housekeeping, civil maintenance, furniture maintenance and horticulture agency for the upkeep of office of MCD are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of the Constitution of India. Such services are not covered under the scope of entry at Sr. No. 3A of the *Notification No. 12/2017-CT(R) dated 28.06.2017*.

Thus, it has been clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under the scope of entry at Sr. No. 3A of the *Notification No. 12/2017-CT(R) dated 28.06.2017*.

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<sup>7</sup> Entry at Sr. No. 3A of *Notification No. 12/2017-CT(R) dated 28.06.2017* provides exemption to composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Government or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution of India or in relation to any function entrusted to a Municipality under Article 243W of the Constitution of India.

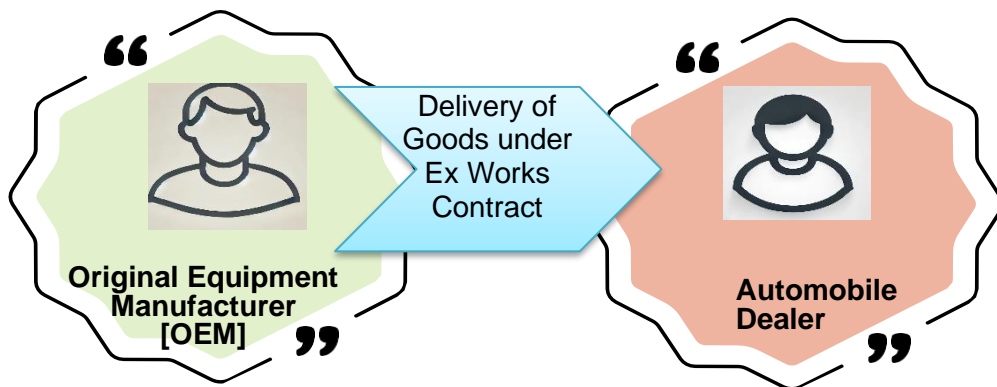
***[Circular No. 245/02/2025-GST dated 28.01.2025]***

# INPUT TAX CREDIT



## 1. Clarification on availability of input tax credit as per clause (b) of section 16(2) of the CGST Act, 2017 in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract

In automobile sector, the contract between the automobile dealers and the Original Equipment Manufacturers (OEMs) is generally an Ex-Works (EXW) contract, and as per the terms of the contract, the property in goods (i.e. vehicles) passes to the dealer at the factory gate of the OEM, when the goods are handed over to the transporter at the instance of the dealer, and the delivery on the part of the OEM is complete at his factory gate.



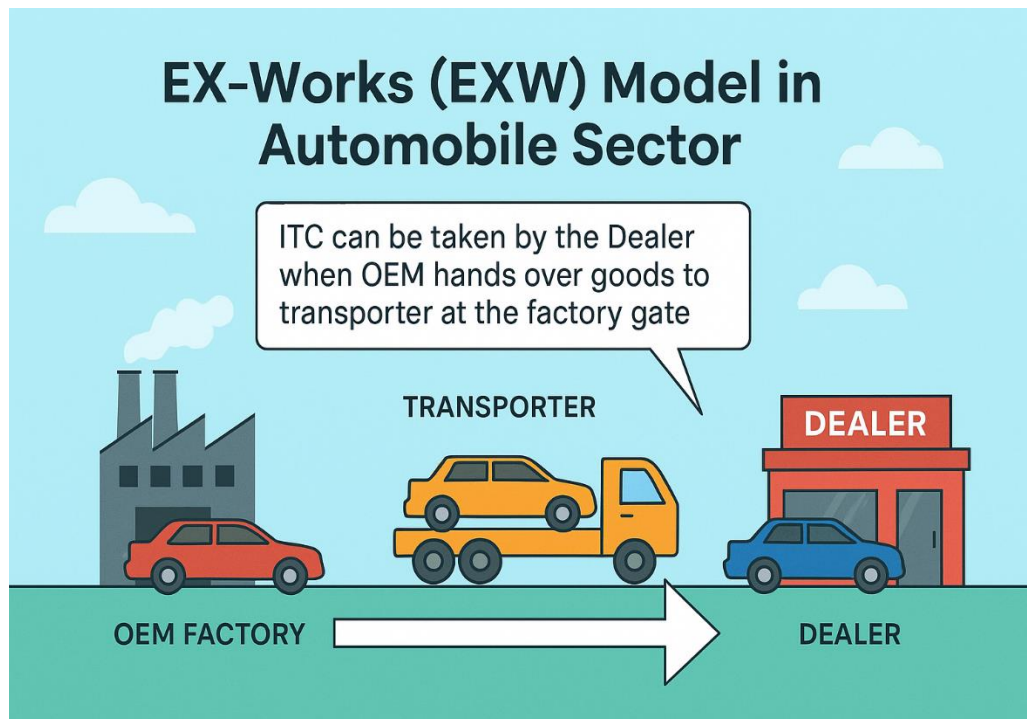
The transport may be arranged by the OEM on behalf of the dealer and where insurance is arranged, it may also be done on behalf of the dealer. Any claim in case of loss has to be lodged by the dealer.

#### Issue:


Issue which arose for consideration was whether ITC can be availed by the dealer only after the vehicles are physically received by automobile dealers at his business premises or ITC can be availed on the date the vehicles are billed to him and handed over to the transporter by the OEM at his factory gate.

#### Clarification

In such a scenario, the property in the said goods can be considered to have been passed on to the dealer by the OEM upon handing over of the said goods to the transporter at his factory gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.



Accordingly, it is clarified that as per Explanation to clause (b) of section 16(2) of CGST Act<sup>8</sup>, the registered person (the dealer) can be considered to have “received” the said goods at the time of such handing over of the goods by the supplier to the transporter, at his factory gate, for their onward transmission to the said registered person (the dealer).



***ITC can be availed on the date the vehicles are billed and handed over to the transporter by the OEM at his factory gate***

The same principle is applicable in respect of supply of other goods also where the contract between the supplier and recipient is an EXW contract, and as per terms of the contract, the goods are to be delivered by the supplier to the recipient, or to any other person (including a transporter) on behalf of the recipient, at his (supplier's) place of business and the property in the goods stands transferred to the recipient at the time of such handing over. In such cases, the said goods can be construed to have been “received” by the said recipient at the time of handing over the said goods to the recipient or to the transporter, as the case may be, as per provisions of clause (b) of section 16(2) of CGST Act.

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<sup>8</sup> Section 16(2)(b)- Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,— he has received the goods or services or both.

Explanation.—For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person.

It is also mentioned that as per provisions of section 16(1) of the CGST Act<sup>9</sup>, a registered person is entitled to ITC only in respect of supply of goods and/or services, which is used or intended to be used in the course or furtherance of business. **Thus, if the goods are found to have been diverted for non-business purposes at any stage, either before physically receiving the said goods at his business premises or subsequently, the registered person shall not be entitled to ITC on such goods in terms of section 16(1) of CGST Act. Further, if at any time after “receiving” the goods, such goods are lost, stolen, destroyed, written off or disposed of by way of gift or free samples, the registered person would not be entitled to the ITC in respect of such goods as per provisions of clause (h) of section 17(5) of CGST Act<sup>10</sup>.**

**NO ITC**

**-Goods used for non-business purpose**

**- Goods are lost, stolen, destroyed, written off or disposed of by way of gift or free samples**

**[Circular No. 241/35/2024 GST dated 31.12.2024]**

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<sup>9</sup> Section 16(1) - Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

<sup>10</sup> Section 17(5)(h)- Notwithstanding anything contained in sub-section (1) of section 16 and sub- section (1) of section 18, input tax credit shall not be available in respect of the following, namely:— goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

# TAX INVOICE; CREDIT AND DEBIT NOTES



## 1. Time limit for issuing tax invoice specified in cases where recipient is required to issue invoice [Rule 47A inserted]

Rule 47A has been inserted vide CGST (Second) Amendment Rules, 2024 issued vide **Notification No. 20/2024 CT dated 8<sup>th</sup> October, 2024 with effect from 01.11.2024.**

Erstwhile section 31(3)(f) provides that a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;

However, section 31(3)(f) was amended vide the Finance (No. 2) Act, 2024 with effect from 01.11.2024 so as to incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies. This amendment was not applicable for May, 2025 examinations, but are applicable for September, 2025 and January, 2026 examinations.

### **Amended section 31(3)(f) provides as follows:**

Notwithstanding anything contained in sub-sections (1) and (2)—

(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall ***within the period as may be prescribed*** issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;



**Thus, invoice to be issued by recipient within the prescribed time if he is liable to pay tax under section 9(3)/(4) and receives supplies from an unregistered person**

Consequently, the time limit for issuing tax invoice in case of reverse charge mechanism supplies has been prescribed in newly inserted rule 47A simultaneously with effect from 01.11.2024.

**Newly inserted rule 47A provides as follows:**

***Rule 47A provides that where an invoice referred to in rule 46 is required to be issued under clause (f) of sub-section (3)<sup>11</sup> of section 31 by a registered person, who is liable to pay tax under sub-section (3) or sub-section (4)<sup>12</sup> of section 9, he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.***



*Invoice to be issued within a period of 30 days from the date of receipt of the said supply*

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<sup>11</sup> Section 9(3)-The recipient is liable to pay tax on reverse charge basis where he receives supply of such goods/services/both which are notified for reverse charge purposes under section 9(3). Such supplies can be received from a registered or an unregistered supplier.

<sup>12</sup> Section 9(4) A builder/promoter is required to pay GST on reverse charge basis under section 9(4) in one or more of the following cases:

- (i) A builder/promoter must purchase 80% of inputs and input services used in supplying the service from registered persons. In case of shortfall, he's required to pay tax under reverse charge on all such inward supplies (to the extent short of 80% of the inward supplies from registered supplier).
- (ii) Where cement is received from an unregistered person, promoter/builder has to pay tax on supply of such cement on reverse charge basis and
- (iii) GST on capital goods purchased from unregistered person is payable by the promoter on reverse charge basis.

***Thus, invoice to be issued within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.***

***[Notification No. 20/2024 CT dated 08.10.2024***

***[Effective from 01.11.2024]]***

## E-WAY BILL



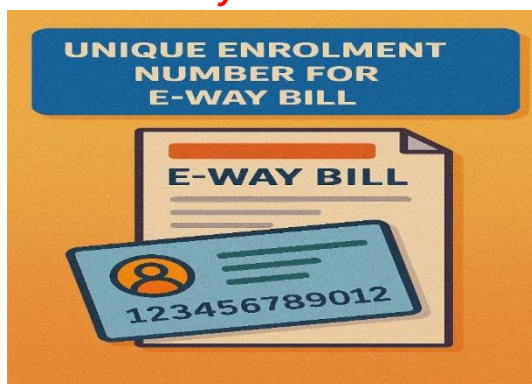
### 1. Generation of unique enrolment number [Rule 138(3) amended]

Fourth proviso had been inserted in Rule 138(3) vide CGST Amendment Rules, 2024 dated 10<sup>th</sup> July, 2024 with effect from a date to be notified. The same has become effective vide **Notification No. 09/2025 CT dated 11.02.2025 with effect from 11.02.2025.**

The newly inserted fourth proviso to rule 138(3) provides as follows:

*Following persons required to generate the e-way bill shall submit the details electronically on the common portal in prescribed form and, upon validation of the details so furnished, a unique enrolment number shall be generated and communicated to the said person:-*

- (i) *An unregistered person making inter-State transport of handicraft goods exempted from obtaining compulsory registration and required to generate e-way bill irrespective of the value of the consignment.*



***(ii) An unregistered person opting to generate e-way bill***

***[Notification No. 09/2025 CT dated 11.02.2025]***

***[Effective from 11.02.2025]***

## PAYMENT OF TAX



### 1. Reference of section 74A added in rule 88B prescribing manner of calculating interest on delayed payment of tax

Since new section 74A<sup>13</sup> has been incorporated by the Finance (No.2) Act, 2024 in the CGST Act, 2017 with effect from 01.11.2024, so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason **pertaining to the Financial Year 2024-25 onwards**. Newly introduced section 74A provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts. Consequently, reference of section 74A has also been added in rule 88B(1). Rule 88B provides the manner of calculating interest on delayed payment of tax.

Amended rule 88B(1) provides as follows:

*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 section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 **or section 74A** 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*

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<sup>13</sup> It may be noted that section 74A shall be discussed in detail at the Final level.

*the due date, at such rate as may be notified under sub-section (1) of section 50. Provided that where any amount has been credited in the Electronic Cash Ledger as per provisions of sub-section (1) of section 49 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.*

***[Effective from 01.11.2024]***

***[Notification No. 20/2024 CT dated 08.10.2024]***

# RETURNS



## 1. Due date of filing Form GSTR-7 specified in rule 66 [Rule 66(1) amended]

Erstwhile section 39(3) provides that every registered person required to deduct tax at source under the provisions of section 51 shall furnish a return in prescribed form (Form GSTR-7) and manner, electronically, for the month in which such deductions have been made within 10 days after the end of such month.

However, section 39(3) was substituted vide the Finance (No. 2) Act, 2024 with effect from 01.11.2024 so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not. It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed<sup>14</sup>.

Therefore, earlier, filing of monthly return in **Form GSTR-7** was linked to **the calendar month** in which tax has been deducted at source by TDS deductor. However, amended section 39(3) mandates furnishing of GSTR-7 for each month by the TDS deductor, irrespective of whether any deduction has been

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<sup>14</sup> It is important to note that above amendment in section 39(3) was not applicable for May, 2025 examinations, but is effective for September, 2025 and January, 2026 examinations.

made in the said month or not. Further, new section provides that the time within which Form GSTR-7 is to be filed shall also be prescribed by rules.

Consequently, simultaneously with effect from 01.11.2024, rule 66(1) has been amended to prescribe the time within which Form GSTR-7 can be filed.

Amended section 39(3) provides as follows:

**Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed.**

**Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month.**

Amended rule 66(1) provides as follows:

Every registered person required to deduct tax at source under section 51 shall furnish a return in Form GSTR-7 **on or before the tenth day of the month succeeding the calendar month**, electronically through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

**[Effective from 01.11.2024]**

**[Notification No. 20/2024 CT dated 08.10.2024]**

## **2. Reference of section 74A added in rule 88D prescribing manner of dealing with difference in ITC available in Form GSTR-2B and Form GSTR-3B**

Since new section 74A<sup>15</sup> has been incorporated by the Finance (No.2) Act, 2024 in the CGST Act, 2017 with effect from 01.11.2024, so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason **pertaining to the Financial Year 2024-25 onwards**. Newly introduced section 74A provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.

Consequently, reference of section 74A has also been added in rule 88D(3).

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<sup>15</sup> It may be noted that section 74A shall be discussed in detail at the Final level.



Rule 88D provides the mechanism which allows system-based intimation to the taxpayer about the excess availment of ITC in Form GSTR-3B vis-a-vis that reported in Form GSTR-2B, above a particular threshold and with provision for self-compliance on the portal by the said taxpayer.

**Amended rule 88D(3) provides as follows:**

Where any amount specified in the intimation referred to in sub-rule (1) remains to be paid within the period specified in the said sub-rule and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74 **or section 74A**, as the case may be.

***[Effective from 01.11.2024]***

***[Notification No. 20/2024 CT dated 08.10.2024]***