



India Tax Konnect

July 2024

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Direct Tax

a. Decisions – International Tax



Payment for software licence is not taxable as royalty as no copyright is transferred: Chennai Tribunal¹

The taxpayer, a resident of Switzerland, entered into a global contract with software companies to purchase the software licence.

The taxpayer allocated the licence to its group companies including Indian group companies.

The Indian group companies made payment to the taxpayer for the software and the annual maintenance services relating to such software.

Revenue's contentions

- The transfer of software licence contains copyright and the payment for such software was taxable as a royalty under the Income-tax Act, 1961 (the Act) as well as under the India-Switzerland tax treaty.
- The right to use the software, though for a limited purpose, is covered under the scope of royalty. It does not require only an exclusive right, but also includes the right to use by granting a licence for the software.
- There was an element of income embedded in the payment for software to the taxpayer and thus was liable to tax in India.
- The payment for annual maintenance services was taxable as fees for technical services (FTS).

Taxpayer's contentions

- The payment was not in the nature of royalty as the software licence was a 'copyrighted article' and not the 'copyright' as other rights such as reproduction right, distribution right, etc., were not transferred along with the software.
- The software was allocated for internal business use and not for the exploitation of copyright. The software licence was non-exclusive and non-transferable.
- The taxpayer paid software licence fees at a group level for administrative convenience and only cost was allocated to the group entities based on their usage without any mark up. The Indian group companies reimbursed such cost and thus no income arose in the hands of the taxpayer.
- The annual maintenance services were an integral part of the software licence and not separate services itself and thus such services were also not taxable in India.

Decision

The Chennai Bench of the Tribunal held that the payment for the software licence was not taxable as a royalty based on the following grounds:

- Software licence was a copyrighted article with restricted use and there was no transfer of the right to use the copyright in the software.
- The taxpayer itself did not have any rights to commercially exploit such software and it cannot sell or lease the software.

¹ *Temenos Headquarters SA v. DCIT* (ITA No. 1573/Chny/2024) – Source: Taxsutra

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- The taxpayer procured the software at the group level for administrative convenience and apportioned the cost of software licence fees to the Indian group company. The Indian company merely reimbursed the cost.
- The maintenance services were an integral part of the sale of software licence and partake the taxability of software and thus not taxable as FTS.

Payment for sponsorship and advertisement rights relating to a sports event is not taxable as royalty: Delhi Tribunal²

The taxpayer, a resident of Australia, entered into an agreement with an Indian company for granting the sponsorship and advertisement rights relating to the Australian cricket league i.e., Big Bash League (BBL).

The rights include advertising the placements in BBL cricket matches, promotional events, and the use of logo and images relating to BBL.

The Indian company is required to use the sponsorship and advertisement rights in Australia only to grow its business in the international market.

The Revenue contended that the payment was in the nature of royalty³ under the India-Australia tax treaty as sponsorship and advertisement rights along with the rights of the logo were transferred to the Indian company.

The taxpayer contended that the payment received for the grant of sponsorship rights was not in the nature of royalty as the payment was not for the use of any intellectual property.

The Delhi bench of the Tribunal held that the payment for the sponsorship and advertisement rights and right to use logo was not taxable as a royalty based on the following grounds:

- The taxpayer did not transfer any exclusive rights in the intellectual property to the Indian company.
- The rights given were not in the nature of 'copyright' but were simplistic rights and merely for advertising, communications, and marketing campaigns showcasing the sponsor's association with the BBL.
- The logo was to be used in restricted spaces and on limited goods and services of the Indian company.
- The Indian company is allowed to use the sponsorship and advertising rights in a limited context strictly related to the sponsorship.
- The Indian company did not have any claim in the logo or other intellectual property of the taxpayer.

² *Cricket Australia v. ACIT* (ITA No. 3200/Del/2023) – Source: Taxsutra

³ Article 12

b. Decisions – Domestic Tax



Deeming provisions substituting a higher stamp duty value for actual consideration for computing capital gains are not applicable to transfer of leasehold rights - Delhi Tribunal⁴

The taxpayer sold a leasehold right in a plot of land. The actual sale consideration was less than the stamp duty value (SDV) of the property.

There is a specific deeming provision⁵ in the Act (SDV provisions) which provides that where the consideration received on transfer of land or building, or both is less than the SDV adopted by the stamp valuation authority, the SDV of such property is deemed to be the full value of the consideration (FVC) for computing capital gains.

The issue arose whether this provision which, based on strict reading, is applicable only to land and/or building, can be extended to a leasehold right in land.

The Revenue contended that the SDV provisions were applicable to the transfer of leasehold rights and adopted the SDV as against the actual sale consideration for computing a higher capital gains.

The taxpayer contended that the SDV provisions are deeming provisions and not applicable to the transfer of leasehold rights. The provisions are applicable only to land or building or both.

The Delhi bench of the Tribunal accepted the taxpayer's position and held that the SDV provisions are not applicable to the transfer of leasehold rights⁶ based on the following:

- The deeming SDV provisions cover in its ambit only 'land or building or both' and it cannot be extended to other assets like leasehold rights which are not specifically mentioned in the provisions.
- The distinction between a capital asset being 'land or building or both' and a 'right in land or building or both' is recognised under the Act, for example, section 54D⁷ is applicable to land or building as well as to any right in land or building.
- A deeming provision cannot be extended beyond the purpose for which it is enacted and is to be applied only in the scope of the law⁸.

Expenditure incurred for overseeing the parent company's business activities is not allowed as business expenditure - Telangana High Court⁹

The taxpayer, an Indian company, was a subsidiary of a Denmark based company. The taxpayer was set up as an advisor and consultant of the parent company in India.

The parent company received orders from a third-party customer in India to supply certain software.

⁴ *Shivdeep Tyagi v. ITO* (ITA No.484/Del/2024) – Source: Taxsutra

⁵ Section 50C

⁶ Relied on *CIT v. Greenfield Hotels & Estates (P.) Ltd* [2017] 389 ITR 68 (Bom), *Noida Cyber Park (P.) Ltd. v. ITO* [2021] 186 ITD 59 (Del)

⁷ Section 54D - provisions dealing with deduction to capital gain on compulsory acquisition of lands and buildings in certain cases

⁸ *CIT v. Amarchand N. Shroff* [1963] 48 ITR 59 (SC), *CIT v. Mother India Refrigeration Industries (P.) Ltd.* [1985] 155 ITR 711 (SC)

⁹ *Pipelic Energy Software India Pvt. Ltd v. DCIT* (ITA No. 561 of 2006) – Source: Taxsutra

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In this regard, the taxpayer deputed its employees and incurred various expenditure for example salaries, travelling expenses, rent, etc. Further, the taxpayer did not derive any income against such expenditure, resulting in a loss.

The issue arose whether the expenditure incurred by the taxpayer for fulfilling contractual obligations of the parent company is allowable as business expenditure under section 37 of the Act.

Revenue's contentions

The taxpayer did not carry on any business activity during the year. It merely assisted in completing the projects of the parent company by deputing its engineers at its own cost.

The expenditure incurred by the taxpayer was not for its own business and thus was not allowable.

Taxpayer's contentions

The expenditure incurred by the taxpayer was in connection with its business.

The expenditure was for participating in the parent company's project and in line with the taxpayer's business objective as per its memorandum of association.

In earlier years, the taxpayer had earned income from supporting the parent company's projects.

Decision

The Telangana High Court held that the expenditure incurred by the taxpayer was not allowed as business expenditure based on the following:

- The taxpayer incurred expenditure for overseeing and execution of parent company's projects and not for its own business.
- The expenditure was not in connection with or incidental to the taxpayer's business.
- The parent company and the taxpayer were separate entities and the expenditure relating to one entity cannot be allowed in the hands of the other.
- For claiming a business loss, the expenditure is to be in the nature of trading loss directly out of trading activity, and it must be incidental to the business of the taxpayer.
- In the instant case, the loss was on account of expenditure on support services to the parent company. Further, the taxpayer did not derive any income against such expenditure. Thus, such loss was not allowed.

Foreign Exchange Management Act

The RBI expands the scope of permissible remittances under Liberalised Remittance Scheme to International Financial Services Centres

The Reserve Bank of India (the RBI) widened the scope of permissible remittances under the Liberalised Remittance Scheme (LRS) to International Financial Services Centres (IFSCs) on 10 July 2024¹⁰. Following a review, the RBI has decided that Authorised Persons may facilitate remittances for all permissible purposes under LRS to IFSCs for -

- (a) availing financial services or financial products within IFSCs; and
- (b) all current or capital account transactions in any other foreign jurisdiction (other than IFSC) through a Foreign Currency Account (FCA) held in IFSCs.

The Master Direction No.7/2015-16 on LRS is being updated to reflect these changes.

Previously, remittances under LRS to IFSCs were permitted only for limited purpose of investments in securities within IFSCs (excluding those issued by entities/companies resident in India) and payment of education fees to foreign universities or foreign institutions in IFSCs for pursuing certain notified courses.

The RBI extends due date for submitting Foreign Liabilities and Assets Annual Return

The due date for submitting annual return on Foreign Liabilities and Assets (FLA) for Financial Year (FY) 2023-24 was 15 July 2024. On 15 July 2024¹¹, the RBI extended the due date to 31 July 2024.

The RBI releases draft Export & Import Regulations and Directions for public comments

Following the announcement in June 2024¹², the RBI has made available the draft Export & Import Regulations and Directions on its website for public comments¹³.

The proposed framework is intended to promote ease of doing business, especially for small exporters and importers and to empower Authorised Dealer (AD) banks to provide quicker and more efficient service to their foreign exchange customers.

Comments / feedback on the draft regulations and directions are to be shared with the RBI via email latest by 1 September 2024.

¹⁰ A.P. (DIR Series) Circular No. 15 dated 10 July 2024 [Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)]

¹¹ Source: <https://flair.rbi.org.in/fla/faces/pages/login.xhtml>

¹² Statement on Developmental and Regulatory Policies issued vide RBI's Press Release dated 7 June 2024

¹³ The RBI Press Release dated 2 July 2024

Indirect Tax

Circulars



Pursuant to the 53rd GST Council meeting held on 22 June; the below circulars have been issued:

1. Monetary threshold for authorities to file appeals¹⁴

The following monetary thresholds are set for the tax authorities filing GST appeals before GSTAT, High Court and Supreme Court.

Forum	Amount
GSTAT	INR 20 lakh
High Court	INR 1 crore
Supreme Court	INR 2 crore

Eight specific scenarios are discussed to determine if the monetary limit applies to a particular case, e.g., only the amount of tax will be considered if the order includes tax, interest and penalties.

Six exceptions where the monetary limit will not apply are mentioned which *inter-alia* include cases:

- where vires is questioned
- valuation
- refunds
- classification

- place of supply
- Cases of recurring nature, strictures, etc.

2. Place of supply of goods supplied to unregistered persons, where the delivery address is different from the billing address¹⁵

In terms of section 10(1) (ca) of the IGST Act, in case of supply to an unregistered person, address mentioned on the invoice will determine the place of supply. However, where the delivery address and the recipient address are different, it has now been clarified that the place of supply will be determined on the basis of the delivery address.

3. Valuation of supply of imported services by a related person, where the recipient is eligible to claim full ITC¹⁶

- In cases where a foreign affiliate provides services to a related entity in India, and the entity in India is eligible to claim full ITC, the value declared on the invoice by the Indian entity may be deemed to be open market value as per the second proviso to Rule 28(1) of CGST Rules.
- If the Indian entity does not issue an invoice for services provided by the foreign affiliate, and full ITC is available to the Indian entity, the value of such services may be deemed as Nil and be considered as open market value for the purpose of rule 28.

¹⁴ Circular No. 207/1/2024-GST dated 26 June 2024

¹⁵ Circular No. 209/3/2024-GST dated 26 June 2024

¹⁶ Circular No. 210/4/2024-GST dated 26 June 2024

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4. Time limit for availing ITC in respect of RCM supplies received from unregistered persons¹⁷

The time limit for availing the ITC in terms of section 16(4) of the CGST Act where the invoice is to be issued by the recipient of the supplies [in terms of section 31(3)(f) of the CGST Act] has been clarified. Accordingly, ITC can be availed of with reference to the date of issue of the said invoice. However, the recipient would also be liable to pay interest in case of delayed payment of tax. Further, a penalty may also be levied under section 122 for the delayed raising of an invoice

5. Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act by the suppliers¹⁸

In order to claim reduction of post-sale discounts from the value of taxable supply, the supplier is required to ensure that the ITC on the same is reversed by the recipient.

Presently there is no functionality/facility available on the common portal to enable the supplier or the tax officer to verify the compliance of the said condition.

In view of the above, the circular requires the supplier to procure a certificate from the recipient, based on the amount of tax on the discount given to a recipient in a financial year.

Amount of tax	Certificate by
Up to INR five lakh	Recipient
More than INR five lakh	Chartered Accountant /Cost Accountant

6. Taxability of ESOP/ESPP/RSU (stock options) provided by a company to its employees through its overseas holding company¹⁹

- **Indian Subsidiary gives stock options to its employees:**

Since stock option is a part of remuneration, it would fall under Entry 1 of Schedule III of the CGST Act as it is in the course of or in relation to employment and will not be treated as supply.

- **Transfer of stock options by overseas holding company to Indian employee:**

Being transaction in securities, it is neither a supply of goods nor a supply of services, therefore GST is not leviable.

¹⁷ Circular No. 211/05/2024-GST dated 26 June 2024

¹⁸ Circular No. 212/6/2024-GST dated 26 June 2024

¹⁹ Circular No. 213/07/2024-GST dated 26 June 2024

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- **Reimbursement of the cost of such shares by the Indian Subsidiary to an overseas holding company:**

The reimbursement is generally done on a cost-to-cost basis. If any additional fee, mark-up, or commission is involved, GST would be payable on RCM basis by the Indian subsidiary.

7. Taxability of salvage/wreckage²⁰

In the case of total loss of motor vehicles, it has been clarified as below:

Manner of claim settlement by general insurance companies	Ownership of the salvage with	Whether tax to be paid by insurance company on salvage value
The value of salvage is deducted from the gross claim as per the contract	Insured	No
Full claim amount, without deduction of the value of salvage	Insurance Company	Yes

²⁰ Circular No. 215/09/2024-GST dated 26 June 2024

8. GST liability and ITC availability in cases involving Warranty/ Extended Warranty (in furtherance to Circular No. 195/07/2023-GST dated 17 July 2023)²¹

- No tax is required to be paid on free replacement of defective goods nor any reversal of ITC is required in respect of such cases. [Circular 195 para 2 Sl.1&2 talked only about parts and not goods – which is now covered].
- No tax is required to be paid by the manufacturer when free replacement of goods is given to the distributor where the distributor had replaced goods from his own stock earlier and then had asked for the replacement from the manufacturer. Further, no reversal of ITC is required by the manufacturer on the same. *[Circular 195 did not cover this scenario]*.
- Where extended warranty is provided by a third-party supplier, the same cannot be treated as the composite supply even if issued along with the sale of goods. It will be treated as separate supply of service and liable to GST.
- Where supply of extended warranty is made subsequent to the original supply of goods, it shall be treated as a separate supply of services and the supplier shall discharge the applicable GST.

²¹ Circular No. 216/10/2024-GST dated 26 June 2024

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9. Eligibility of ITC for insurance companies on the expenses incurred for the repair of motor vehicles²²

Where the insured avails of repair services from a garage outside the network of the insurance company and pays for the repairs, he claims reimbursement from the insurance company. In such cases, credit would be available to the insurance company on the repair charges to the extent of the approved claim cost, provided the invoices are in the name of the insurance company.

10. Taxability of the transaction of providing a loan by an overseas entity to its Indian-related entity or by a person in India to a related person²³

In the case of loans from related entities, where no specific consideration is charged in the form of processing fees/service fees/ any other amount, there would be no GST liability. Open market value cannot be invoked for fastening tax liability by deeming such services.

11. Recovery of outstanding dues after OIA²⁴:

- This circular provides a temporary mechanism for paying pre-deposit in case of appeal against OIA before the Appellate Tribunal.
- Same can be made by navigating to Services >> Ledgers>> Payment towards demand. Such payment will be mapped against the demand in the electronic liability register

- The taxpayer also needs to file an undertaking/declaration with the jurisdictional officer intimating intention to file an appeal in future.
- In case of taxpayers who have already paid the pre-deposit through DRC-03, an application in DRC-03A can be made for mapping such amount against the demand in the electronic liability register.
- However, till the time DRC-03A is made functional on the common portal, an intimation may be submitted with the jurisdictional officer about the same.

12. Clarifications regarding Corporate Guarantee (CG)²⁵

- CG²⁶ issued or renewed prior to 26 October 2023 (*date of introduction of sub-rule 2 to rule 28 for valuation of CG*): Valuation as per the provisions of rule 28 that existed till such date.
- CG issued or renewed on or after 26 October 2023: Valuation as per Rule 28(2).
- Value of CG to be calculated based on the guarantee offered. It is not dependent upon the actual loan disbursement amount.

²² Circular No. 217/11/2024-GST dated 26 June 2024

²³ Circular No. 218/12/2024-GST dated 26 June 2024

²⁴ Circular No. 224/18/2024-GST dated 11 July 2024

²⁵ Circular No. 225/19/2024-GST dated 11 July 2024

²⁶ Corporate guarantee to any banking company or financial institution by an entity on behalf of a related person

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- Recipient eligible to avail ITC on CG irrespective of the quantum or the time of disbursement of loan.
- No GST on takeover of existing loans by another banking company/financial institution unless fresh CG is issued, or earlier CG is renewed.
- In case of co-guarantors:
 - a) If actual consideration > 1% of guaranteed amount: GST on actual consideration
 - b) If actual consideration < 1% of guaranteed amount: GST payable proportionately on 1% of guaranteed amount
- In case of CG provided by foreign entity for related Indian entity, GST would be payable under RCM by the Indian entity.
- In case of CG issued for, say five years, the value of CG would be 1% multiplied by the number of years i.e., 5% or actual consideration, whichever is higher and GST over such value to be paid at the time of execution of CG. In case the same is for a year and is subsequently renewed year on year, GST payable on every such renewal.
- If full ITC is available to the recipient, value declared on the invoice to be considered as open market value.
- Provisions of Rule 28(2) will not apply in case of export of CG.

13. Refund of additional IGST paid on upward price revision of the goods subsequent to their export²⁷

- Refund of additional IGST on upward price revision of goods subsequent to their exports to be filed in Form RFD-01 (after making payment of additional IGST along with applicable interest) on the common portal under 'any other' category and the same shall be processed by the GST officer.
- No refund in case where amount claimed is less than one thousand rupees.
- Time limit for filing refund as per section 54:
 - 1) In case of relevant date falling from 1 July 2017 to 9 July 2024: 8 July 2026
 - 2) In case of relevant date falling after 10 July 2024: Two years from the relevant date
- The circular also prescribes the documents required to be furnished along with such refund application.
- Where there is a post-export downward price revision, the proper officer shall also verify whether the exporter has deposited the excess amount refunded, along with interest.

²⁷ Circular No. 226/20/2024-GST dated 11 July 2024

Notifications



Pursuant to the 53rd GST Council meeting held on 22 June; the below notifications have been issued for amending various rules:

Notification No. 12/2024 - GST

1. Biometric-based Aadhaar authentication

Bio-metric based Aadhaar authentication was earlier rolled out only for Andhra-Pradesh, Gujarat and Puducherry. Necessary changes have been made in rules for rolling it out across whole of India.

2. Changes in Rule 28(2)

The amendment makes the following three changes with respect to corporate guarantee offered to a banking company or a financial institution:

- 1) Now, Rule 28(2) will not apply to export of services (i.e., Outward corporate guarantee provided to related party abroad).
- 2) The deemed value of guarantee will be 1 per cent per annum or actual consideration whichever is higher.
- 3) The value declared on invoice instead of value equal to 1 per cent will be acceptable in case the recipient is eligible for full ITC.

All these three changes will be effective retrospectively from 26 October 2023.

3. Insertion of new rule 39(1A)

A new sub-rule (1A) has been inserted to rule 39 which allows a registered person to transfer ITC of tax paid under RCM to the ISD registration in the same State.

4. Introduction of new form GSTR-1A

A new optional Form GSTR-1A is introduced for making amendments/furnishing additional details about outward supplies.

Such form can be filed between latter of due date or actual date of filing of GSTR-1 and actual date of filing GSTR-3B.

Relevant changes made in other rules as well for including GSTR-1A along with GSTR-1.

5. Reporting of B2C supplies in GSTR-1

From 1 August 2024, all B2C inter-state supplies with invoice value above INR One lakh will have to be reported in Table 5 of GSTR-1

6. Revised due date for filing GSTR-4

The due date for the annual return GSTR-4 for composition taxpayers has been amended to 30 June (from earlier 30 April), starting from FY 2024-25.

7. No interest if cash available in ECL, but delay in return filing

The amount which is available in the Electronic Cash Ledger(ECL) on the due date of filing GSTR-3B shall not be included while calculating interest under section 50 of the CGST Act for belated filing of GSTR-3B.

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8. Claiming refund of additional IGST paid on upward price revision of the goods subsequent to their export

A new sub-rule (1A) to rule 89 has been inserted that prescribes a mechanism for claiming refund of additional IGST paid on upward price revision of the goods subsequent to their export.

Such refund can be filed within two years from the relevant date of exports.

For exports prior to this amendment, refund claim of additional IGST can be filed by 9 July 2026.

9. Changes in Rule 142 of the CGST Rules

- 1) Changes have been made in rule 142(1) to provide for electronic issuance of acknowledgment in Form GST DRC-04 by the officer for the payment received in Form DRC-03. Earlier, the officer issuing DRC-04 was required to accept the payment whereas, under the new provision, he is not required to accept the payment and is merely required to issue an acknowledgment.
- 2) Rule 142(2A) has been amended whereby Part-C has been inserted to FORM GST DRC-01A, where the proper officer can accept the payment, or the submissions made by the taxpayer or both.

- 3) Insertion of sub-rule 2B through which DRC-03A is introduced to correlate the payments in DRC-03 with the demand in the electronic liability register. However, form DRC-03A cannot be filed in case of payment made through Form DRC-03 and officer has passed order under Form GST DRC-05 concluding the proceedings in respect of the SCN. [Section 73(8) or 74(8) or 129]

Notification No. 13/2024 - GST

GSTR-9 not mandatory for registered persons with aggregate turnover in FY 2023-24 up to two crores.

Notification No. 14/2024 - GST

Rate of TCS reduced from 1% to 0.5%.

Union Budget - Proposed GST amendments



1. Relaxation in time limit to avail ITC for FY 2017-18 to FY 2020-21

For any invoice or debit note for supply of goods or services or both pertaining to the Financial Years 2017-18 to 2020-21, ITC will be allowed if already claimed in the returns filed up to 30 November 2021.

No refund shall be made of all the tax paid, or the ITC reversed, which would not have been so paid, or not reversed, had above provision was in force at all material times.

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2. Common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards

Sections 73 and 74 of CGST Act have been amended to limit their applicability for demands pertaining FY 2017-18 till FY 2023-24.

A new section 74A has been inserted to provide for common time limit for issuance of demand notices and orders irrespective of whether case involves fraud, suppression, willful misstatement etc., or not.

The time-limit for issuance of notice shall be forty-two months from:

- a) the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or ITC wrongly availed or utilized relates to or
- b) the date of erroneous refund.

Furthermore, the time limit for passing of order shall be 12 months (further extendable by 6 months) from the date of issuance of SCN.

The time limit for the taxpayers to avail of benefit of reduced penalty, by paying the tax demanded along with interest, has been increased from 30 days to 60 days.

3. Waiver of Interest and Penalty in certain cases for FY 2017-18, 2018-19, and 2019-20 (Amnesty)

Section 128A has been inserted to provide for conditional waiver of interest and penalty in respect of demands pertaining to FY 2017-18, 2018-19 and 2019-20, in cases where demand notices and orders have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.

Where such interest and penalty has already been paid, no refund of the same shall be available. The said waiver is not applicable in respect of any amount payable by the person on account of erroneous refund.

The said waiver shall not be applicable in respect of cases where an appeal or writ petition filed by the said person is pending before Appellate Authority or Appellate Tribunal or a court, as the case may be, and has not been withdrawn by the said person on or before the notified date.

Procedure will be prescribed in due course.

4. Time of Supply for RCM transactions

Section 13(3) has been amended to include an additional clause which specifies the time of supply as the date of issue of invoice by the recipient, where recipient of services is required to issue invoices.

5. Tax Invoice

Section 31 has been amended to allow prescribing of the time limit for issuance of self-invoice by the recipient.

An explanation has been added to section 31 to clarify that a person registered solely for purpose of deducting TDS under section 51 shall not be treated as a registered supplier for the purpose of section 31(3)(f).

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6. Restriction on Refund

Section 54 of CGST Act and section 16 of IGST Act have been amended to prohibit refund of unutilized ITC or of integrated tax on zero-rated supply of goods of such goods are subjected to export duty.

7. Regularization of non-levy or short levy of central tax

A new section 11A has been inserted empowering the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar provisions have been introduced under IGST Act, UTGST Act and GST (Compensation to States) Act.



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