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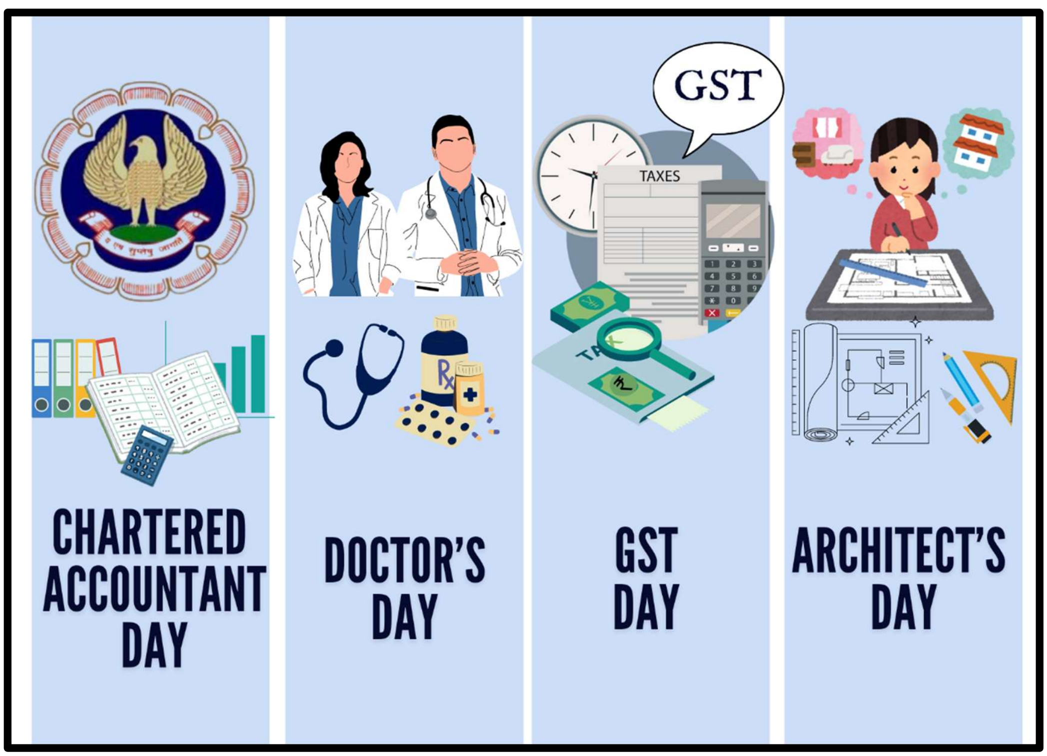
JULY

2024



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SAMĀCĀRA – JULY 2024

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SAMĀCĀRA – JULY 2024

EDITORIAL

Dear All,

As we step into the vibrant month of July, we are greeted with a remarkable confluence of celebrations and significant milestones. Today, we honor four professions that are pillars of our society: Chartered Accountants, Doctors, Architects, and the implementers of GST. It is indeed a day to celebrate the strength and resilience they bring to our country.

Effective from 1st July 2024 several new amended laws come into force, aiming to enhance transparency, accountability, and efficiency in various sectors. These changes reflect the government's commitment to continuous improvement and adaptation in a rapidly changing world. We encourage everyone to stay informed and compliant with these new regulations to contribute to a more robust and fair system.

The Union Government has notified that the new criminal laws - Bharatiya Nyaya Sanhita, Bharatiya Nagarik Suraksha Sanhita, and the Bharatiya Sakshya Adhiniyam - will come into effect from July 1, 2024. The Ministry of Home Affairs issued three notifications today regarding the date of commencement of these three laws. These new laws aim to modernize and streamline the criminal justice system in India, ensuring more effective and timely justice for all citizens. This marks a significant step forward in strengthening the rule of law and protecting the rights and safety of individuals.

India's economic trajectory continues to show promising signs of recovery and growth. The GST collection for the last month has hit a new high, showcasing robust economic activity and improved compliance. This milestone is a testament to the hard work of businesses and professionals alike, who play a crucial role in maintaining the economic momentum.

At SPCM, we are thrilled to share the grand success of our Mega Blood Donation event, organized on the occasion of CA Day. The event saw an overwhelming response, reflecting our community's spirit of giving and solidarity. We extend our heartfelt gratitude to all the participants and volunteers who made this event a remarkable success.

1st July is a unique combination of four important days:

1. ***CA Day*** - Celebrating the professionals who strengthen the economy of our country with their expertise and diligence.

2. ***Doctors Day*** - Honoring the professionals who ensure the health and well-being of our citizens.

3. ***GST Day*** - Marking the tax reform that aims to bring efficiency and transparency to our tax system.

4. ***Architects Day*** - Appreciating the visionaries who help build the dreams of our citizens through their innovative designs.

As we celebrate these pivotal professions, let us acknowledge their contributions and strive to emulate their dedication in our own lives.

Happy CA Day, Doctors Day, Architect Day, and GST Day!

Let's embrace this month with renewed vigor and a commitment to excellence in all our endeavors.

I conclude with words of Mahatma Gandhi, **"The best way to find yourself is to lose yourself in the service of others."** Let us draw inspiration from these words and continue to serve our community with dedication and compassion.

Thanking You,

With Warm Regards,

CA. Suhas P. Bora

Founder Partner,

SPCM and Associates,

Chartered Accountants

GLIMPSE OF EVENT

Facilitation of our mentor CA Suhas P. Bora by Mr. Manoj Chajjed on the occasion of Blood Donation Camp at our office on 01.07.2024 and CA day .

Mega Blood Donation event, organized at our office on the occasion of CA Day


CA INDIA


संपर्क
दिनांक :


आयोजित
संपर्क


THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA

Birthday Celebration of colleagues born in the month of June

DUE DATES

Income Tax, PF and ESIC due date calendar for the month of July 2024:

DATE	DUE DATE FOR
07-07-2024	• Deposit of Tax deducted/collected for the month of June, 2024. • Due date for deposit of TDS for the period April 2024 to June 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H of the Act.
15-07-2024	• Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M and 194S in the month of May, 2024. • Quarterly statement of TCS deposited for the quarter ending June 30, 2024. • Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2024. • Payment of ESI Contribution for the month of June, 2024. • Payment of PF for the month of June, 2024.
30-07-2024	• Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2024

DATE	DUE DATE FOR
	• Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of June, 2024.
31-07-2024	• Return of income for the assessment year 2024-25 for all assessee **other than** (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an assessee who is required to furnish a report under section 92E of the Act. • Quarterly statement of TDS deposited for the quarter ending June 30, 2024.

GST due dates for the month July 2024: -

DUE DATE	RETURN	PERIOD	DESCRIPTION
10th July	GSTR-7 (Monthly)	June'24	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
10th July	GSTR-8 (Monthly)	June'24	Summary of Tax Collected at Source (TCS) and deposited by E-commerce operators under GST laws.
11th July	GSTR-1 (Monthly)	June'24	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of April-June 2024.
13th July	GSTR-6	June'24	Details of ITC received and distributed by ISD.
13th July	GSTR-5 (Monthly)	June'24	Summary of outward taxable supplies & tax payable by a non-resident taxable person.
13th July	Furnishing Invoices in IFF Facility (Quarterly)	April – June 2024	Taxpayers who have opted for the Invoice Furnishing Facility (IFF) and choose to upload B2B outward supply invoices for first two months of the quarter. The B2B invoices relating to last month of the quarter are too uploaded while filing GSTR – 1 along with B2C invoices of entire quarter.

DUE DATE	RETURN	PERIOD	DESCRIPTION
18th July	CMP -08	April - June 2024	Form to declare the details or summary of self-assessed tax which is payable for a given quarter by taxpayers who are registered as composition taxable person or taxpayer who have opted for composition levy.
20th July	GSTR-3B (Monthly)	June'24	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of April-June 2024.
20th July	GSTR-5A (Monthly)	June'24	Summary of outward taxable supplies and tax payable by OIDAR.

GST

GIST OF GST CIRCULAR

S.NO.	CIRCULAR NO.	SUBJECT	GIST
1	207/01/2024-GST	Reduction of Government Litigation - fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court – reg.	**Monetary Limits for Appeals:** ➢ GSTAT: Rs. 20,00,000/- ➢ High Court: Rs. 1,00,00,000/- ➢ Supreme Court: Rs. 2,00,00,000/ **Exclusions:** ➢ Constitutional challenges. ➢ Ultra vires provisions or rules. ➢ Issues of valuation, classification, refunds, place of supply, and recurring issues. ➢ Adverse comments or costs imposed against the government. **Guidelines:** ➢ Appeals not solely based on exceeding thresholds. ➢ Non-filing based on limits does not set a precedent. ➢ Record reasons for non-filing below thresholds. ➢ Inform courts non-filing is due to limits, not acceptance of decisions.

S.NO.	CIRCULAR NO.	SUBJECT	GIST
2	208/02/2024-GST	Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024-CT,dated 05.01.2024 – reg.	➢ Manufacturers using old or second-hand packing machines may not have make, model, or machine numbers readily available. The circular allows for flexibility in reporting these details, where manufacturers can declare the year of purchase if the make is not available and assign a numeric number if the machine number is missing. ➢ If the electricity consumption rating of a machine is not available, manufacturers are required to get this calculated and certified by a Chartered Engineer and declared accordingly in FORM GST SRM-I. ➢ For goods without a MRP, such as those manufactured for export, manufacturers should report the sale price in FORM GST SRM-II. ➢ Only Chartered Engineers with a COP from the Institute of Engineers India (IEI) are qualified to provide certifications under this special procedure. ➢ The special procedure does not apply to manufacturing units located in SEZs or to manual processes using electric-operated heat sealers and seamers. ➢ The special procedure applies to all

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			persons involved in the manufacturing process, including job workers and contract manufacturers. If a job worker or contract manufacturer is unregistered, the principal manufacturer must comply with the special procedure.
3	209/03/2024-GST	Clarification on the provisions of clause (ca) of Section 10(1) of the IGST Act, 2017 relating to place of supply of goods to unregistered persons – reg.	➢ Relates to POS in case of sale of goods to unregistered persons where billing address and delivery address are different. ➢ If billing and delivery addresses differ, the delivery address determines the place of supply. ➢ Suppliers should record the delivery address as the address of the recipient on the invoice for accurate determination.
4	210/04/2024-GST	Clarification on valuation of supply of import of services by a related person where recipient is eligible to full ITC – reg.	➢ Second proviso to rule 28(1) of CGST Rules applies to all cases involving supply between distinct persons as well as related persons, in cases where full ITC is available to the recipient. ➢ Clarification issued vide Circular No. 199/11/2023-GST dated 17.07.2023 is equally applicable to import of services between related persons.

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			➢ Where the foreign affiliate is providing certain services to the related domestic entity, and where full ITC is available to the related domestic entity, value of such supply of services declared in the invoice by the related domestic entity deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. ➢ Where full ITC is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil and may be deemed as open market value.
5	211/05/2024 -GST	Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons – reg.	➢ In cases of supplies received from unregistered suppliers, where tax is to be paid by the recipient under reverse charge mechanism (RCM) and where invoice is to be issued by the recipient as per sec. 31(3)(f) of CGST Act, the relevant financial year for calculation of time limit for availment of ITC u/s 16(4) of CGST Act will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act, subject to payment of tax

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			on the said supply by the recipient and fulfilment of other conditions and restrictions of sec. 16 and 17 of CGST Act. ➢ If the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax. ➢ In cases of such delayed issuance of invoice by the recipient, he may also be liable to penal action u/s 122 of CGST Act.
6	212/06/2024-GST	Mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of CGST Act, 2017 by the suppliers – reg.	➢ Circular provides for a solution till the time a functionality / facility is made available on the GST portal to enable the suppliers and tax officers to verify whether ITC attributable to post sale discounts offered through tax credit notes has been reversed by the recipient or not. ➢ Till such time, supplier may procure a certificate from the recipient of supply, issued by the Chartered Accountant (CA) or Cost Accountant (CMA), certifying that the recipient has made the required proportionate reversal of ITC at his end. ➢ CA/CMA certificate shall contain UDIN and may include details such

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			as the details of the credit notes, the details of the relevant invoice number against which the said credit note has been issued, the amount of ITC reversal in respect of each of the said credit notes along with the details of the FORM GST DRC-03/ return / any other relevant document through which such reversal of ITC has been made by the recipient. ➢ If tax involved in the post supply discount given in a Financial Year is not exceeding Rs. 5 lakhs, supplier may procure an undertaking/ certificate from the recipient instead of CA/CMA certificate.
7	213/07/2024-GST	Clarification on the taxability of ESOP / ESPP / RSU provided by a company to its employees through its overseas holding company – reg.	➢ Securities, including shares, are neither considered goods nor services under GST law. Therefore, the purchase, sale, or transfer of these securities or shares is not subject to GST. ➢ The allocation of securities or shares from an employer to an employee as part of compensation packages aimed at incentivising performance does not constitute a supply of goods or services. Therefore, such transactions are not liable for GST.

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			➢ When a domestic subsidiary reimburses its foreign holding company for the cost of securities or shares issued to employees, this transaction is not considered an import of services and is not subject to GST, as long as the reimbursement is strictly for the cost of the securities without any additional fees, markup, or commission. ➢ If the foreign holding company charges any additional fees, markup, or commission for issuing the securities or shares, this would be considered a supply of services. In such cases, GST would apply, and it would be payable by the domestic subsidiary company on a reverse charge basis.
8	214/08/2024-GST	Clarification on the requirement of reversal of ITC in respect of the portion of the premium for life insurance policies which is not included in taxable value – reg.	➢ Life insurance business includes contracts of insurance on human life, which may involve an investment component alongside the risk cover. ➢ Value of supply for life insurance is determined by deducting the investment component from the gross premium, according to rule 32(4) of CGST Rules. ➢ The portion of the premium not included in the taxable value should

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			not be treated as pertaining to an exempt or non-taxable supply. Therefore, there is no requirement to reverse the ITC on this portion. ➢ Just because some amount of consideration is not included in value of taxable supply as per the provisions of the statute does not mean that the said portion of consideration becomes attributable to a non-taxable or exempt supply.
9	215/09/2024-GST	Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle – reg.	Where salvage value is deducted from the settlement amount in case of total loss as per terms of the policy ➢ Salvage/ wreckage remains the property of the insured. ➢ Deduction of the value of salvage from the insurance settlement amount cannot be said to be consideration for any supply being made by insurance company. ➢ No liability under GST on insurance company in respect of salvage Where policy provides for settlement of claim on full IDV (without deduction of salvage value) ➢ Salvage becomes the property of insurance company.

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			➢ Outward GST liability on disposal/sale of the salvage is to be discharged by the insurance company.
	216/10/2024-GST	Clarification in respect of GST liability and ITC availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No.195/07/2023-GST dated 17.07.2023 – reg.	➢ Circular No. 195/07/2023-GST covered only the replacement of parts under warranty, not the goods as a whole. This circular clarifies that the provisions also apply when the entire goods are replaced under warranty, ensuring consistency in the treatment of parts and whole goods. ➢ If a distributor replaces goods or parts from their own stock under warranty and later gets replenished by the manufacturer without additional cost, no GST is payable on such replenishment. Additionally, there is no need for ITC reversal by the manufacturer for the parts replenished. ➢ When an extended warranty is sold by a different supplier from the original goods supplier at the time of sale, it should be treated as a separate supply of services, not a composite supply. This recognizes extended warranties as distinct transactions when provided by different entities. ➢ Extended warranties sold after the

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			original sale of goods are considered a supply of services, distinct from the goods. The supplier of the extended warranty is responsible for the GST liabilities on this service.
11	217/11/2024-GST	Entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement – reg.c	➢ Insurance cos. are eligible to avail ITC on the GST paid on repair services provided by garages, even in the reimbursement mode, where invoices are issued in the name of the insurance co. and the insured initially pays the repair costs. ➢ Under the CGST Act, the insurance company is considered the 'recipient' of the repair services to the extent of the approved claim cost, since they reimburse these costs to the insured. This makes them eligible to claim ITC. ➢ ITC is available on the invoice issued to the insurance company to the extent of the amount reimbursed to the insured. If the invoice includes costs above the approved claim (such as deductibles or depreciation), the ITC can only be claimed up to the amount reimbursed. ➢ If the repair invoice is not issued in the name of the insurance company, ITC cannot be availed by the insurance company for those repairs.

S.NO.	CIRCULAR NO.	SUBJECT	GIST
12	218/12/2024-GST	Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person – reg.	➢ Specific focus on transactions involving only interest or discount as consideration. ➢ The granting of loans or advances between related parties, when made in the course or furtherance of business, is considered a supply under Schedule I, even if made without additional consideration like processing fees. ➢ Services related to extending loans or advances where the consideration is solely through interest or discount (excluding credit card services) are exempt from GST as per Notification No. 12/2017-Central Tax (Rate). ➢ Any processing or administrative fees charged in connection with the loan are taxable under GST. These fees are considered separate from interest or discount and represent taxable consideration for the services provided in processing the loan. ➢ In cases where loans are extended without any processing or administrative fees (only with interest or discount), there is no supply of service in terms of processing or administering the loan, and therefore, no GST is applicable. ➢ For loans between related parties, **if**

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			no fees like processing or administrative charges are levied besides interest or discount, it's concluded that no service of processing or administering the loan is being provided, and hence no GST applies.
13	219/13/2024-GST	Clarification on availability of ITC on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of CGST Act – reg.	➢ Ducts and manholes are covered under the definition of "plant and machinery" as per Explanation in sec. 17, as they are used as part of the OFC network for making outward supply of transmission of telecommunication signals from one point to another. Availment of ITC is not restricted in respect of such ducts and manhole used in network of OFCs, either under clause (c) or clause (d) of sec. 17(5) of CGST Act.
14	220/14/2024-GST	Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors – reg.	➢ Custodial services involve the safekeeping of securities and providing related services like maintaining accounts, collecting benefits, and informing clients of issuer actions. ➢ Custodial services do not qualify as services provided to an "account holder" as per Education Guide under Service Tax regime. Therefore, they are not covered u/s 13(8)(a) of IGST Act

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			which applies to services linked to account operations like deposits and transfers. ➢ Since custodial services are not services to an account holder, the place of supply should be determined by the default provision, which is the location of the recipient of the service as per sec.13(2) of IGST Act.
15	221/15/2024-GST	Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model – reg.	Nature of HAM Contracts: ➢ HAM contracts combine construction and operation C maintenance (OCM) of highways into a single contract. Payments are staggered over the contract period, typically 15-17 years. ➢ HAM contracts are treated as continuous supplies of services under the CGST Act. The payment is linked to specific events or periods, and invoices must be issued accordingly. Time of Supply: ➢ Time of supply is defined by sec. 13(2) of CGST Act. ➢ If invoices are issued on or before the specified date or event completion date as per the

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			contract, the time of supply is the date of invoice issuance or payment receipt, whichever is earlier. ➢ If invoices are not issued by the specified or event completion date, the time of supply will be the date of service provision or payment receipt, whichever is earlier. **Inclusion of Interest in Taxable Value**: ➢ Annuity payments from NHAI to concessionaires include an interest component. This interest is also includible in the taxable value for GST purposes per sec. 15(2)(d) of CGST Act.
16	222/16/2024-GST	Clarification on time of supply of services of spectrum usage and other similar services under GST – reg.	Nature of Spectrum Allocation Services: ➢ GST is to be discharged on the supply of spectrum allocation services by the recipient of services (the telecom operator) on reverse charge basis. ➢ If the telecom operator chooses the option to make payment in instalments, spectrum allocation by the Department of Telecommunications (DoT) to telecom operators is considered a

S.NO.	CIRCULAR NO.	SUBJECT	GIST
			continuous supply of services as defined u/s 2(33) of CGST Act. Role of Frequency Assignment Letter: ➢ Frequency Assignment Letter from DoT serves as a bid acceptance document detailing the spectrum allocation and payment terms rather than a direct invoice. The actual tax invoice should be issued by the telecom operator based on the payment schedule defined in the contract. Time of Supply: ➢ If payment is made up front, GST is payable either when the payment is made or when it is due, whichever is earlier. ➢ If payment is made in instalments, GST is due with each instalment either on the payment due date or when payment is made, whichever comes first.

GST UPDATES

1. **Filing of information by manufacturers of Pan Masala and Tobacco taxpayers:**

   Please refer to the notification Notification No. 04/2024 – Central Tax dated 05-01-2024 to seek information from taxpayers dealing in the goods mentioned therein. Two forms have been notified vide this notification namely GST SRM-I and GST SRM-II. The former pertains to the registration and disposal of machines while the latter asks for information on inputs and outputs during a month. Form GST SRM-I meant for registration of machines has already been made available on the portal w.e.f. 15-05-2024. Concerned taxpayers are using the same for the registration of machines and other information asked therein.

   Now, the second form namely, Form GST SRM-II is also available on the portal. Taxpayers dealing in the manufacture of Pan Masala and Tobacco products can now report the details of inputs and outputs procured and consumed for the relevant month.

2. **Highlights from the 53rd GST Council Meeting:**

   a) **Changes will be allowed in GSTR-1 going forward within same tax period**: The GST Council approved implementing a functionality for a new form GSTR-1A that allows taxpayers to add/amend particulars of GSTR-1 of current tax period/IFF for 1st and 2nd month of quarter, that is missed out before filing GSTR-3B.

   b) **Reporting B2C supplies in GSTR-1:** The threshold for reporting Business-to-Consumers (B2C) interstate supplies invoice-wise in

Table 5 of GSTR-1 will be reduced from Rs.2.5 lakh to Rs.1 lakh.

c) **GSTR-4 Due Date Revised:** Extension provided to the due date for filing GSTR-4 by the composition taxable persons from the present 30th of April to 30th of June 2024 from FY 2024-25 onwards.

d) **TCS Rate Reduction:** Electronic Commerce Operators (ECOs) had to collect Tax Collected at Source (TCS) at 1% (0.5% each under CGST and SGST/ 1% under IGST) on net taxable supplies under Section 52(1) of the CGST Act. It is recommended to reduce this to 0.5 % (0.25% under CGST and 0.25% under SGST/UTGST/0.5% under IGST).

e) **Compulsory filing of GSTR-7:** GSTR-7 must be filed mandatorily even if no TDS is deducted, reported invoice-wise and no late fee will be charged for nil filing.

f) **GSTR-9/9A filing applicability:** The filing of annual return in GSTR-9/9A for the FY 2023-24 would be exempted for taxpayers with an aggregate annual turnover upto Rs.2 crore.

g) **Modification to Section 16(4):** The time limit to avail ITC for invoices or debit notes in any GSTR-3B filed up to 30th November 2021 (applicable for fiscal years 17-18, 18-19, 19-20 and 20-21) may be deemed to be 30th November 2021, which will apply retrospectively from 1st July 2017. Furthermore, Section 16(4) shall be relaxed where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, are filed by the registered person within thirty days of the order of revocation.

h) **Amendment to CGST Rule 88B:** The GST Council has recommended not to charge interest on the amount available in the electronic cash ledger on the due date of filing GSTR-3B and is debited while filing the said return in cases of delayed filing of GSTR-3B.

i) **New Section 128A:** GST Council has waived interest and penalties for demand notices issued u/s 73 of CGST (applicable for fiscal years 17-18, 18-19 and 19-20) for cases not involving fraud, suppression and misstatement. It is applicable to cases where the taxpayer pays the full amount in the notice by 31st Mar 2025.

j) **Changes in Section 73 and 74:** A common time limit will be set for issuing demand notices and orders under both these provisions without differentiating cases as fraud/non-fraud. The time limit for the taxpayers to claim the benefit of reduced penalty, by paying the tax demanded along with interest, would be increased from 30 to 60 days.

k) **Monetary Limits set for GST Appeals:** The recommended monetary limits for filing appeals by the department before these legal fora are Rs.20 lakh for GST Appellate Tribunal, Rs.1 crore for HC and Rs.2 crore for SC.

l) **Amending Sections 107 and 112:** The maximum amount for pre-deposit for filing appeal before appellate authorities shall be reduced from Rs.25 crore under CGST and Rs.25 crore under SGST to Rs.20 crore respectively. Moreover, the amount of pre-deposit for appeal before the GST Appellate Tribunal has been reduced from 20% with a maximum amount of Rs.50 crores under CGST and Rs.50 crores under SGST to 10% with a maximum of Rs.20 crores under CGST and Rs.20 crores under SGST.

m) **Sunset Clause to amend Sections 109 & 117:** Sunset clause to be added for anti-profiteering cases pending and decision taken to shift the hearing panel from CCI to principal bench of GSTAT. The GST Council has also recommended the sun-set date of 1st April 2025 for receiving any new application regarding anti-profiteering.

n) **Time limit to file appeals before the GSTAT:** The GST Council recommended modifying Section 112 to provide a 3 months' time for filing appeals before the GST Appellate Tribunal. It will start from a date yet to be notified by the Government, most likely to be announced by 5th August 2024 as this is the last date.

o) **New Section 11A:** The new provision allows regularization of non-levy or short levy of GST, where tax was being underpaid or unpaid due to common trade practices.

p) **IGST Refund due to upward price revisions after exports:** A mechanism is being introduced for claiming refund of additional IGST paid due to any upward revision in price of the goods after their export helping taxpayers claim refunds for paying additional IGST due to such move.

q) **No refund of IGST in specific case:** Where export duty is payable, IGST will not be refunded by modifying Sections 16 and 54. This applies for both exports and supplies to SEZ unit/developer with or without payment of tax.

r) **Those applicants who have opted for Biometric based Aadhaar Biometric-based Aadhaar Authentication:** authentication conducted at the GST Suvidha Kendra will be rolled out for GST registration on all-India basis in a phased manner.

s) **DRC-03 Circular expected to be notified:** A circular will be issued to prescribe a mechanism for adjusting any demand amount paid through DRC-03 against the amount payable as pre-deposit for filing GST appeal.

t) **Section 122(1B) to be amended:** Amendment will apply retrospectively w.e.f. 1st October 2023, so as to clarify that the said penal provision is applicable only for those e-commerce operators, who are required to collect TCS u/s 52 and not for other e-commerce operators.

3. **Section 16(4) of the CGST Act Relaxed for ITC Claims:**

Given the challenges encountered by taxpayers in the initial years post the implementation of GST, the GST Council recommended relaxing the time limit to avail ITC under Section 16(4) of CGST Act. Accordingly, any GSTR-3B filed up to 30th November 2021 for FY 17-18, 18-19, 19-20 and 20-21 will be deemed to be 30th November 2021, with retrospective effect.

Further, in respect of supplies received from unregistered suppliers, the GST Council clarified that in cases where the tax has to be paid by the recipient under reverse charge mechanism (RCM), the relevant financial year for calculation of time limit for availment of ITC under Section 16(4) of CGST Act will be the financial year in which the invoice has been issued by the recipient.

4. **Interest/Penalties Waived in Cases Where Taxpayers Pay Full Demand:**

The GST Council recommended that the interest and penalty amount for demand notices issued under Section 73 of the CGST Act will be waived for FYs 17-18, 18-19 and 19-20, provided the taxpayer pays the full amount indicated in the notice by 31st March 2025.

It is to be noted that the waiver does not cover the demand in cases of erroneous refunds. To implement this change, the GST Council has recommended the insertion of a new Section 128A in CGST Act, 2017.

5. Major Rate Changes to Goods and Services Under the GST Law:

Goods/Services	Revised Rate
Extra Neutral Alcohol used for the manufacture of alcoholic liquor for human consumption	Exempt
Imports of parts, components, testing equipment, tools, and tool-kits of aircraft, irrespective of their HS classification, are used to boost the MRO activities subject to specified conditions.	5% IGST
Parts of Poultry keeping Machinery	12%
All milk cans (different materials), irrespective of use	12%
All carton boxes and cases of both corrugated and non-corrugated paper board	12%
All types of sprinklers, including fire water sprinklers	12%
All solar cookers, whether or not single or dual energy source	12%
Services provided by Indian Railways to common man for sale of platform tickets, cloak rooms, and	Exempt

Goods/Services	Revised Rate
battery-operated car services are exempted, including intra railway supplies	
Service by way of hostel accommodation is currently not exempted if outside educational institution upon satisfying the conditions that the rent limit is up to Rs. 20,000 per person per month, and the service is rendered for a continuous period of 90 days	Exempt
Corporate guarantee if in case it is for services or goods where whole ITC is available	Exempt
Services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV	Exempt
Imports of specified items for defence forces	IGST is exempt for five years till 30th June 2029
Imports of research equipment/buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) programme subject to specified conditions	IGST is exempt
Imports in SEZ-by-SEZ Unit/developers for authorised operations with effect from 1st July 2017	Compensation Cess is exempt
Supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under the Ministry of Defence	Compensation Cess is exempt

Goods/Services	Revised Rate
Import of technical documentation for AK-203 rifle kits imported for the Indian Defence forces.	Ad hoc IGST exemption provided
All milk cans of steel, iron and aluminium (irrespective of their use)	12%
Cartons, boxes and cases of both corrugated and non-corrugated paper or paper board	12%
Solar cookers, whether single or dual energy sources	12%
Sprinklers, including fire water sprinklers	12%
Services by Indian Railways, like the sale of platform tickets, waiting rooms, battery-operated car services, and intra-railway transactions	Exempt
Services of hostel accommodation up to Rs. 20,000/- per month per person when supplied for a minimum continuous period of 90 days (inside and outside educational institutions)	Exempt

Empowering Women through Financial Literacy: The Value of Gold and Silver Investments

In our ongoing series on financial literacy, this second article focuses on a subject of paramount importance: financial literacy for women, specifically regarding investments in gold and silver. In a world where financial independence is the cornerstone of empowerment, understanding these precious metals can be transformative for women across all walks of life.

The Importance of Financial Literacy

Financial literacy is more than just understanding numbers; it is the key to unlocking freedom and security. For women, this knowledge is especially crucial. Historically, societal structures often limited women's access to financial education and decision-making. However, as we stride into the 21st century, the tide is turning. Women are increasingly taking charge of their financial futures, and it is imperative that we continue to build on this momentum.

Why Gold and Silver?

Gold and silver have been esteemed as symbols of wealth and stability for centuries. Their enduring value and liquidity make them attractive investments, particularly in uncertain economic times. Understanding the nuances of investing in these metals can provide women with a robust strategy to diversify their portfolios and safeguard their financial health.

Gold: The Safe Haven

Gold is often referred to as a "safe haven" asset. During economic downturns or periods of geopolitical instability, gold tends to retain its value, offering a hedge against inflation and currency devaluation. Key points to consider include:

1. ***Portfolio Diversification*:** Gold's performance typically inversely correlates with stock markets. Including gold in your investment portfolio can reduce overall risk. For instance, during the 2008 financial crisis, while global stock markets plummeted, gold prices surged, protecting investors from massive losses.

2. ***Liquidity*:** Gold is highly liquid. It can be bought or sold easily across the globe, providing flexibility when you need it most. Consider the ease with which you can sell gold jewelry or coins at market value, compared to other investments like real estate.

3. ***Wealth Preservation***: Historically, gold has maintained its purchasing power over the long term. For example, an ounce of gold in the 1900s could buy a fine suit, and today it still holds enough value to purchase a high-quality suit, illustrating its stability over time.

Silver: The Versatile Metal

Silver, while often overshadowed by gold, offers unique advantages. It is not only a precious metal but also an industrial one, used in various applications from electronics to solar panels. Here's why silver deserves your attention:

1. ***Affordability*:** Silver is more affordable than gold, making it accessible for those who are just beginning their investment journey. For example, while an ounce of gold might cost $2,000, an ounce of silver might cost around $25, allowing for smaller, more manageable investments.

2. ***Industrial Demand*:** With the rise of green technologies and electronics, the demand for silver is expected to grow, potentially driving its

value higher. For instance, the increasing adoption of solar panels, which use silver, is likely to boost silver prices.

3. ***Investment Growth*:** Silver tends to be more volatile than gold, which means it has the potential for higher short-term gains. A historical example is the price surge of silver in 2010-2011, when it nearly tripled in value within a year.

<u>Practical Steps to Investing:</u>

1. ***Educate Yourself***: Understanding the market trends and the factors that influence the prices of gold and silver is essential. Books, online courses, and financial advisors can provide valuable insights. Websites like Investopedia and financial news portals can keep you updated on market movements.

2. ***Start Small*:** Begin with a manageable investment to familiarize yourself with the market dynamics. For example, purchasing a few grams of gold coins or small silver bars can be a good start. As you gain confidence, you can increase your holdings.

3. ***Diversify***: Don't put all your eggs in one basket. Balance your portfolio with a mix of assets, including gold, silver, stocks, and bonds. This diversification can protect you from market volatility. For instance, while your stocks might be volatile, your gold investment can provide stability.

4. ***Regular Monitoring***: Keep an eye on your investments and stay informed about market changes. Regular review and adjustment of your portfolio are necessary to ensure it aligns with your financial goals. Utilize tools like portfolio trackers and set alerts for significant market movements.

5. ***Utilize Professional Guidance***: Consider consulting with a financial advisor who can provide personalized advice based on your financial goals.

They can help you navigate the complexities of the precious metals market and integrate these investments into your broader financial strategy.

Real-Life Examples

Let me share a few real-life examples to illustrate how gold and silver investments can work:

***The Gold Emergency Fund*:** Rina, a marketing professional, decided to convert 10% of her savings into gold. Over five years, she steadily accumulated gold coins and bars. When an unexpected medical emergency arose, she sold a portion of her gold holdings, which had appreciated by 20%, covering her expenses without dipping into her other savings.

***Silver for Future Education*:** Priya, a mother of two, invested in silver as part of her children's education fund. Recognizing the rising demand for silver in industrial applications, she purchased silver bars annually. After a decade, the value of her silver investments had significantly increased, contributing substantially to her children's college tuition fees.

Conclusion

Empowering women with financial literacy is not just about economic freedom; it’s about securing a future where women can confidently make informed financial decisions. Gold and silver investments offer a viable path toward this goal, providing stability, growth, and security. By understanding the principles of investing in gold and silver, women can navigate the financial landscape with confidence and foresight. This knowledge will not only protect and grow their wealth but also pave the way for future generations of financially savvy women.

FINANCE AND VALUATIONS

INTERPLAY OF EBITDA AND PAT

When analyzing a company's financial performance, it's crucial to consider profitability as a key factor in decision-making. While net profit is often the primary focus when discussing profitability, it alone may not provide a comprehensive view of the company's financial health. To gain a deeper understanding, it is essential to examine other metrics in the profit and loss statement. These metrics include revenue, Earnings Before Interest Tax Depreciation and Amortization (EBITDA), Earnings Before Interest and Tax (EBIT), Earnings Before Tax (EBT), and Profit After Tax (PAT).

This article will delve into the relationship between EBITDA and PAT to further explore their interplay and significance in evaluating a company's financial position.

A. WHAT IS EBITDA?

EBITDA stands for **Earnings Before Interest, Taxes, Depreciation, and Amortization** and is a metric used to evaluate a company's operating performance.

The EBITDA metric is a variation of operating income (EBIT) that excludes certain non-cash expenses. The purpose of these deductions is to remove the factors that business owners have discretion over, such as debt financing, capital structure, methods of depreciation, and taxes (to some extent). It can be used to showcase a firm's financial performance without the impact of its capital structure.

The formula for EBITDA:

EBITDA = Net Income + Interest + Taxes + Depreciation + Amortization

or

EBITDA = Operating Profit + Depreciation + Amortization

The Enterprise Value/EBITDA ratio helps investors determine if a company is overvalued (high ratio) or undervalued (low ratio). It's crucial to compare companies within the same industry, as average ratios vary across industries.
EBITDA, often used in financial modeling for calculating unlevered free cash flow, excludes interest, taxes, and depreciation & amortization (D&A) for a clearer view of operating performance:

Interest: Excluded due to variability in financing structures and for easier comparison.

Taxes: Excluded due to regional differences and irrelevance to management performance.

D&A: Excluded as they relate to past investments, not current operations, and are influenced by various assumptions.

In essence, EBITDA represents a company's operational profit, unaffected by non-cash expenses.

- **EBITDA in Financial Modeling**

EBITDA is used frequently in financial modeling as a starting point for calculating unlevered free cash flow. Earnings before interest, taxes, depreciation, and amortization is such a frequently referenced metric in finance that it's helpful to use it as a reference point, even though a discounted cash flow (DCF) model only values the business based on its free cash flow.

- **Disadvantages of EBITDA**

EBITDA presents the company as if it has never paid any interest or taxes, and it shows assets as having never lost their natural value over time (no depreciation or capital expenditures are deducted).
For example, a fast-growing manufacturing company may present increasing sales and EBITDA year-over-year (YoY). To expand rapidly, it acquired many fixed assets over time and all were funded with debt. Although it may seem that the company has strong top-line growth, investors should look at other metrics as well, such as capital expenditures, cash flow, and net income.

B. WHAT IS PAT?

Profit After Tax (PAT) is the amount available for distribution to shareholders after all expenses, liabilities, and taxes are paid. It can be distributed as dividends or kept as retained earnings. PAT is crucial as it shows the actual earnings of a company for the year, reflecting its operational efficiency and performance. Analysts use PAT to compare companies within the same market segment, as it indicates how well a company converts revenue into profit.

- **Importance of PAT:**

Financial Performance: Indicates the company's profitability after all expenses and taxes.

Tax Efficiency: Shows how effectively a company manages its tax liabilities.

Dividend Basis: Determines the amount available for dividends.

Benchmark for Comparisons: Used to compare performance over time and against competitors.

Investment Decisions: Influences investor decisions by reflecting financial health and sustainability.

Often analysts pit companies' profit after tax against other companies in the same market segment to compare the health of businesses. This figure is also used in other ratios and complex equations such as profit-after-tax margin, which gives a more objective and detailed look of the company. It is significant in showing the competency of a business in being able to turn its revenue into profits.

- **How Is the Profit After Tax Calculated?**

  The formula to calculate profit after tax is as follows:

  PAT or NOPAT = Operating Income * (1-tax)

  Where,
  Operating income = gross profit – operating expenses
  Another formula to calculate PAT is:

  PAT = Net profit before tax – Total tax expense

C. WHAT IS THE DIFFERENCE BETWEEN EBITDA AND PAT MARGIN?

EBITDA and PAT margin are the company's earnings in different phases.

Both EBITDA and PAT margin indicate the company's profitability position and efficiency of the firm in managing the expenses. EBITDA refers to the profit at the operating level, while PAT, i.e. profit after tax, indicates the final profit of the company. EBITDA only takes into account operating expenses, while PAT is calculated after deducting all expenses, financing costs, depreciation, amortisation, and taxes. The PAT margin is the percentage of profit after tax as compared to revenue from operations.

While EBITDA can be a more realistic indicator of a company’s financial performance, PAT shall help investors understand the impact of noncash expenses like depreciation on the cash profitability.
Investors are suggested to take into consideration both the metrics to form a right decision on performance of company as having a negative EBITDA doesn’t indicate that company is running into losses. The company might be having heavy asset structure or might be having debt financing which might affect the bottom line.

D. WHY GIVE MORE EMPHASIS ON EBITDA OVER PAT?

The EBITDA metric is commonly used as a loose proxy for cash flow. It can give an analyst a quick estimate of the value of the company, as well as a valuation range by multiplying it by a valuation multiple obtained from equity research reports, publicly traded peers, and industry transactions, or M&A.

In addition, when a company is not making a net profit, investors can turn to EBITDA to evaluate a company. Many private equity firms use this metric because it is very good for comparing similar companies in the same industry. Business owners use it to compare their performance against their competitors.

E. CONCLUSION

When analyzing a company's financial performance, considering both EBITDA and PAT is crucial for a comprehensive understanding. EBITDA provides a clear view of operating performance by excluding non-cash expenses like interest, taxes, depreciation, and amortization, making it useful for comparisons and financial modeling. In contrast, PAT reflects the actual earnings available for distribution to shareholders after all expenses, showcasing the company's overall profitability and tax efficiency. While EBITDA offers insights into operational profit, PAT indicates the final profit and helps in assessing financial health and investment potential. Both metrics together provide a balanced view of a company's financial position.

THANK YOU!

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