

December 2024 | F&A | Volume LII



Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act during December 2024. We had tried to cover all important updates occurred during December 2024 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



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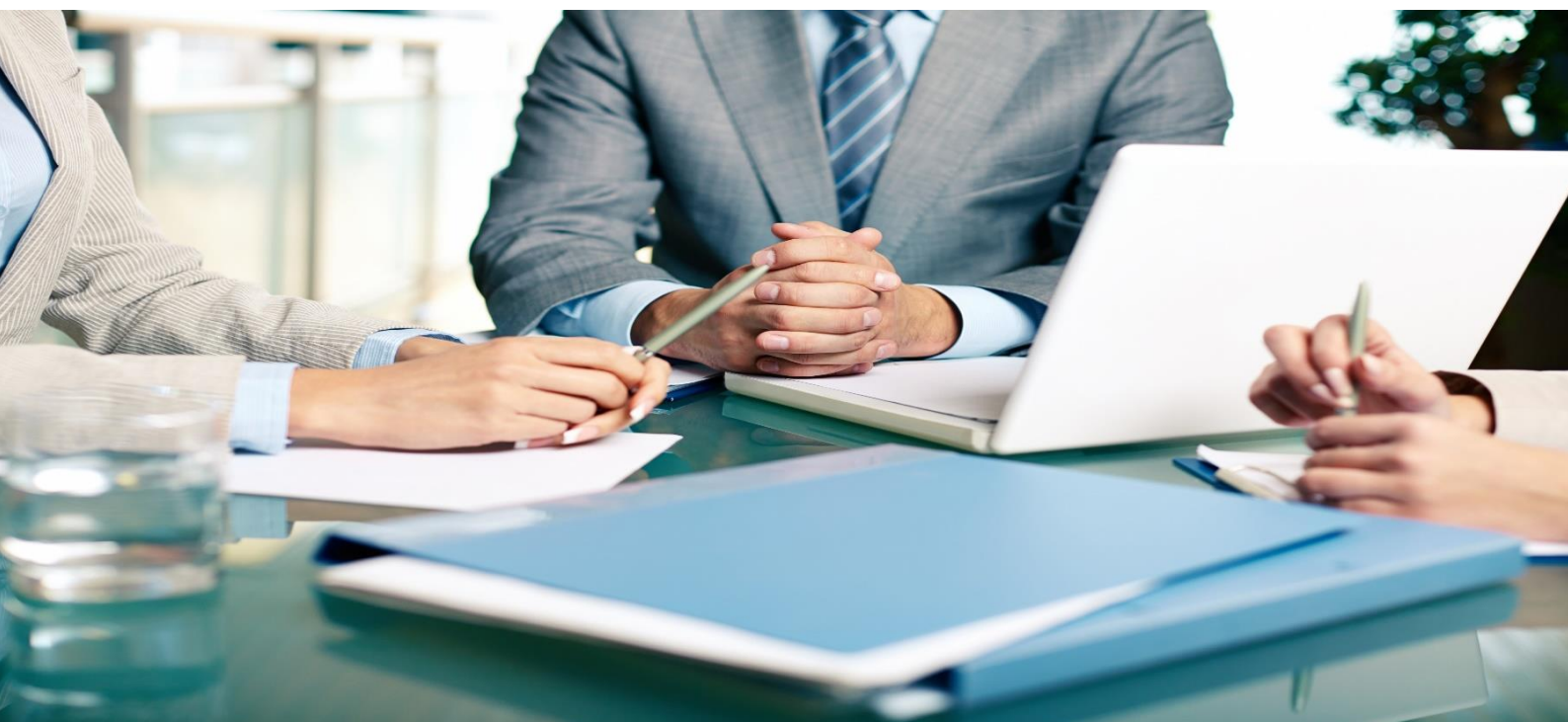
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Compliance Calender



Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax, MCA, Audit & Assurance notification, circulars and case laws which may directly or indirectly impact our readers. At Nucleus, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.





NEWSLETTER HIGHLIGHTS

Direct Tax Updates

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- Extension of Deadline for Filing Belated/Revised ITR for AY 2024-25.

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- Advisory for Biometric-Based Aadhaar Authentication and Document Verification for GST Registration Applicants of Haryana, Manipur, Meghalaya and Tripura, Chhattisgarh, Goa and Mizoram, Arunachal Pradesh.
- Advisory on difference in value of Table 8A and 8C of Annual Returns FY 23-24.
- Advisory on Updates to E-Way Bill and E-Invoice Systems.
- Advisory for Entry of RR No./eT-RRs in EWB system Post EWB-FOIS Integration.
- Advisory for Entry of Receipt Numbers Pertaining to Leased Wagons in the E-Way Bill System
- Advisory for Waiver Scheme under Section 128A.



DIRECT TAX UPDATES

➤ TDS Exemption for Credit Guarantee Fund Trust for Micro and Small Enterprises.

The Central Government has granted TDS exemption to the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). This means that entities making payments to the CGTMSE, established by the Government of India and the Small Industries Development Bank of India, are not required to deduct Tax Deducted at Source (TDS) under the provisions of Section 197A of the Income Tax Act, 1961.

The notification shall be deemed to have come into force with effect from the 18th day of December, 2024

➤ **“International Institute of Information Technology” Approved for Scientific Research Expenditure Deductions.**

The Central Government hereby approves **International Institute of Information Technology** (PAN: AAAAI6797B), Hyderabad under the category of ‘University, college or other institution’ for ‘Scientific Research’ for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with Rules 5C and 5D of the Income-tax Rules, 1962.

This Notification shall apply from the Previous Year 2024-25 and accordingly shall be applicable for Assessment Years 2025-26 to 2029-30

➤ **Extension for Deadline for Filing Belated/Revised ITR for AY 2024-25.**

The Central Board of Direct Taxes (CBDT) has recently issued a circular (No. 21/2024) extending the deadline for filing belated or revised income tax returns for the Assessment Year 2024-25.

Key Highlights:

- **Who is eligible:** This extension applies to resident individuals.
- **Extended deadline:** The new deadline for filing belated or revised returns is now January 15, 2025, instead of December 31, 2024.

Circulars Issued

1. Clarification on Input Tax Credit for Electronic Commerce Operators Supplying Services Under Section 9(5) of the CGST Act, 2017.

Background:

- **Applicability of Section 9(5):** Under Section 9(5) of the CGST Act, Electronic Commerce Operators (ECOs) are required to pay tax as if they are the supplier for specified services, including restaurant services.
- The circular clarified earlier that ECOs are **not** required to **reverse** Input Tax Credit (ITC) for **restaurant services** provided through their platform under Section 9(5).

Key Clarifications:

1. **Liability for ITC Reversal:**

- ECOs are not required to reverse ITC proportionately under Section 17(1) or Section 17(2) for supplies made under Section 9(5), whether for restaurant services or other specified services.
- This principle extends to all services notified under Section 9(5).

2. **Tax Payment under Section 9(5):**

- Full tax liability on supplies under Section 9(5) must be paid **entirely in cash** via the electronic cash ledger.
- ITC availed on inputs and input services used to facilitate these supplies **cannot** be used to discharge this tax liability.

3. **Utilization of ITC:**

- ITC availed can be utilized to discharge tax liabilities related to ECO's own services (e.g., platform fees, commissions, etc.) but **not** for tax liabilities under Section 9(5).

4. **Uniform Application:**

- The circular ensures uniformity in implementation across field formations.

Actionable Points:

- Tax under Section 9(5) is payable only through the **electronic cash ledger**.
- No ITC reversal is required for inputs/input services used for supplies notified under Section 9(5).
- ITC can only be used for ECO's other taxable supplies (e.g., their platform services).

2. Clarification on Input Tax Credit Eligibility Under Section 16(2)(b) of the CGST Act, 2017 for Goods Delivered by the Supplier at Their Place of Business Under Ex-Works Contracts.

Background:

- **Issue Raised:** Automobile dealers raised concerns regarding the availability of Input Tax Credit (ITC) for goods delivered under Ex-Works (EXW) contracts, where property in goods passes to dealers at the supplier's factory gate, but physical receipt occurs later.
- **Field Observations:** Some field formations were denying ITC until goods were physically received by the dealer at their business premises, leading to disputes and issuance of show cause notices.

Key Clarifications:

1. Condition for ITC Claim under Section 16(2)(b):

- ITC is allowed only when goods or services are "received" by the registered person.
- Deemed Receipt: As per the Explanation to Section 16(2)(b):
 - ❖ Goods are considered "received" if delivered to any person (e.g., transporter) on the registered person's direction, even during movement of goods.
 - ❖ Delivery can occur through transfer of documents of title or otherwise.

2. Ex-Works (EXW) Contracts:

- Under EXW contracts in the automobile sector:
 - ❖ Goods are handed over to the transporter at the supplier's (OEM) factory gate.
 - ❖ The property in goods transfers to the dealer at the factory gate.
 - ❖ Transport and insurance are typically arranged by the supplier on behalf of the dealer.

3. Deemed Receipt in EXW Contracts:

- Delivery is deemed complete, and ITC becomes claimable, when goods are handed over to the transporter at the factory gate, even though physical receipt by the dealer occurs later.
- This principle also applies to other goods delivered under EXW contracts where property transfers at the supplier's premises.

4. Conditions for ITC Availability:

- ITC is claimable only if the goods are used or intended to be used in the course or furtherance of business.
- Loss or diversion of goods for non-business purposes at any stage voids ITC eligibility.

5. Special Cases for Loss or Disposal:

- If goods are lost, stolen, destroyed, written off, or disposed of (e.g., as gifts or free samples) after receipt, ITC on such goods is disallowed under Section 17(5)(h).

3. Clarification on Input Tax Credit Eligibility Under Section 16(2)(b) of the CGST Act, 2017 for Goods Delivered by the Supplier at Their Place of Business Under Ex-Works Contracts.

Key Legislative Provisions

1. Section 12(2)(b) of IGST Act, 2017:

- For services supplied to unregistered persons:
 - Place of supply is the **recipient's location** if the address is available on record.
 - Otherwise, it is the **supplier's location**.

2. Section 31(2) of CGST Act, 2017:

- Requires registered persons to issue tax invoices with mandatory details.

3. Rule 46(f) of CGST Rules, 2017:

- For taxable services (e.g., OIDAR services) supplied to unregistered recipients:
 - The **recipient's State name** must be mentioned on the invoice, irrespective of supply value.
 - This State name is deemed the recipient's "address on record."

4. Definitions:

- **OIDAR Services** (Section 2(17), IGST Act): Services delivered via IT over the internet, such as online advertising, cloud services, digital content, data storage, and gaming.

- **Electronic Commerce** (Section 2(44), CGST Act): Supply of goods/services over digital/electronic networks.
- **Electronic Commerce Operator** (Section 2(45), CGST Act): Platforms managing digital commerce.

Clarifications

- 1. Mandatory Recording of Recipient's State:**
 - For all online services supplied to unregistered recipients:
 - **State name** must be recorded on invoices.
 - Place of supply is deemed the **location of the recipient** based on this State name.
- 2. Applicability to Online Services:**
 - Includes OIDAR services, online money gaming, and services like e-magazines, OTT subscriptions, and online telecom services.
 - Suppliers must declare the recipient's location as the place of supply in GSTR-1/1A.
- 3. Mechanism for State Collection:**
 - Suppliers must establish a system to collect the recipient's State information before completing transactions.
- 4. Non-Compliance Consequences:**
 - Suppliers failing to record mandatory details (e.g., State name) on invoices are subject to penalties under Section 122(3)(e) of CGST Act.

Implementation Directions

- **Trade Notices:**
 - Field formations and suppliers to be informed via notices.
- **Penalty Risk:**
 - Emphasis on compliance to avoid penalties.

Examples of Services Covered

- Online subscriptions (e.g., OTT, e-magazines).
- OIDAR services (e.g., cloud services, digital downloads).
- Online gaming.

Action Points for Suppliers

1. Ensure invoices include the **State name** of unregistered recipients.
2. Devise mechanisms to collect this information.
3. Declare the recipient's location as the place of supply in tax filings.

4. Clarification on various issues pertaining to GST treatment of vouchers.

Classification of Vouchers

- **Vouchers as Money:** If a voucher is an RBI-recognized **pre-paid instrument**, it is treated as **money**, excluded from "goods" and "services," and hence **not taxable under GST**.
- **Vouchers as Actionable Claims:** Non-RBI-recognized vouchers are **actionable claims** (other than specified ones) under **Schedule III**, treated neither as goods nor services, and **not taxable**.

2. GST on Voucher Transactions

- **Principal-to-Principal(P2P)Transactions:**
Vouchers traded by distributors on a margin are not considered the supply of goods or services and are **not subject to GST**.
- **Agency/Commission-Based Transactions:**
GST is applicable on the commission or fee received by agents/distributors for voucher-related services.

3. GST on Additional Services

Services such as marketing, co-branding, and customer support provided by distributors or others are **taxable under GST** at applicable rates.

4. Treatment of Unredeemed Vouchers (Breakage)

Unredeemed vouchers represent amounts retained without any supply of goods or services. These amounts:

- Do not qualify as **consideration** under GST.
- Are **not taxable** as per GST provisions.

Notifications Issued

Notification-1

"Extension of Due Date for Furnishing FORM GSTR-3B for October 2024 for Registered Persons in Murshidabad, West Bengal".

Key Points:

1. **Extended Due Date:**
The due date for filing FORM GSTR-3B for October 2024 is extended to December 11, 2024.
2. **Applicable Taxpayers:**
 - Taxpayers whose principal place of business is in the Murshidabad district, West Bengal.
 - Those required to file returns under Section 39(1) and Rule 61(1)(i) of the CGST Rules, 2017.
3. **Effective Date:**
The notification is effective from November 20, 2024.

Advisory Issued

Advisory-1

Advisory on mandatory Sequential Filing of GSTR-7 Returns as per Notification No. 17/2024

Key Points:

1. **Mandatory Sequential Filing:**
 - Effective November 1, 2024, GSTR-7 must be filed in chronological order starting from October 2024.
 - Based on Notification No. 17/2024-Central Tax, dated September 27, 2024.
2. **NiL Return Filing:**
 - NiL returns must be filed for any month in which no deductions have been made.

Advisory-2

Advisory for Form GST DRC-03A

Key Points: Updates to GST Registration Process

1. **Amendment to Rule 8 of CGST Rules, 2017:**
 - Applicants may be identified through **biometric-based Aadhaar authentication and document verification** based on risk parameters.
 - A photograph of the applicant and original document verification is part of the process.
2. **Rollout:**
 - The functionality was implemented on **December 7, 2024**, in Haryana, Manipur, Meghalaya, and Tripura.
 - The functionality was implemented on **December 15, 2024**, in Chhattisgarh, Goa and Mizoram
 - The functionality was implemented on **December 28, 2024**, in Arunachal Pradesh
3. **Verification Options:**
 - Applicants will receive an email with one of the following:
 - **OTP-based Aadhaar Authentication** link (to follow the current process).
 - **Appointment booking link** for visiting a GST Suvidha Kendra (GSK) for biometric authentication and document verification.
4. **GSK Appointment Process:**
 - Applicants in the mentioned states can now book appointments via the provided link.
 - Confirmation of the appointment will be sent via email.

5. **Documents Required for GSK Visit:**
 - Copy of the appointment confirmation email.
 - Details of jurisdiction as per the intimation email.
 - Original Aadhaar and PAN Cards.
 - Original documents uploaded with the application.
6. **Biometric and Document Verification:**
 - Verification must be completed within the permissible time as per the intimation email.
 - Application Reference Numbers (ARNs) will be issued upon successful completion.
7. **Operational Details of GSKs:**
 - Days and hours of operation depend on state administration guidelines.

This process ensures accurate verification and streamlined GST registration while leveraging biometric and document authentication systems.

Advisory-3

Advisory on difference in value of Table 8A and 8C of Annual Returns FY 23-24.

Key Points for ITC Reporting in Form GSTR-9 (FY 2023-24)

1. **Auto-Population Source Change:**
 - ITC in Table 8A of GSTR-9 for FY 2023-24 is auto-populated from GSTR-2B, unlike FY 2022-23 where it was based on GSTR-2A.
2. **Manual Reporting:**
 - ITC for inward supplies received in FY 2023-24 but availed in subsequent years must be manually reported in Table 8C.
3. **Mismatches Expected:**
 - Values in Table 8A may be inflated for FY 2022-23 transactions and lower for FY 2023-24 transactions, leading to mismatches with Table 8C.
4. **Scenario-Based Guidance:**
 - **Late Invoice Reporting:** Report ITC in Tables 8C and 13 if invoices for FY 2023-24 are reported late by the supplier.
 - **Reclaimed ITC (Non-Payment):** ITC reclaimed in FY 2024-25 after payment is reported in Table 6H of FY 2024-25, not in FY 2023-24.
 - **Reclaimed ITC (Goods Received Later):** Report such ITC in Tables 8C and 13 for FY 2023-24.
 - **Invoices from FY 2022-23 in Table 8A (FY 2023-24):** Do not report these in Tables 8C or 13 for FY 2023-24.
 - **Claim, Reverse, Reclaim (Same Year):** Report ITC in Table 6B or 6H, not both, and avoid reversal in Table 7.
5. **Alignment with Instructions:**

Follow the prescribed formats and instructions to ensure accurate reporting in GSTR-9.

Scenario	Reporting Guidance
1. Invoice reported late (post-March 2024)	Report ITC in Table 8C and Table 13 for FY 2023-24.
2. ITC reversed due to non-payment (reclaimed next year)	Report reclaimed ITC in Table 6H of GSTR-9 for FY 2024-25, not in FY 2023-24.
3. ITC reversed due to goods not received (reclaimed next year)	Report reclaimed ITC in Table 8C and Table 13 for FY 2023-24.
4. Invoice from FY 2022-23 appearing in Table 8A of FY 2023-24	Do not report in Table 8C or Table 13 for FY 2023-24; it pertains to FY 2022-23.
5. ITC claimed, reversed, and reclaimed within FY 2023-24	Report ITC in Table 6B or 6H, but not both. Do not report the reversal in Table 7.

Advisory-4

Advisory on Updates to E-Way Bill and E-Invoice Systems.

Multi-Factor Authentication (MFA)

MFA, which involves login via username, password, and OTP (sent to registered mobile numbers, Sandes app, or similar platforms), will become **mandatory** in stages:

- From **1st January 2025**: Taxpayers with Annual Aggregate Turnover (AATO) exceeding **₹20 Crores**.
- From **1st February 2025**: Taxpayers with AATO exceeding **₹5 Crores**.
- From **1st April 2025**: **All other taxpayers and users**.

Current Status:

MFA is already mandatory for taxpayers with AATO exceeding ₹100 Crores (since 20th August 2023) and optional for those with AATO exceeding ₹20 Crores (since 11th September 2023).

E-Way Bill (EWB) Document Date Restrictions

New Rule (Effective 1st January 2025):

- EWB generation will only be allowed for documents dated within 180 days of the generation date.
- The extension of EWBs will be restricted to **360 days** from the original generation date.

Advisory-5

Advisory for Entry of RR No./eT-RRs in EWB system Post EWB-FOIS Integration

□ Integration of FOIS with E-Way Bill System

- Indian Railways' Freight Operations Information System (FOIS) is now integrated with the E-Way Bill (EWB) system via APIs.

□ Applicability of RR No./eT-RRs

- Taxpayers transporting goods via FOIS must enter the correct RR No./eT-RRs in the EWB system, following the standardized format.

□ Updating Part-B of EWB for Rail Transport

- Suppliers must update Part-B of EWB for goods transported by rail:
 - Use the "Multi-Transport Mode" option.
 - Select **Rail** as the mode and enter RR No./eT-RRs when prompted.

□ RR No./eT-RRs Format for FOIS

- **Format:** F<FromStationCode><RR No>
 - Example: For goods from station **SJWT** with RR No. **123456789**, enter as **FSJWT123456789**.

□ EWB and RR No./eT-RRs Validation

- The EWB system will validate the RR No./eT-RRs against the FOIS database.
- Any mismatch will generate an alert. Ensure the correct entry to avoid discrepancies.

□ Importance of Accurate Entry

- Correct entry ensures smooth tracking, verification, and validation of goods, preventing delays or complications.

▫ Support and Clarifications

- For assistance or discrepancies, taxpayers should raise a ticket with the support team, providing RR No./eT-RRs details.

Advisory-6

Advisory for Entry of Receipt Numbers Pertaining to Leased Wagons in the E-Way Bill System

❖ Prefixing Receipt Numbers

- Leased Wagons: Prefix Receipt Numbers with "L" in the EWB system.
- PMS and FOIS: Prefix Parcel Way Bill (PWB) and Railway Receipt (RR) numbers with "P" (PMS) and "F" (FOIS), effective from 1st January 2025.

❖ Updating Part-B of EWB for Rail Transport

- When generating an EWB for rail transport:
 - Select "Rail" as the transport mode using the "Multi-Transport Mode" option.
 - Enter the Receipt Number with the "L" prefix for Leased Wagons.

❖ Format for Entry

- Format: L <Receipt Number>
- Example: L123456789

❖ Validation Process

- The EWB system will validate the Receipt Number against the Leased Wagons database.
- If there is a mismatch or missing entry, an alert will be triggered, and corrections must be made.

❖ Support and Assistance

- For help, raise a ticket with the EWB support team, providing the entry details for quick resolution.

Advisory-7

Advisory for Waiver Scheme under Section 128A

The GSTN advisory outlines the necessary steps for taxpayers to apply for the waiver scheme concerning tax demands for the period **July 2017 to March 2020**.

- **Applicability:** This scheme applies to demand notices, statements, or orders under Section 73 for the specified tax periods.
- **Application Forms:**
 - Form GST SPL-01 and Form GST SPL-02 are to be used for applications.
 - Form GST SPL-02 is available on the portal, while Form GST SPL-01 will be available shortly.
- **Filing Process:**
 - Taxpayers must follow the process outlined in the provided help document to file Form GST SPL-02 electronically.
- **Support for Issues:**

- Any issues faced during the filing process can be reported on the GST portal by raising a ticket under the category "Issues related to Waiver Scheme".

By following these guidelines, taxpayers can ensure proper application for the waiver scheme and resolve pending tax-related issues efficiently.



COMPLIANCE CALENDER

Direct Taxes

January 07, 2024

- Due date for deposit of Tax deducted/collected by an office of government for the month of December, 2024. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.
- Due date for deposit of TDS for the period October 2024 to December 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 19H.

January 14, 2024

- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M & 194-S in the month of November 2024.

January 15, 2024

- Furnishing of Form 24G by an office of the Government where TDS/TCS for the month of December, 2024 has been paid without the production of a challan.
- Quarterly statement of TCS & Form No. 15CC for the quarter ending December 31, 2024.
- Due date for furnishing of Form 15G/15H declarations received during the quarter ending December 2024
- Furnishing of statement in Form No. 49BA under Rule 114AAB (by specified fund) for the quarter ending December 31, 2024.

January 30, 2024

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-M, 194-IB & 194-S in the month of December 2024.
- Quarterly TCS certificate in respect of quarter ending December 31, 2024.

January 31, 2024

- Quarterly statement of TDS for the quarter ending December 31, 2024.
- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending December 31, 2024.
- Intimation by Sovereign Wealth Fund in respect of investment made in India for quarter ending December 2024.

Indirect Taxes

January 10th, 2024

- Due date for filing GSTR-7 & GSTR-8 (Dec, 2024).

January 11th, 2024

- Due date for filing of GSTR-1 for turnover exceeding 5Cr or opted to file monthly return (Dec 2024).

January 13th, 2024

- Due date for filing of GSTR-1 who opted for quarterly filing as per QRMP scheme. (Dec, 2024)
- Due date for filing of GSTR-5 & GSTR-6. (Dec, 2024)

January 20, 2024

- Due date for filing of GSTR-3B for turnover exceeding 5 Cr or opted to file monthly return.
- Due date for filing of GSTR-5A.

January 18, 2025

- Due date for filing of CMP-08. (Oct-Dec, 2024)



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