

Proposed changes in GST by Finance Bill 2024

Central Goods and Service Tax Act 2017

CMA Prakash Rijhwani

Section of Finance Bill, 2023	Section/Sub-section of CGST Act	Nature of Change	Provision	Comments
11	2(61)	Amendment of section 2(61)	<p><u>Existing Provisions:</u></p> <p>“Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office;</p> <p><u>Amendment Provisions:</u></p> <p>In section 2, for clause (61), the following clause shall be substituted, namely:—</p> <p>‘(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or</p>	<p>The Finance bill 2024 has proposed to bring an amendment to Section 2(61) with respect to the definition of Input Service Distributor (ISD).</p> <p>In section 2, for clause (61), the following clause shall be substituted, namely:—</p> <p>‘(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the</p>

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			sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;’.	input tax credit in respect of such invoices in the manner provided in section 20; The amendment has proposed to include invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;
12	20	Substitution of section 20	<u>Existing Provisions:</u> 20. Manner of distribution of credit by Input Service Distributor. (1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax	The Finance bill 2024 has proposed to bring a substitution to Section 20 of the CGST Act, 2017 which covers the “ Manner of distribution of credit by Input Service Distributor ”.

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			<p>credit being distributed in such manner as may be prescribed.</p> <p>(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:–</p> <p>(a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;</p> <p>(b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;</p> <p>(c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;</p> <p>(d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed</p>	

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			<p>amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;</p> <p>(e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in</p>	

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			<p>the current year, during the said relevant period.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) the “relevant period” shall be—</p> <p>(i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or</p> <p>(ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be</p>	

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			<p>distributed;</p> <p>(b) the expression “recipient of credit” means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;</p> <p>(c) the term “turnover”, in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied ¹[under entries 84 and 92A] of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.</p> <p><u>Amendment Provisions:</u></p> <p>20. Manner of distribution of credit by Input Service Distributor. (1) Any office of the supplier of goods or services or both which</p>	

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			<p>receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.</p> <p>(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.</p> <p>(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”.</p>	
13	122A	Insertion of new section	<u>Existing Provisions:</u>	The Finance bill 2024 has proposed a penalty equal to an amount of one lakh

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		122A	<p>-</p> <p><u>Amendment Provisions:</u></p> <p>122A. Penalty for failure to register certain machines used in manufacture of goods as per special procedure. (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered. Penalty for failure to register certain machines used in manufacture of goods as per special procedure.</p> <p>(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:</p> <p>Provided that such machine shall not be confiscated where—</p> <p>(a) the penalty so imposed is paid, and</p>	<p>rupees for every machine for failure to register certain machines used in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148.</p> <p>The bill proposes the insertion of a new provision, Section 122A, into the Central GST Act of 2017.</p> <p>According to the proposed Section 122A, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered. Penalty for failure to register certain machines used in manufacture of goods as per special procedure.</p> <p>Further, the Finance Bill proposes that in</p>

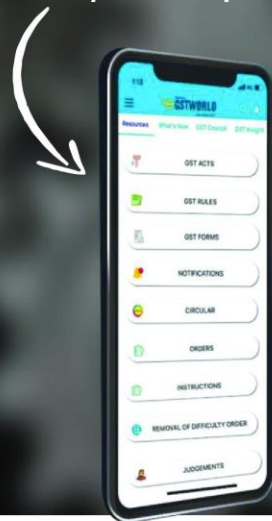
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			(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.”	<p>addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation.</p> <p>Further, the Finance Bill provides that such machine shall not be confiscated where—</p> <p>(a) the penalty so imposed is paid, and</p> <p>(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.</p>

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