

A2Z Taxcorp LLP

Important Changes in GST for compliance on CY 2023

We wish you and your family a very happy and prosperous New Year 2023. May you and your family be blessed with abundance of health, wealth and prosperity now and always...!

In order to align with recommendations of the 48th GST Council Meeting and to give effect to the decisions taken and to provide clarification, certain notifications and circulars were issued, which is important for our compliances in 2023.

We bring you the highlights of important changes under the Central Goods and Services Tax Act, 2017 (“**the CGST Act**”) read with the Central Goods and Services Tax Rules, 2017 (“**the CGST Rules**”), as below:

Changes w.e.f. January 1, 2023:

➤ **No GST on residential dwelling for use as residence in personal capacity:**

No GST is payable where the residential dwelling is rented to a registered person, if rented in his/her personal capacity for use as his/her own residence and on his own account and not on account of his business.

For further details, [click here](#)

➤ **Changes in GST rates w.e.f January 1, 2023:**

Sr. No.	Description	From	To
1.	Husk of pulses including chilka and concentrates including chuni/churi, khanda	5%	Nil
2.	Ethyl alcohol supplied to refineries for blending with motor spirit (petrol)	18%	5%

➤ **Supply of ‘Mentha arvenis’ included under Reverse Charge Mechanism**

For further details, [click here](#)

Changes effective from December 26, 2022:

➤ **OTP-based verification at the time of registration:**

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PAN-linked mobile number and e-mail address to be captured/recorded and OTP-based verification to be conducted at the time of registration, to restrict misuse of PAN.

For further details, [click here](#)

➤ **Biometric-based Aadhaar authentication and physical verification of registration applicants:**

Biometric-based Aadhaar authentication and risk-based physical verification of registration applicants in Gujarat, to help in tackling the menace of fake and fraudulent registrations.

For further details, [click here](#)

➤ **Facility for cancellation of Registration by TDS/ TCS taxpayers:**

Facility of cancellation of registration on request of the registered persons, who are required to collect tax at source under Section 52 of the CGST Act or deduct tax at source under Section 51 of the CGST Act.

For further details, [click here](#)

➤ **Submission of certified copy of the order appealed against and the issuance of final acknowledgment by the appellate authority:**

Requirement of submission of the certified copy of the order appealed against and the issuance of final acknowledgment by the appellate authority, for timely processing of appeals and ease the compliance burden for the appellants.

For further details, [click here](#)

➤ **Procedure for refund to the unregistered buyers:**

Procedure for claim of refund of tax borne by the unregistered buyers in cases where the contract/ agreement for supply of services, like construction of flat/house and long-term insurance policy, is cancelled and the time period of issuance of credit note by the concerned supplier is over.

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Further, in this regard, **Circular No. 188/20/2022-GST dated December 27, 2022** has been issued to prescribe the procedure and manner for filing of an application for refund by unregistered persons/ buyers.

For further details, [click here](#)

➤ **Withdrawal of Appeal upto specified stage:**

Facility for withdrawal of an application of appeal up to certain specified stage, to help in reducing litigations at the level of appellate authorities.

For further details, [click here](#)

➤ **Intimation of difference between Form GSTR 1 & Form GSTR 3B:**

Intimation to the taxpayer, by the common portal, about the difference between liability reported in statement of outward supplies and reported in return, for enabling the taxpayer to either pay the differential liability or explain the difference and to further restrict furnishing of return for a subsequent tax period in case of no deposit or furnishing of a reply by the taxpayer.

For further details, [click here](#)

Changes effective from October 1, 2022:

➤ **Reversal of Credit if recipient fails to pay within 180 days from date of invoice:**

W.e.f. October 01, 2022, reversal of Input Tax Credit (“ITC”), in terms of the second proviso to Section 16 of the CGST Act, only proportionate to the amount not paid to the supplier vis a vis the value of the supply, including tax payable.

For further details, [click here](#)

Further, it is pertinent to note that, the procedure for verification of difference of GST Credit in FORM GSTR 2A vs. FORM GSTR 3B has been clarified vide **Circular No. 183/15/2022-GST dated December 27, 2022** to deal with the difference in ITC availed in **FORM GSTR-3B** as compared to that detailed in **FORM GSTR-2A** for FY 2017-18 and 2018-19.

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Clarifications:

- **Treatment of Statutory Dues under GST – finalized under Insolvency and Bankruptcy Code, 2016 (“IBC”):**

Clarification regarding the treatment of statutory dues under the GST law in respect of the taxpayers for whom the proceedings have been finalised under IBC. Further, an intimation for any reduction of statutory dues has to be given by the Commissioner to such person and to the appropriate authority with whom the recovery proceedings are pending.

For further details, [click here](#)

- **Conversion of SCN issued under Section 74(1) to Section 73(1):**

Clarification w.r.t. the applicability of provisions of Section 75(2) of the CGST Act and its effect on limitation regarding the non-establishment of charges of fraud or any willful-misstatement or suppression of facts to evade tax.

For further details, [click here](#)

- **Place of supply of services by way of transportation of goods on Ocean/ Air Freight:**

Clarification on the entitlement of ITC where the place of supply is determined in terms of the proviso to Section 12(8) of the Integrated Goods and Services Tax Act, 2017 (“the IGST Act”).

For further details, [click here](#)

- **No Claim Bonus offered by the insurance companies to the insured is an admissible deduction:**

Clarification on issue under GST pertaining to no claim bonus offered by the insurance companies to the insured, to clarify that it is an admissible deduction for valuation of insurance services.

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➤ **Applicability of exemption for e-invoicing w.r.t. an entity:**

Clarification in respect of the exemption from mandatory generation of e-invoices for the entity, to clarify that such exemption is not restricted by the nature of supply made by the entity but available for the entity as a whole.

For further details, [click here](#)

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