

Annexure to Part B

Amendments relating to Indirect Taxes

A. LEGISLATIVE CHANGES IN CUSTOMS LAWS

A.1 Amendments in the Customs Act, 1962

- (i) Section 28 DA is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements which provide for self-certification.
- (ii) A proviso to sub-section (1) of Section 65 is being inserted to empower the Central Government to specify certain manufacturing and other operations in relation to a class of goods that shall not be permitted in a warehouse.
- (iii) The expression “a class of importers or exporters” is being substituted with “a class of importers or exporters or any other persons” in Section 143AA of the Customs Act for purposes of facilitating trade. Consequential changes are being carried out in clause (m) of subsection (2) of Section 157 of the Customs Act.

These changes shall come into effect from date of assent to the Finance (No.2) Bill

A.2 Amendments in the Customs Tariff Act, 1975

- (i) Section 6 is being omitted on account of winding up of the Tariff Commission.
- (ii) The First Schedule to the Customs Tariff Act, 1975 is being amended to,-
 - a) increase the rates on certain tariff items with effect from 24.07.2024.
 - b) create new tariff lines in respect of defence products, technical textiles, sustainable blended aviation fuel, products used in Indian semiconductor machines, e-bicycles, natural menthol, printer cartridge etc. This is to align the tariff lines with WCO classification and better identification of goods. These changes shall come into effect from 01.10.2024.

A.3 Amendment of Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for New Shipper Review. This will be effective from 24.07.2024.

B. LEGISLATIVE CHANGES IN GST LAWS

[Save as otherwise provided, these changes will be brought into effect from a date to be notified in coordination with States, as per recommendations of the GST council]

AMENDMENT FOR TRADE FACILITATION

B.1 Amendment to keep Extra Neutral Alcohol outside the purview of central tax:

Section 9 is being amended to take Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption out of the purview of central tax. Similar amendments are also proposed in IGST Act and UTGST Act.

B.2 Amendment to regularize non-levy and short-levy of central tax due to general practice

Section 11A is being inserted to empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act.

B.3 Amendment to relax the time limits to avail input tax credit

New sub-sections (5) and (6) are being inserted in section 16 of CGST Act to relax the time limit to avail input tax credit as per **section 16(4) of the CGST Act with effect from 01.07.2017, as follows:**

a) In respect of initial years of implementation of GST, i.e., financial years 2017-18, 2018-19, 2019-20 and 2020-21:

In respect of an invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39

which is filed upto the 30th day of November, 2021

b) with respect to cases where returns have been filed after revocation:

The time limit to avail input tax credit in respect of an invoice or debit note, in cases 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, will be extended till the date of filing the said GSTR-3B return, subject to certain conditions, if the said return is filed by the registered person within thirty days of the order of revocation of cancellation of registration.

B.4 Insertion of new section to provide a common time limit for issuance of demand notices and orders

Section 74A is being inserted in the CGST Act to provide a common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, for cases involving charges of fraud, suppression of facts or wilful misstatement and the cases not involving the charges of fraud, suppression of facts or wilful misstatement etc. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, is being increased from 30 days to 60 days.

B.5 Amendment to reduce the maximum amount of pre-deposit for filing appeals

Sections 107 and 112 of CGST Act are being amended to reduce the maximum amount of pre-deposit for filing appeal with the Appellate Authority from Rs. 25 crore of central tax to Rs. 20 crore of central tax and to reduce the amount of pre-deposit for filing appeal with the Appellate Tribunal from 20% with a maximum amount of Rs. 50 crore of central tax to 10 % with a maximum of Rs. 20 crore of central tax. Besides, the time limit for filing appeals before the Appellate Tribunal is being modified w.e.f. 1st August, 2024 to avoid the appeals from getting time barred, on account of Appellate Tribunal not coming into operation.

B.6 Amendment to provide conditional waiver of interest or penalty or both relating to demands raised under section 73, for certain tax periods

Section 128A is being inserted in the CGST Act to provide for a conditional waiver of interest and penalty in respect of demands pertaining to financial

years 2017-18, 2018-19 and 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.

B.7 Amendment to enable availment of the transitional credit of eligible CENVAT credit by Input Services Distributor in respect of invoices received prior to the appointed date

Section 140(7) of CGST Act is being amended with effect from 01.07.2017, to enable availment of transitional credit in respect of input services received by an Input Services Distributor prior to the appointed day, where invoices were also received prior to the appointed day.

B.8 Amendment to empower Government to notify Appellate Tribunal to handle anti-profiteering cases and to provide for a sunset clause for accepting anti-profiteering cases

Section 171 of CGST Act is being amended to enable the Government to notify the GST Appellate Tribunal to handle anti-profiteering cases and to empower the Government to notify a date after which the Authority for anti-profiteering shall not accept applications for examination.

B.9 Amendment to clarify various activities in insurance sector as neither a supply of goods nor a supply of services

Paragraphs 8 and 9 are being inserted in Schedule III of CGST Act to provide that the activity of apportionment of co-insurance premiums by the lead insurer to the co-insurers in the co-insurance agreement and the services by insurers to reinsurers in respect of ceding/re-insurance commission will, subject to certain conditions, be treated neither as a supply of goods nor as a supply of services.

OTHER LAW AMENDMENTS IN CGST ACT

B10. Amendment to clarify time of supply of services in reverse charge supplies.

Amendment is proposed in Section 13 of CGST Act to provide for time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies.

B11. Amendment to restrict blockage of input tax credit for tax paid under section 74 to demands upto Financial Year 2023-24

Clause (i) of Section 17 of CGST Act is being amended to restrict blockage of input tax credit for tax paid under Section 74 for demands pertaining up to FY 2023-24.

B12. Amendment to provide for conditions and restrictions for revocation of cancellation of registration

Section 30 of the CGST Act is being amended to enable the government to prescribe conditions and restrictions for revocation of cancellation of registration.

B13. Amendment to prescribe the time period for issuance of invoice by recipient in Reverse Charge Mechanism supplies

Clause (f) of section 31 of CGST Act is being amended to provide for an enabling provision to prescribe the time period within which the invoice has to be issued by the recipient under reverse charge mechanism and to clarify that a person registered solely for purpose of deducting TDS under section 51 of CGST Act shall be treated as a person not registered for the purpose of clause (f) of section 31(3) of the said Act.

B14. Amendment to make filing of monthly returns by TDS deductors mandatory.

Section 39 is being amended to mandate filing of returns by TDS deductors for every month, even if no deductions are made during the said month, and also to provide for an enabling clause for prescribing the time limit for filing such returns.

B15. Amendment to prohibit refund in zero rated supply of goods where such goods are subjected to export duty.

Section 54 of CGST Act and section 16 of IGST Act are being amended to prohibit refund of unutilized input tax credit or integrated tax on zero-rated supply of goods, which are subjected to export duty.

B16. Amendment for allowing appearance by authorised representative on behalf of a summoned person

Sub-section 1A is being inserted in section 70 of the CGST Act to enable appearance by an authorized representative on behalf of a summoned person.

B17. Amendment to empower the government to notify cases which shall be heard only by the principal Bench of GST Appellate Tribunal

Section 109 of CGST Act is being amended to empower the government to specify cases to be heard only by the Principal Bench of the Appellate Tribunal.

B18. Amendment to restrict applicability of penal provisions under Section 122(1B) to Electronic Commerce Operators who deduct TCS

Section 122(1B) of CGST Act is being amended w.e.f. 01.10.2023 to restrict the applicability of penal provisions under this section to only those Electronic Commerce Operators who are required to collect tax at source under section 52.

B19. Consequential amendments due to insertion of new section 74A in the CGST Act

Sections 73 and 74 of CGST Act are being amended to limit the applicability of these sections to demands up to FY 2023-24, since from FY 2024-25 onwards demands are to be ascertained as per provisions of newly inserted section 74A. Also, Section 75 of CGST Act is being amended to allow for redetermination of penalties if the charges of fraud, suppression, or wilful misstatement are not established. Further, references to section 74A or the concerned sub-sections of section 74A are being inserted in section 10, section 21, section 35, section 49, section 50, section 51, section 62, section 63, section 64, section 65, section 66, section 104 and section 127.

C. OTHER PROVISIONS IN THE FINANCE (No. 2) BILL

C.1 Amendment of Customs duty notification dated 10.5.2023

Notification No. 37/2023- Customs dated 10.5.23 is being validated for the period from 1st April, 2023 up to and inclusive of 10th May, 2023 to provide exemption from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil subject to availability of unutilized quota in TRQ authorization for FY 2022-23 allotted by DGFT and Bill of lading issued on or before 31st March, 2023. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.2 Amendment of Central excise duty notification dated 17.3.2012

Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.3 Exemption from Clean Environment Cess

The Clean Environment Cess , levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 , subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.4 Exemption GST Compensation Cess ,2017

Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations. The changes will come into effect from date of assent to the Finance(No.2) Bill 2024

D. CUSTOMS DUTY RATE CHANGES

D.1. Reduction in customs duty to reduce input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, boost domestic manufacturing etc [with effect from 24.07.2024]

S. No.	Commodity	From (per cent)	To (per cent)
I.	Agricultural Products		
1.	Shea nuts	30	15
II.	Aquafarming & Marine exports		
1	Prawn and Shrimps feed	15	5
2	Fish feed	15	5