

APRIL 2023 | 2ND WEEK

# TAXWEEKLY

*The Weekly Magazine on recent updates and developments in Tax regime.*



**BY: CA AMEY SHARMA**

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# THE TAXWEEKLY MAGAZINE

- CA AMEY SHARMA

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## Time limit for Reporting Invoices on the E-Invoice Portal

Source : GSTN Advisory dated 13th April 2023

Present Situation (although not legally correct):

E-invoice documents can be reported anytime i.e. suppose you have issued an B2B invoice on 25th Feb 2023 and forgot to generate E-invoice you can even now generate the same, there is no technical limit imposed.

### Proposed Implementation:

To be implemented from : 01.05.2023 onwards

Taxpayers : Whose Aggregate Annual Turnover is greater than or equal to 100 crores.

Time limit imposed on reporting old invoices on the e-invoice IRP portals : Taxpayers in this category will not be allowed to report invoices older than 7 days on the date of reporting. Thus, once issued, document have to be reported within 7 days of issue.

Nature on Documents on which this restriction applies : Will apply to the all document types for which IRN is to be generated.

Illustration : If an invoice has a date of May 1, 2023, it cannot be reported after May 8, 2023. The validation system built into the invoice registration portal will disallow the user from reporting the invoice after the 7-day window. Hence, it is essential for taxpayers to ensure that they report the invoice within the 7-day window provided by the new time limit.

## Cost Inflation Index Notified for AY 2024-25 to be 348

Source : CBDT Notification 21/2023 dated 10th April 2023

Cost Inflation Index in relation to the assessment year 2024-25 is notified to be 348

TABLE	
Financial Year	Cost Inflation Index (provisional)
(2)	(3)
2023-24	348".

### JSON Scheme released for ITR 1, ITR 2, ITR 3, & ITR 4.

Available at Income E-filling Portal, JSON Scheme is being released for ITR 1, ITR 2, ITR 3, & ITR 4

# COMPILATION OF GST ADVANCE RULING : MAR 23

*If there is any ambiguity or uncertainty w.r.t. to matters such as applicability of GST on certain goods or services or availability of ITC or classification of goods or services etc. Under GST the respective applicant can approach Authority constituted for it and get its issue resolved. I have made a compilation of all relevant rulings so as to provide ease and reference to related matters in our practice. Words of advance rulings are largely unchanged to maintain credibility of these rulings.*

## RCM ON PURCHASE OF RAW TOBACCO FROM FARMER

GUJ/GAAR/R/2023/11/ 09.03.2023

The applicant, is engaged in the activity of procuring raw tobacco from farmers and consequent sale of unmanufactured Tobacco.

The summary of activity undertaken:

- Farmers sow sapling, which subsequently grow into a plant;
- The tobacco leaves are considered ready for harvesting once it changes its color from normal green to yellowish green or light yellow;
- The leaves are separated from the main stem & left on the open ground for natural drying & curing process;
- Once completely dry, the harvest is then collected & stored in a suitable dry location, wherein the bigger stems, the suckered leaves & the main harvest is stored separately;
- This whole leaf or the broken leaf [formed during the course of bundling in gunny/jute bags] are thereafter procured from the farmer/agriculturist by the applicant; the broken leaf is also known as 'Bhukko' in common trade parlance;

This is primarily used in biri manufacturing or chewing tobacco manufacturing.

**Whether for the purchase of raw tobacco from farmer [including naturally broken tobacco known as 'tobacco leaves or tobacco bhukko'] is covered under reverse charge mechanism?**

In case of purchase of tobacco leaves/bhukko from the agriculturist, the **applicant is liable to pay GST on RCM basis at 5%** in terms of notification No. 1/2017-Central Tax (Rate), Sr. No. 109 of Schedule I.

Applicant is liable to pay GST on forward charge basis at 5% in respect of trading of tobacco leaves/bhukko, procured from agriculturist, subject to the condition that they are engaged in trading of tobacco leaves/bhukko, procured from agriculturist, on as such basis i.e. without undertaking any further process on the same



# COMPILATION OF GST ADVANCE RULING : MAR 23

What would be the rate of tax in case of coating process is done on unmanufactured tobacco. If the applicant carried out the process of coating on the tobacco belonging to other person [Job work basis] whether registered or otherwise.

In case of supply of unmanufactured tobacco leaf consequent to coating the same with natural edible gum, the applicant is liable to pay GST at 28% in terms of notification No. 1/2017-Central Tax (Rate), Sr. No. 13 of Schedule IV.

However, it is made clear that in case of supply of the said coated tobacco to the customers in gunny bag with their name being printed/mentioned on the gunny bags so as to identify the lot, then the applicant would be liable to pay GST at 28% in terms of notification No. 1/2017-Central Tax (Rate), Sr. No. 13 of Schedule IV, along with 71% compensation cess in terms of notification No. 1/2017-Compensation Cess (Rate) dated 28.6.2017 (Sr. No. 5).

*It is advised to refer Notification No 2/2023 - Compensation cess (Rate) dated 31st March 2023 - Cess from 1/4/2023 is levied on non-ad valorem basis.*

The applicant is liable for payment of GST at the rate of 12 % in terms of notification No. 20/2019-C.T. (Rate), dated 30-9-2019 on the job work process of coating, done in respect of tobacco leaves supplied by other registered Persons.

## GST RATE ON PVC FLOOR MATS FOR CARS

*GUJ/GAAR/R/2023/10 dt. 09.03.2023*

PVC floor mat as per the applicant is made of the following raw materials:

- [a] PVC leather commonly known as artificial leather;
- [b] PU Foam also known as polyurethane foam;
- [c] XLPE foam known as cross linked polyethylene foam;
- [d] PVC mat, commercially known as Heel pad.

**PVC floor mats for use in cars supplied by the applicant is classifiable under CTH 8708 & applicable rate of GST would be 28%**

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# COMPILATION OF GST ADVANCE RULING : MAR 23

## NON - PERFORMANCE OF AN ACT CONSTITUTE SUPPLY?

*AAR No.04/AP/GST/2023 Dated: 31-03-2023*

In the event of failure in performance of job assigned to the service provider (Chettinad logistics private ltd) , the service receiver (APPDCL) will collect liquidated damages for increase in moisture of raw coal over the loading end, for increase in ash percentage, penalties for late transportation of coal and also penalty for short supply of coal

**Whether liquidated damages collected by the APPDCL from CHETTINAD LOGISTICS PRIVATE LIMITED for non-performing of an act constitute as supply as per Section 7 of GST act?**

**Answer : Yes**

**What is the classification under GST for such liquidated damages collected by the service receiver from such service provider for non performing of an act.?**

**Answer : 9997 - Other Services**

**What is the applicable rate of tax?**

**Answer : 18%**

## SUBSIDIZED CANTEEN FACILITIES TO EMPLOYEES

*GUJ/GAAR/R/2023/14 dt. 31.03.2023*

The applicant provides canteen facility to its employees at the factory and its corporate office. The employees are issued an ID card while joining which can be used to avail this canteen facility. They are charged only for the days on which an employee has punched his ID card and a pre-determined percentage is deducted from the salary payable to the respective employee

**The subsidized deduction made by the applicant from the employees who are availing food in the factory/corporate office would not be considered as a 'supply' under the provisions of section 7 of the CGST Act, 2017 and the GGST Act,2017.**

Input Tax Credit (ITC) will be available to the applicant on GST charged by the service provider in respect of canteen facility provided to its direct employees working in their factory and the corporate office, in view of the provisions of Section

# COMPILATION OF GST ADVANCE RULING : MAR 23

17(5Xb) as amended effective from 1.2.2019 and clarification issued by CBIC vide circular No. 17210412022-GST dated 6.7.2022 read with provisions of section 46 of the Factories Act, 1948 and read with provisions of Gujarat Factory Rules, 1963 and Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019. ITC on the above is restricted to the extent of the cost borne by the applicant for providing canteen services to its direct employees, but disallowing proportionate credit to the extent embedded in the cost of goods recovered from such employees.

## One Time Premium received by the Applicant on Allotment of Completed Building

*GUJ/GAAR/R/2023/15 dt. 31.03.2023*

Sr. No.	Name	Description to the party of lease deed
1	Gujarat State Road Transport Corporation [GSRTC]	Lessor
2	Prospective buyer	Lessee
3	Hubtown Bus Terminal (Ahmedabad) P Ltd	Confirming party No. 1
4	Kedaram Trade Centre LLP [applicant]	Confirming party No. 2

Lessee shall pay a one-time premium of Rs. 13 lacs to applicant [ie confirming party no. 2] as a consideration for allotment of the commercial unit on long term lease period of 90 years. Additionally, the lessee shall pay to the lessor ie GSRTC, advance annual lease rental of Re 1/- per square metre for the built up area of the leased premises for the first 3 yrs and thereafter the same shall be enhanced by 200% for every subsequent block of 10 years or part thereof.

**Whether one time premium received by the applicant on allotment of completed building would be treated as taxable supply or not?**

**The one time premium received by the applicant on allotment of completed commercial units/building is taxable supply in terms of section 7 of the CGST/GGST Act, 2017.**

**In case the supply is treated as taxable supply, what will be the applicable rate of tax.**

**The supply of the applicant is classified under SAC 9972 and would be leviable to tax at the rate of 18%**

## PRE - PACKAGED COMMODITY (red gram dall) - NO GST APPLICABLE

*AAR No.03/AP/GST/2023 Dated: 31-03-2023*

First and foremost condition of taxability is that the commodity should have been a pre-packed commodity which means that the commodity is not packed for any specific known buyer.

In the Instance case the applicant is packing the commodity at the behest and at the specific instructions of the buyer, ie., AP State Civil Supplies

# COMPILATION OF GST ADVANCE RULING : MAR 23

Corporation Limited.

It is clearly evident from the package that the AP State civil have made very clear Instruction as to the color, theme, transparency and the details to be printed on the package.

GOVERNMENT OF ANDHRA PRADESH
SUPPLIER CODE/userid..... batch
NO.....
DATE OF PACKING:
TO BE STORED IN DRY PLACE:

Thus the commodity is packed for retail sale for any buyer who may purchase at a later point, but it is packaged to a specific buyer. Thus the first and foremost condition of taxability as not satisfied. Hence there is no question of taxability of the commodity in the instant case. In view of this the discussion as primary / secondary packaging or Institutional supply is nothing but infructuous.

**Whether the supply of 1kg packing red gram dall secondary packing in 50 kg bag to the AP State Civil Supplies Corporation Limited, Vijayawada as per the design and label given by the corporation with a prior agreement attracts GST.**

**Answer : NO**



## Direct Tax Statistics

Central Board of Direct Taxes (CBDT) has been releasing key statistics relating to Direct Tax collections and administration in public domain from time to time. In continuation of its efforts to place more and more information in public domain, the CBDT has further released Time-Series data as updated upto F.Y. 2021- 22. The key highlights of some of these statistics are as under:

- (i) Net Direct Tax Collections have increased by 121.18% from Rs. 6,38,596 crore in F.Y. 2013-14 to Rs. 14,12,422 crore in F.Y. 2021-22.
- (ii) Net Direct Tax Collections have increased by 160.17% from Rs. 6,38,596 crore in F.Y. 2013-14 to Rs. 16,61,428 crore (provisional) in F.Y. 2022-23.
- (iii) Gross Direct Tax Collections have increased by over 126.73% in F.Y. 2021-22, reaching a figure of Rs. 16,36,081 crore from Gross Direct Tax Collections of Rs. 7,21,604 crore in F.Y. 2013-14.
- (iv) Gross Direct Tax Collections have increased by over 172.83% in F.Y. 2022-23, reaching a figure of Rs. 19,68,780 crore (provisional) from Gross Direct Tax Collections of Rs. 7,21,604 crore in F.Y. 2013-14.
- (v) Direct Tax Buoyancy at 2.52 in F.Y. 2021-22 is the highest Direct Tax Buoyancy recorded over last 15 years.
- (vi) Direct Tax to GDP ratio has increased from 5.62% in F.Y. 2013-14 to 5.97% in F.Y. 2021-22.
- (vii) The Cost of collection has decreased from 0.57% of total collection in the F.Y. 2013-14 to 0.53% of total collection in the F.Y. 2021-22.

Source : CBDT PRESS RELEASE Dated 13th April 2023

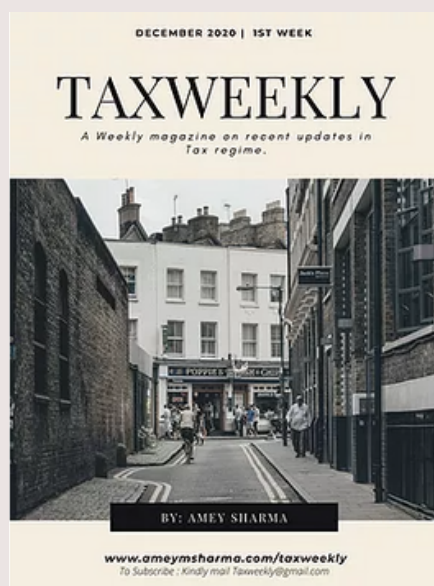


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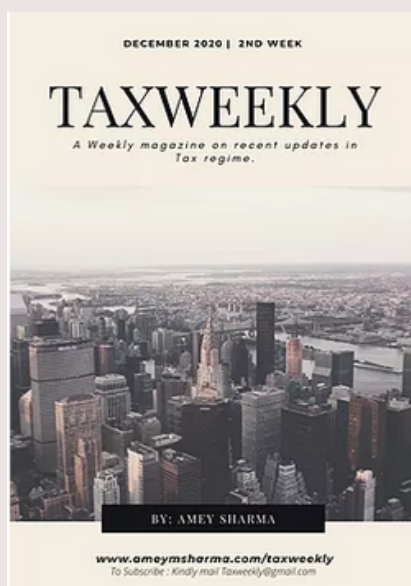
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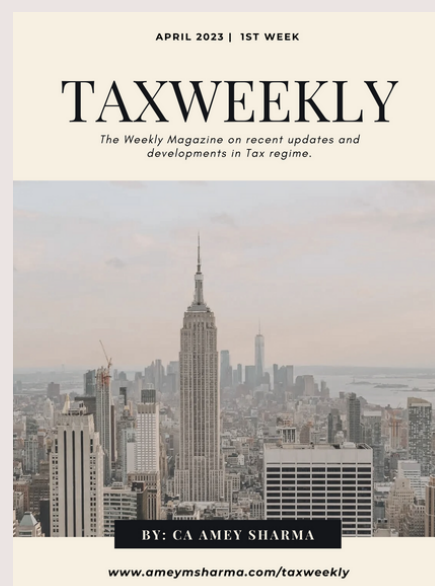
## PREVIOUS EDITIONS



DEC 20 | 1ST WEEK



DEC 20 | 2ND WEEK



APR 23 | 1ST WEEK

Respected all, I am a practicing chartered accountant currently partner with M. Sharma S. Agrawal & Co. Head Office, Nagpur.

I have major interests in field of Direct Tax, Indirect Taxes, Insolvency Laws etc. During my Articleship, I have presented papers on the same at the ICAI student conferences and also written various articles on GST at various platforms. I have also started a weekly tax magazine named TAXWEEKLY regarding weekly updates on taxation.

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