

APRIL 2023 | 3RD & 4TH WEEK

TAXWEEKLY

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



BY: CA AMEY SHARMA

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Nagpur, MH | 9372223834 | mssacoa@gmail.com*

THE TAXWEEKLY MAGAZINE

- CA AMEY SHARMA

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CBIC to introduce its automated GST return scrutiny by next week

Source : Press Release dated 29th April 2023

The Finance Minister directed CBIC to introduce its automated GST return scrutiny by next week

and to implement an action plan to increase the taxpayer base through enhanced use of technology.

In order to intensify its drive against fake billing/Input Tax Credit (ITC), Smt. Sitharaman desired that CBIC may undertake a comprehensive root cause analysis by studying the typology of cases already booked and come up with recommendations on technology based solutions to address the menace and prevent its occurrence.

In the course of review, the Finance Minister was briefed on **the final revenue achievement in total Indirect Tax collections for 2022-23 which stood at Rs. 13.82 lakh crore [as against Rs. 12.89 Lakh Crore in 2021-22].**

On the GST side, the average gross monthly collection for the year 2022-23 stood at Rs. 1.51 lakh crore and monthly GST revenue collections exceeded RS. 1.4 lakh crore for 12 months in a row

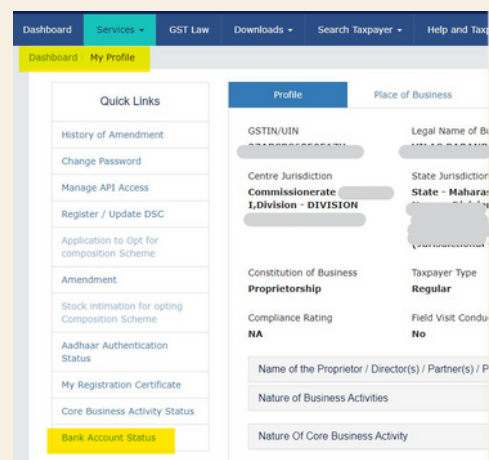
Advisory on Bank Account Validation at GSTN Portal

Source : Advisory Dated 24th April 2023

The functionality for bank account validation is now integrated with the GST System.

This feature is introduced to ensure that the bank accounts provided by the Tax Payer is correct.

The bank account validation status can be seen under the Dashboard→My Profile→Bank Account Status tab in the FO portal.







The screenshot shows the 'My Profile' page on the GSTN portal. The 'Bank Account Status' tab is highlighted in yellow. The page is divided into two main sections: 'Quick Links' on the left and 'Profile' on the right. The 'Profile' section is further divided into 'Profile' and 'Place of Business'. The 'Profile' section displays the following information:

Field	Value
GSTIN/UIN	XXXXXXXXXX
Legal Name of Business	XXXXXXXXXX
Centre Jurisdiction	XXXXXXXXXX
State Jurisdiction	State - Mahara
Commissionerate	XXXXXXXXXX
Division	Division - DIVISION
Constitution of Business	Proprietorship
Taxpayer Type	Regular
Compliance Rating	NA
Field Visit Condu	No
Name of the Proprietor / Director(s) / Partner(s) / P	XXXXXXXXXX
Nature of Business Activities	XXXXXXXXXX
Nature Of Core Business Activity	XXXXXXXXXX

Tax Payers will also receive the bank account status detail on registered email and mobile number immediately after the validation is performed for his declared bank account.

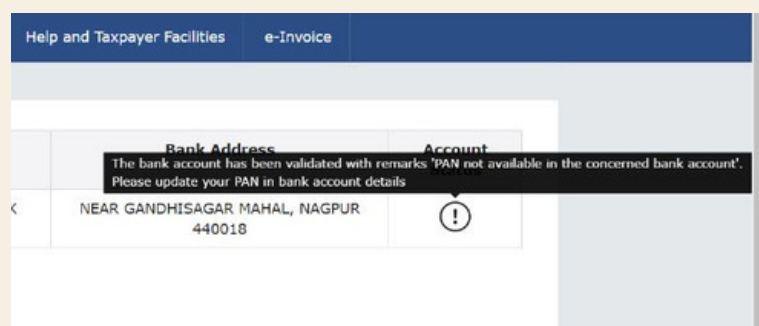
Post validation, any bank account number in the database would have one status out of the below mentioned four status types.

Icon	Description
	Success
	Failure
	Success With Remark
	Pending for Validation

Whenever, the Tax Payer is shown ‘Failure’ icon with further details such as

- The entered PAN number is invalid.
- PAN not available in the concerned bank account.
- PAN Registered under GSTIN, and the PAN maintained in the Bank Account are not same.
- IFSC code entered for the bank account details is invalid.

In these cases, the Tax Payer is expected to ensure that he has entered correct bank details and the KYC is completed by bank for his bank account.



Whenever, the Tax Payer is shown, the status of his bank account as ‘Success With Remark’ icon with details “The account cannot be validated since the bank is not integrated with NPCI for online bank account validation”, the Tax Payer should provide alternate bank account number so that it can be revalidated to expedite further online processes.

If the account status is shown as “Pending for Validation” then please wait since the account will be validated by NPCI.

The Tax Payer at any time can add/delete the bank account details and new account details will be validated.

New facility to verify document issued offline by State GST authorities

Source : Advisory Dated 28th April 2023

New facility to verify document Reference Number (RFN) mentioned on offline communications issued by State GST authorities

The GST portal (“System”) generates various documents, such as notices/orders, etc which are communicated to the taxpayer. Most such documents have a system-generated unique identifier DIN (Document Identification Number)/ RFN (Reference Number). These documents, by virtue of being generated by the System, are already traceable in the portal, mostly on the taxpayer’s dashboard. Still, a facility for taxpayers to verify such documents through such auto-generated RFN is under development and will be provided shortly.

In addition, in order to enable the taxpayers to ascertain that an offline communication (i.e. one which is not system-generated) was indeed sent by the State GST tax officer or not, a new facility for Reference Number (RFN) generation by State tax officer and verification by taxpayer has been provided. Under this feature, the State Tax office can generate a RFN for the physically generated correspondence sent to the taxpayer, which can be validated by the taxpayer (both pre-login and post-login). The facility to verify RFN of System-generated documents, once deployed, shall also be available in a seamless manner using the same link.

To verify a Reference Number mentioned on the offline communications sent by State GST officers that are being sent to you, navigate to **Services > User Services > Verify RFN** option and provide the RFN to be verified.

In case the RFN is of an offline communication generated by the State GST officer, the details with the valid RFN will be displayed. The limited details will be provided pre-login also for verification, while greater details will be provided when the taxpayer logs in and verifies RFN mentioned on an offline communication issued to him/ her.

This facility is for offline correspondence issued by State GST authorities. For documents issued by Central GST officers, CBIC DIN facility may be used.

Instructions issued by MahaGST Dept wrt Amnesty scheme for revocation of cancellation of GST registration

Source : Internal Circular No. 4A of 2023 Dated 28th April 2023

A special procedure is notified through which a registered person, whose registration has been cancelled and who has failed to apply for revocation of cancellation of such registration within the time period specified in the GST Act can apply for revocation up to 30/06/2023. It also covers the cases wherein appeal are filed and pending or rejected

(limited to where registration which has been cancelled under clause (b) or clause (c) of sub-section (2) of section 29 on or before 31st day of December, 2022)

Refer to Notification No. 03/2023 – State Tax/Central Tax dated 31st March, 2023. as discussed in our APRIL 1st week Magazine.

Application for revocation shall be filed only after

- > furnishing of all the returns due up to the effective date of cancellation of registration, and
- > after payment of any amount due as tax, in terms of such returns, along with any amount payable towards interest, penalty and late fee.

Hence, the proper officer, before effecting revocation, shall ensure that all the returns due up to the effective date of cancellation of registration are filed, and payment of any amount due as tax, in terms of such returns, along with any amount payable towards interest, penalty and late fee in respect of the said returns is made.

CASE :

The application for revocation of cancellation of registration has not been filed by the taxpayer

CLARIFICATION :

Taxpayer can file an online application for revocation before the proper officer during the period as provided vide the said notification and proper officer shall process such application.

CASE :

The application for revocation of cancellation of registration has already been filed and which are pending with the proper officer.

CLARIFICATION :

The proper officer shall process the application for revocation considering the timelines as provided vide the said notification.

CASE :

The application for revocation of cancellation of registration was filed, but was rejected by the proper officer and taxpayer has not filed any appeal against the rejection.

CLARIFICATION :

Taxpayer can file a fresh application for revocation and the proper officer shall process the application for revocation considering the timelines as provided vide the said notification.

CASE :

The application for revocation of cancellation of registration was filed, the proper officer rejected the application and appeal against the rejection order is pending before appellate authority.

CLARIFICATION :

Taxpayer can file fresh application for revocation and the proper officer shall process it.

Simultaneously, taxpayer shall withdraw the appeal or appeal officer shall dispose off the appeal.

CASE :

The application for revocation of cancellation of registration was filed, the proper officer rejected the application and the appeal has been decided against the taxpayer.

CLARIFICATION :

Taxpayer may file fresh application for revocation and the officer shall process the application for revocation.

There is no separate facility for application under this special procedure. The online applications would be received by proper officer as usual.

Therefore, the revocation applications received on or after 01st April, 2023 and covered under this special procedure shall be processed accordingly.

COMPILATION OF GST ADVANCE RULING : APR 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.

Liability to register under GST of Mother who is authorized by NRI son to lease his owned property in INDIA

KAR ADRG 17/2023 dt. 13.04.2023

The Applicant being a non-resident Indian, holding an OCI card and residing at California, United States of America (USA), owns an immovable property at Bangalore, India and rented the same to the tenants and is in receipt of rental income.

- Whether the Applicant is liable to be registered in Karnataka under KGST/CGST Act 2017?
- Whether applicant is required to pay tax on renting of commercial building?

The applicant contended that:

he is the owner and supplier / provider of Renting of Immovable Property Service; the location of the supplier is outside India as he resides outside India and also he doesn't have any fixed establishment in India; the service being provided by him becomes import of service as it satisfies the requirement; the responsibility to pay tax is on the service recipient under reverse charge mechanism and

thus he is neither liable for registration under GST nor liable to pay the tax.

The applicant's contention is on the grounds that he is the supplier of service being the owner of the said commercial property.

Observations by the Authority:

The applicant has given General Power of Authority to his mother residing in INDIA to induct tenant, to create tenancy and to execute necessary deeds or documents either registering before the jurisdictional sub-registrar and to receive all profits, rents, lease advance money, advance security deposit amount from the existing tenant and also from the prospective tenant and to take care all necessary action regarding tenancy of the said scheduled property.

and other T&C as specified such as payment of Taxes, Duties; authority to approach all relevant departments; sign required documents on behalf of this son; etc. The attorney has been granted full powers to safeguard the scheduled property but shall have no power either to mortgage or sell or alienate the scheduled property.

COMPILATION OF GST ADVANCE RULING : APR 23

The person authorizing it is known as principal and the person being authorized is known as agent.

NRI is the absolute owner of property, the act of leasing of immovable property was taken up by his as a GPA holder of the said property. Also the incomes from the property, including the rent are received and retained by the GPA holder.

The activity of leasing or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services in terms of entry 2(b) of Schedule II to Section 7 of CGST Act, 2017.

Further in terms of Section 2(105) of CGST Act, 2017 'supplier' in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

Thus from the said provisions, Mother, the GPA holder is the supplier of service of leasing of ,the inkling for commercial purposes.

Since she is a resident of Bengaluru, Karnataka and a supplier of taxable service, is liable to take registration under Section 22(1) of the CGST Act, 2017

In the instant case, since the supply of service is directly in relation to immovable property, in terms of Section 12(3) of IGST Act, 2017, the place of supply of service shall be the location of the said immovable property i.e., in Bangalore, Karnataka. Since the place of supply and location of supplier are both in Karnataka the said supply amounts to intra-state supply in terms of section 8(2) of IGST Act, 2017 and the taxable person, Mother is liable to pay CGST and KGST of 9% each on the taxable value in terms of entry no 16(iii) (SAC heading 9972) of Notification No. 11/2017 dated 28.06.2017, as amended.

GST rate and HSN of Bio-Phosphate

KAR ADRG 16/2023 dt. 13.04.2023

The applicant stated that they have been manufacturing Agro inputs like organic manures, Bio-fertilizers and Fertilizers since 2008; they are pioneers in inventing new products for sustainable agriculture; they have patents to their products namely BO'N (Patent No.389427) and Bio-Phosphate (Patent No.393243); they are launching their new product "Bio-Phosphate".

COMPILATION OF GST ADVANCE RULING : APR 23

What is the HSN code & GST rate applicable to our new product by name Bio-Phosphate?

The product "Bio-Phosphate" merits classification under HSN code 3103 90 00 and thus are eligible to GST @ 5%

in terms of Sl.No.182B of Schedule I to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended.

GST Rate on wooden ice cream sticks and spoons

KAR ADRG 18/2023 dt. 13.04.2023

Applicant stated that they supply wooden ice cream sticks and wooden ice cream spoons to dairy industry for food stuffing and for use in consumption of ice cream.

The applicant submitted the process of producing the semi-finished wooden spoons and wooden sticks that are imported by them. The aforesaid semi-finished products are manufactured from wooden logs out of European white Birch (Betula Pendula) taken from Siberian forest. In this process, the wooden logs are cut into required size and boiled for 24 hours; later they are fed into peeling machine for required size of thickness below 2 mm sheets, which are further fed into cutting machine, which is specified size die cutting for sticks or spoons.

In this process no chemicals are added and also the wood is not compressed, but directly peeled from logs and packed in bulk poly bag and shipped to the applicant.

The products i.e. wooden ice cream sticks and wooden ice cream spoons merit classification under HSN code 4419.90.90 and thus are eligible to GST @ 12%,

in terms of Sl.No.99B of Schedule II to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017 as amended.

Benefit in tax collection due to updated SFT and other initiatives

Introduction of new data sources in Statement of Financial Transactions (SFT) like Dividend and Interest; Securities; Mutual Funds and information from GSTN in recent years has led to 1118% increase in reported information. This has resulted in addition of information of about 3 crore persons.

Introduction of new TDS codes, which have almost doubled from 36 to 65 in last eight years, led to increase in total reported transaction in FY 2021-22 to 144 crore as compared to total reported transaction in FY 2015-16 of 70 crore. This has resulted in increase in number of unique deductees — almost doubled from 4.8 crore (in F.Y. 2015-16) to 9.2 crore (in F.Y. 2021-22).

The Finance Minister emphasised that CBDT should ensure timely and appropriate actions on all applications filed by tax payers and desired a reasonable time frame for disposal of such applications. The Finance Minister exhorted CBDT to expand and strengthen its efforts to increase tax payers' awareness regarding the provisions of the direct tax laws and compliance thereof.

Source : PRESS RELEASE Dated 25th April 2023

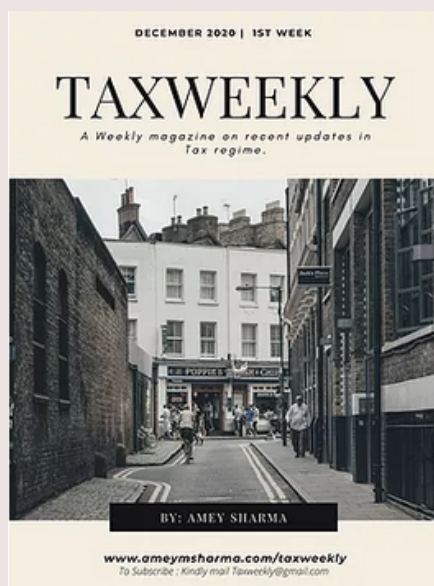


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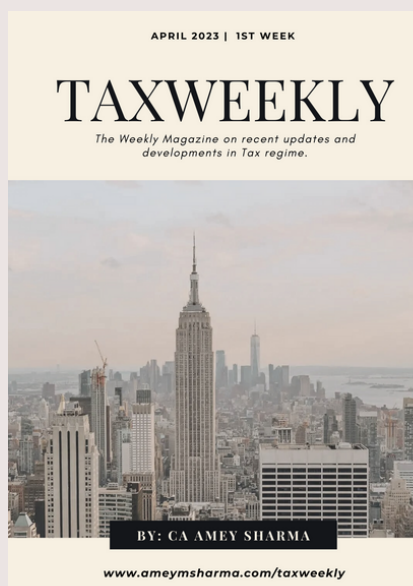
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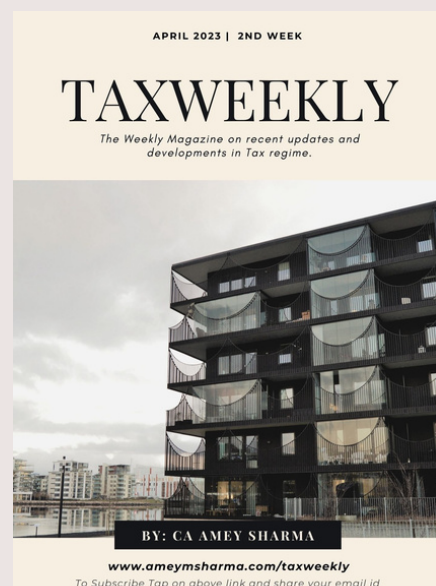
PREVIOUS EDITIONS



DEC 20 | 1ST WEEK



APR 23 | 1ST WEEK



APR 23 | 2ND 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.

Kind Regards, CA AMEY SHARMA, Nagpur (9372223834)

