

Punit Prajapati
& Co.

BUDGET 2023 GST CHANGES

AMENDMENTS PROPOSED IN
THE FINANCE BILL 2023

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ANALYSIS

COMPOSITION LEVY AVAILABLE EVEN IF GOODS SUPPLIED THROUGH E.COM. OPERATORS

Person supplying goods through electronic commerce operator will also be entitled for composition schemes under section 10 of the CGST Act, 2017.

- Person will continue to be ineligible for composition scheme if he supplies services through electronic commerce operator.
- This is applicable, not only for Composition scheme for goods (1/2/5%) but also for composition scheme for services (6%). Meaning thereby, person will be entitled for composition scheme for services (6%) also, even if goods are supplied by him through electronic commerce operator.

NO ITC FOR CSR ACTIVITIES

Input Tax Credit for GST paid on Corporate Social Responsibility (CSR) expenditure will not be available.

REVERSAL FOR COMMON ITC FOR WAREHOUSED GOODS

Value of supply of customs warehoused goods shall be included in the value of exempt supply for reversal of common Input Tax Credit under Section 17 (2) read with Rule 42. Its worth noting that for high seas sales and for merchant trade (purchase from and sale both to other countries), no such reversal is required.



NO GST RETURNS AFTER 3 YEARS

Person shall not be allowed to file the GSTR 1, GSTR 3B and GSTR 9 after the expiry of **3 years from the due date** of filing such returns. However, government may allow filing of such returns beyond three years, by notification, subject to conditions and restrictions as may be specified therein.

RETRO. EXEMPTION TO INTERNATIONAL TRANSACTIONS

Exemption to Merchant Trade (supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India), customs warehoused goods and High Seas Sales transactions is extended retrospectively from 01/07/2017.



DECRIMINALISATION OF CERTAIN OFFENCES

Following offences will not be subject to imprisonment

- To obstructs or prevent any officer in the discharge of his duties under this Act
- To tamper with or destroys any material evidence or documents
- To fail to supply any information which he is required to supply under GST Law or the rules made thereunder.

Except in the case of issuance of bogus billing, there shall be no imprisonment for offences where tax evaded does not exceed Rs. 2 Cr. Even in cases person availing ITC based on bogus billing, there shall be no imprisonment if such ITC does not exceed Rs. 2 Cr.



COMPOUNDING OF OFFENSES

For compounding of offence in lieu of prosecution, following amendments are proposed.

- Facility for compounding of offence, in lieu of prosecution, shall not be available in the case of offence of issuance of bogus billing.
- Facility for compounding of offence, in lieu of prosecution, shall now be available also for a person who has been accused of committing an offence under GST Law which is also an offence under any other law.
- Compounding amount (penalty) is proposed to be reduced between 25% to 100% of the tax involved. At present, it is upto 150% of the tax involved.



CGST & SGST ON TRANSPORT FOR EXPORTS

In case of supply of transportation services by way of transportation of goods to a place outside India, transaction was to be considered as Inter-state transaction and IGST is to be paid at present, even if supplier and recipient both are located in the same state. Proviso to Section 12(8) of the IGST Act, 2017, giving this effect, is proposed to be removed. This will mean that after amendment, such transaction shall be considered as intra-state supply and CGST and SGST (and not IGST) shall be payable even if goods are exported out of India.