



Finance Bill, 2023

Amendments w.r.t. GST in the Finance Bill, 2023 passed by Lok Sabha on March 24, 2023

1. No need to take registration for Specified category of persons exempted from obtaining GST registration:

It has been proposed to amend Section 23(2) of the Central Goods and Services Tax Act, 2017 (“**the CGST Act**”) with a non-obstante clause, that too retrospectively applicable w.e.f July 1, 2017, so as to provide that, persons required to take registration in GST as per Section 22(1) of the CGST Act and compulsory registration required under Section 24 of the CGST Act, need not to register themselves, if they are exempted from taking the GST registration.

There are certain specified persons already exempted from compulsory registration viz. person making outward supplies which are exclusively covered under RCM, person making supplies of services through E-Commerce Operator having aggregate turnover not exceeding INR 20L in a FY, person supplying handicraft goods having aggregate turnover not exceeding INR 20L in a FY, person making inter-state supplies of taxable services having aggregate turnover not exceeding INR 20 Lakhs in a FY, etc. need not to obtain GST registration.

2. Time limit of 30 days withdrawn for moving application for Revocation of Cancellation of GST Registration:

It has been proposed to amend Section 30(1) of the CGST Act i.e. revocation of cancellation of registration, in order to remove the restriction on the registered person to apply for revocation of cancellation of its GST registration within 30 days from the date of service of the cancellation order.

Thus, now any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in such manner, within such time and subject to such conditions and restrictions as may be prescribed.

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3. Period to furnish Form GSTR 3B or Form GSTR 10 (Final Return) increased from 30 days to 60 days under Best Judgment Assessment:

It has been proposed to amend Section 62(2) of the CGST Act i.e. Assessment of unregistered persons, so as to provide the time period of 60 days instead of 30 days, for furnishing return **Form GSTR 3B** or **Form GSTR 10** (Final Return) where the proper officer has assessed tax liability on best judgment assessment basis.

Moreover, where the registered person fails to furnish a valid return within 60 days of the service of the assessment order, he may furnish the same within a further period of 60 days on payment of an additional late fee of INR 100/- for each day of delay beyond 60 days of the service of the assessment order and in case he furnishes valid return within such extended period, the assessment order shall be deemed to have been withdrawn, but the liability to pay interest under Section 50(1) and late fee under Section 47 of the CGST Act shall continue.

4. Constitution of GST Appellate Tribunal (GSTAT) and Benches thereof:

It has been proposed to substitute Section 109 of the CGST Act, so as to provide that, the jurisdiction, powers and authority conferred on the GSTAT, shall be exercised by the Principal Bench and the State Benches instead of 'National Bench or Regional Bench', which would be set up in every state, while there will be a Principal Bench in New Delhi, consisting of the President, a Judicial Member, a Technical Member (Centre) and a Technical Member (State), and the issue involved w.r.t. the place of supply would only be heard by the Principal Bench. Further the State Benches will consist of two Judicial Members, a Technical Member (Centre) and a Technical Member (State).

Moreover, appeals, where the amount w.r.t. tax or Input tax credit ("ITC") or the amount of fine, fee or penalty, does not exceed INR 50 lakh and which does not involve any question of law may be heard by a single Member, whereas, in all other cases, shall be heard together by one Judicial Member and one Technical Member.

Accordingly, relevant amendments have been made in Section 110 (Appointment, qualification, conditions of GSTAT members), Section 114 (Administrative & Financial powers of President of GSTAT), Section 117 (Appeal to High Court), Section 118 (Appeal to Supreme Court), and Section 119 (Sums due to be paid notwithstanding appeal, etc.) of the CGST Act.

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5. Place of supply of services of transportation of goods, other than by way of mail or courier to be the location of the recipient of services:

It has been proposed to omit Section 13(9) of the Integrated Goods and Services Tax Act, 2017 (“**the IGST Act**”) i.e. ‘the place of supply of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of such goods’.

Thus, now the place of supply of services in case of transportation of goods, other than by way of mail or courier would be covered under default provision of Section 13(2) of IGST Act and would be the location of the recipient of services.

6. Maximum rate at which GST Compensation Cess may be collected: It has been proposed to amend the Schedule of the GST (Compensation to States) Act, 2017 pertaining to the maximum rate at which GST Compensation Cess may be collected for items such as Pan Masala (from 135% *ad valorem* to 51% of the retail sale price/unit), Tobacco and manufactured tobacco substitutes, including tobacco products (INR 4170/ 1000 sticks or 290% *ad valorem* or a combination thereof but not exceeding INR 4170/ 1000 sticks + 290% *ad valorem* or 100% of retail sale price/unit). Further, new Explanation has been proposed to be inserted, defining the scope of ‘retail sale price’.