

GST @Budget 2025


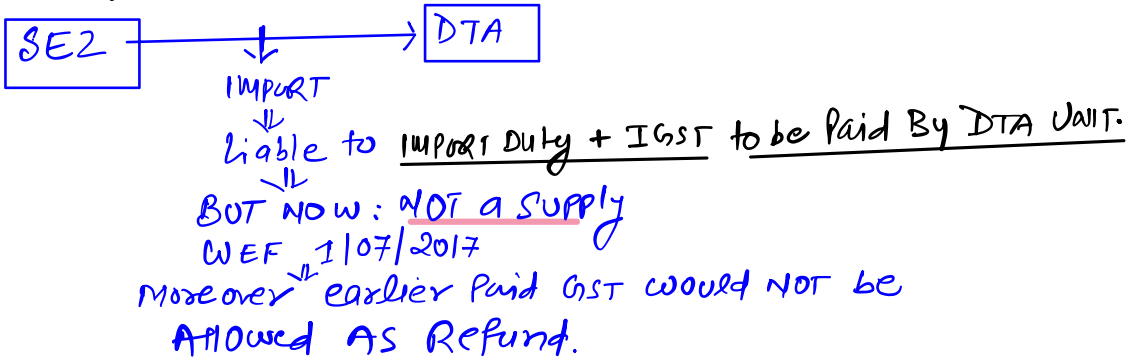
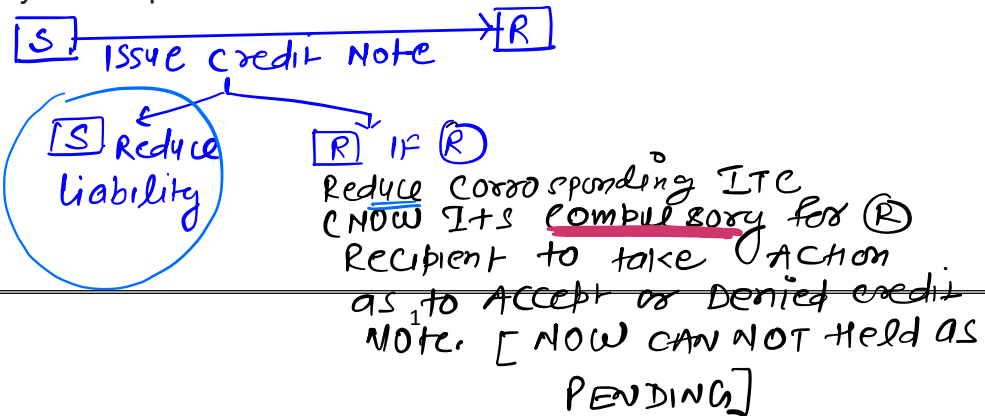
These proposed amendments are designed to

- 1. ■ Simplify GST compliance,
- ✓ ■ Reduce litigation, and
- ✓ ■ Provide greater clarity to taxpayers.

Relevant for

- # Practising CA/CS/CWA/ADV
- # Interview purpose →
- # Exam in NOV, 2025 OR ONWARDS.
- # Knowledge purpose

In the Union Budget 2025-26, several section-wise amendments to the Goods and Services Tax (GST) laws have been proposed to enhance clarity and compliance. Key proposed changes include..

Chapter: Supply	
<p>Amendment In Schedule III [Negative List of Supply]</p>  <p style="text-align: center; font-size: small;">Special Economic Zone</p>	<ul style="list-style-type: none"> Supply of goods warehoused in a Special Economic Zone (SEZ) or a Free Trade Warehousing Zone (FTWZ) to any person before clearance for export or to the Domestic Tariff Area (DTA) shall be treated neither as a supply of goods nor as a supply of services. <p>This means that such transactions will be considered non-taxable under GST.</p> <p>Additionally, the amendment clarifies that no refund of tax already paid will be available for these transactions. These changes are proposed to be effective retroactively from July 1, 2017.</p> <div style="margin-top: 10px;">  </div>
Chapter: Invoice	
<p>Section 34(2): Proviso Substituted</p>	<p>This amendment introduces a proviso that explicitly requires the reversal of input tax credit (ITC) by the recipient when a credit note is issued by the supplier. The primary objective is to ensure that the supplier's output tax liability can be appropriately reduced only if the corresponding ITC has been reversed by the recipient.</p> <div style="margin-top: 10px;">  </div>

Chapter: Time of Supply

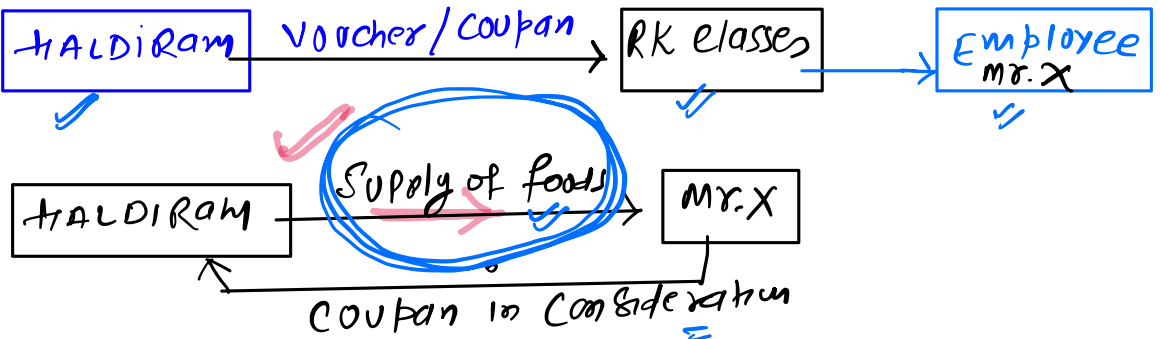
Section 12(4) / 13(4) of CGST Act : Time of Supply @ Voucher etc.



STAGE : 1
JAN, 2025

The proposed omission of Section 12(4) seeks to eliminate these provisions to clarify and streamline the GST treatment of vouchers. The removal aims to resolve ambiguities in the treatment of vouchers under GST.

The proposed omission of Section 13(4) seeks to eliminate these provisions to clarify and streamline the GST treatment of vouchers. The removal aims to resolve ambiguities in the treatment of vouchers under GST.



STAGE 2
Feb, 2025

Here underlying Goods/service (Food) is liable to GST BUT provision is given for TIME OF SUPPLY OF VOUCHER which is used as a PART of consideration i.e. in place of money. So POS provision for "voucher etc" omitted & NOW TIME OF SUPPLY OF UNDERLYING goods/service will be determined as per General provision.

Chapter: Input Tax Credit

Amendment to Section 17(5)(d) of the CGST Act, 2017:

• Current Provision: This section restricts the availability of input tax credit (ITC) on goods and services used for the construction of an immovable property, except when such goods or services are used for plant **OR** machinery.

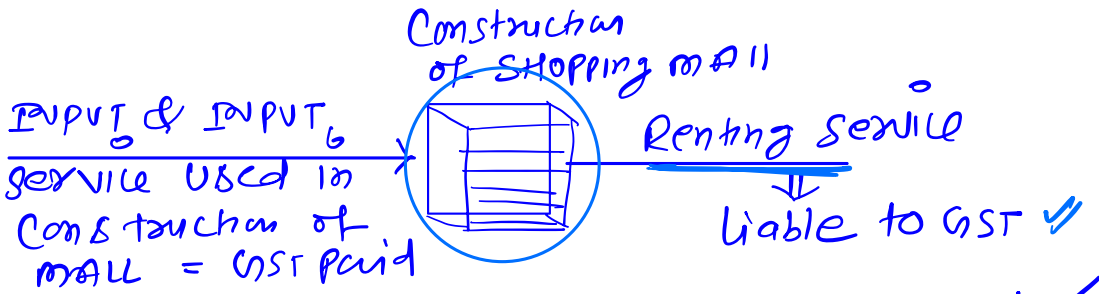
• Proposed Change: It is recommended to replace the phrase "plant or machinery" with "plant **AND** machinery" to align with the intended interpretation, ensuring that ITC restrictions apply appropriately.



✓
 I R S
 Plant OR
 Machine
 sec: 17(5)(d)

WEF: 1/7/2017

Background : IN the case of SAFARI Retreat -



SAFARI claim "MALL" AS PLANT under wording " PLANT OR MACHINERY " as specified under sec: 17(5)(d): & According credit should be allowed.

BIG Question: MALL/ANY OTHER COMMERCIAL Building = plant ??????

To overcome with this : NOW " Plant OR MACHINERY " replaced with " PLANT & MACHINERY " .
 So NOW NO ITC shall be allowed in respect thereof. & NO litigation will be there.

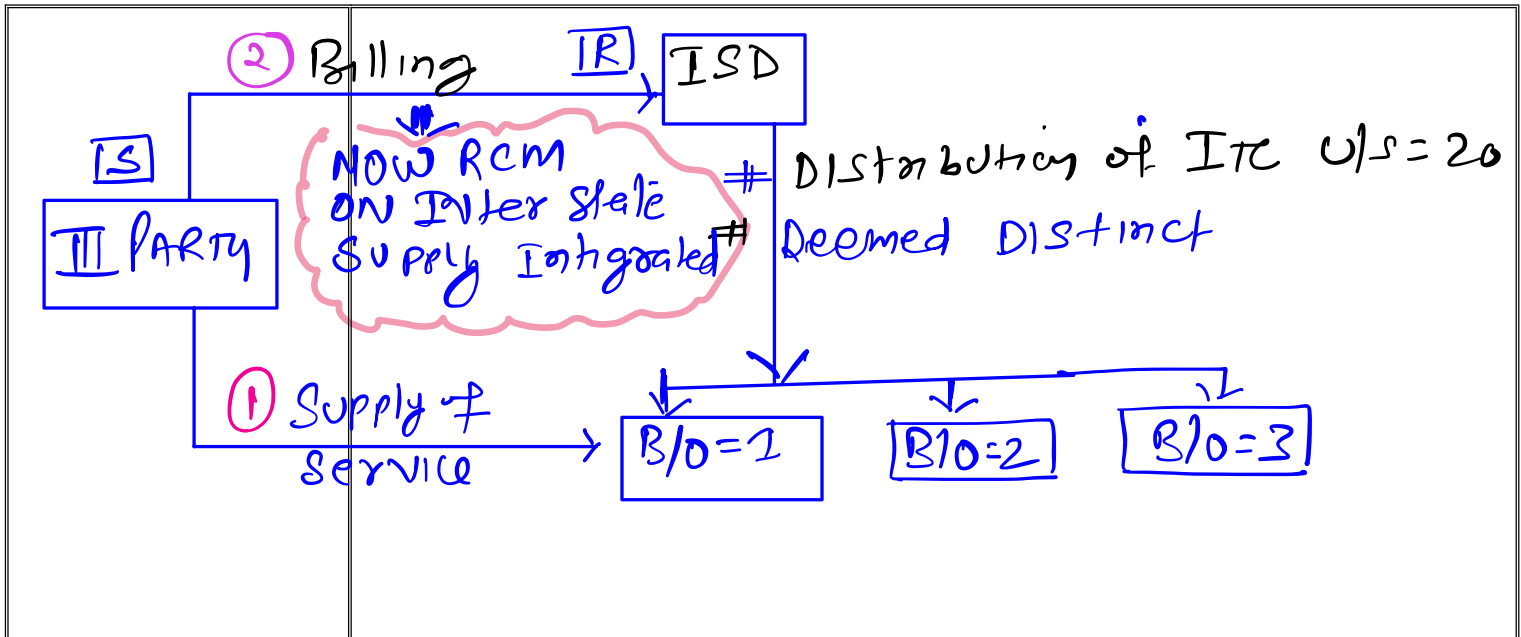
Amendments Pertaining to Input Service Distributor (ISD) Mechanism:

• Current Provisions: Sections 2(61) and 20 of the CGST Act, 2017, along with related rules, outline the ISD mechanism for distributing ITC among units of a business.

• Proposed Changes: The amendments aim to explicitly include inter-state reverse charge mechanism (RCM) transactions under the ISD mechanism.

This includes:

- Amending Section 2(61) to reference supplies taxable under Sections 5(3) and 5(4) of the IGST Act, 2017.
- Modifying Section 20(2) to align with the inclusion of inter-state RCM transactions.
- Updating Rule 39(1A) of the CGST Rules, 2017, accordingly.



Chapter: Filing of Return

Section 38: GSTR 2B [ITC Statement]

2B UPGRADE & Flexible

1. Removal of "Auto-Generated" Terminology:

• The term "auto-generated" has been omitted from Section 38. This change reflects a shift towards a more flexible approach in the generation and management of input tax credit (ITC) statements.

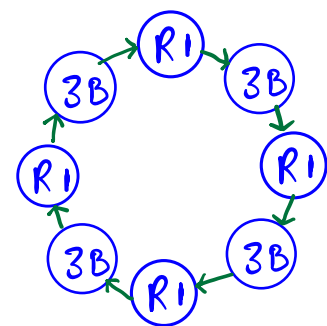
2. Enhancement of ITC Statement Details:

• A new clause has been added, providing an enabling provision to prescribe additional details to be included in the ITC statement.

These amendments aim to provide greater clarity and flexibility in the reporting and management of input tax credits, thereby enhancing compliance and transparency within the GST framework.

NOW: GSTR-2B is - more flexible - more expanded for greater clarity.

Amendment to Section 39(1)



MISS ANY -

Proposed an amendment to Section 39(1)

This amendment introduces an enabling clause that allows the government to prescribe specific conditions and restrictions for the filing of GST returns.

Key Aspects of the Amendment:

• **Empowering the Government:** The inclusion of this enabling clause grants the government the authority to establish detailed rules and guidelines governing the return filing process under Section 39(1).

• **Enhanced Compliance:** By specifying conditions and restrictions, the government aims to improve compliance.

CANT go further -> for proper compliance.

FIXIXI

Chapter: Penalties	
<p>Amendment to Section 148A, Section 2(116A), Section 122B [Newly Inserted]</p>	<p>Section 148A of the Union Budget 2025 introduces a legal framework for implementing a track and trace system under the CGST Act.</p> <p>This system applies to specified commodities and ensures better monitoring of their movement throughout the supply chain.</p> <p>It utilizes unique identification markings (as defined in Section 2(116A)), such as digital stamps, Digital Mark or any other similar marking which is unique, secure and Non Removable to enhance transparency and prevent tax evasion.</p> <p>To enforce compliance, Section 122B has been introduced, prescribing penalties for violations related to this track and trace mechanism. This initiative is part of the government's efforts to use technology for better tax compliance and supply chain control.</p> <p>Penalty: [Rs 1 Lakh or 10% of Tax] whichever is higher.</p> <p>High TAX EVASION PRONE GOODS : PAN MASALA, GUTKHA, scrap etc. (tobacco, Non-ferrous)</p> <p><u>These Goods Needs High Control:</u></p> <ul style="list-style-type: none"> ✓ Earlier Govt Introduced @ Registration of Machinery system. ✓ Now "DIGITAL marking" like Digital BAR, STAMP etc need to Affix on Goods so that Govt can TRACK & TRACE the Goods. <p>Non compliance of the same attract penalty u/s: 122B = Rs 100000 OR 10% TAX (WHICHEVER IS HIGHER)</p>

Chapter: Appeals	
<p>Amendment to Section 107(6) Appeal to AA</p>	<ul style="list-style-type: none"> • Current Provision: For filing an appeal against an order, the appellant is required to make a pre-deposit of 25% of the penalty amount when the appeal involves only the penalty and no tax demand. • Proposed Change: The amendment proposes reducing the pre-deposit requirement to 10% of the penalty amount in such cases, thereby easing the financial burden on appellants.
<p>Amendment to Section 112(8) Appeal to GSTAT</p>	<ul style="list-style-type: none"> • Current Provision: Similar to Section 107(6), this section pertains to appeals filed before the Appellate Tribunal, requiring a pre-deposit of 25% of the penalty amount in cases involving only penalties. • Proposed Change: It is proposed to reduce the pre-deposit requirement to 10% for such appeals, consistent with the amendment to Section 107(6). <p><i>Handwritten notes:</i> $(T + I + P) \rightarrow 20\% \rightarrow \text{DIA}$ $(T + I + P) \rightarrow 10\% \rightarrow \text{AA}$ see: 128 P 5 10% of 010 = AA</p>

- # ONLY penalty may be imposed u/s: 129 like : 200% of TAX Amount, 50% of value of goods
 etc.
- # wanna file AAP: Now Need to deposit 25% of Penalty Amount as "PRE-DEPOSIT."
- # NOW It is 10% of Penalty.

Chapter: Definition

Amendment to Section 2(69) of the CGST Act, 2017:

• Current Provision: This section defines the term "local authority," which includes entities like municipal committees and district boards.

• Proposed Change: An explanation is to be inserted to clarify the definitions of "Local Fund" and "Municipal Fund" to remove ambiguities and ensure uniform interpretation.

FOR GREATER CLARITY