

Major recommendations of the 55th Meeting of the GST Council: [Part A]

Recommendations relating to the provisions in the GST Acts and the rules and clarifications

[Unless specifically mentioned sections/ rules as referred are of the CGST/SGST Act/Rules, 2017]

Sl No.	Recommendations	Recommended Amendments/Clarifications
Relating to amendments in the Act & the Rules:		
01.	<p>Amendment in section 17(5)(d) by way of replacing the expression "plant or machinery" with "plant and machinery", retrospectively with effect from 01.07.2017.</p> <p>It is also recommended that, while making the above amendment through Finance Bill, it may specifically be mentioned that the said amendment is being done notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.</p>	<p>Amendment in section 17(5)(d) to substitute the expression "plant or machinery" with "plant and machinery"</p>
02.	<p>Amendment in Schedule III of the CGST Act to explicitly provide that supply of goods warehoused in a Free Trade and Warehousing Zone (FTWZ)/ Special Economic Zone (SEZ) before clearance to Domestic Tariff Area/ for Exports shall be treated neither as supply of goods nor as supply of services.</p>	<p>Insertion of clause (aa) in paragraph 8 of Schedule III of the CGST Act <i>w.e.f.</i> 01.07.2017 to provide that supply of goods warehoused in a Free Trade and Warehousing Zone (FTWZ)/ Special Economic Zone (SEZ) before clearance to Domestic Tariff Area/ for Exports shall be treated neither as supply of goods nor as supply of services</p>
03.	<p>Incorporation of enabling provisions relating to Track and Trace Mechanism for specified evasion prone commodities to provide for,-</p> <p>(i) effective monitoring and control of the Supply Chain of such products and</p> <p>(ii) affixation of Unique Identifier with security features on the product at the time of manufacture and</p> <p>(iii) updation of relevant data as prescribed on a</p>	<p>(a) Insertion of new section 148A to provide for the Track and Trace Mechanism for commodities.</p> <p>(b) Insertion of new section 122B to provide for penalty (one lakh rupees or ten percent of the tax payable on such goods, whichever is higher) for failure to comply with the Track and Trace Mechanism.</p> <p>(c) Insertion of the definition of "Unique Identification Marking" as clause (112B) in</p>

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	centralized server.	section 2 of the CGST Act.
04.	Provision for payment of pre-deposit (of 10%) for filing appeal before an Appellate Authority or before the GSTAT in cases involving only demand of penalty without involvement of demand of any tax.	<p>(a) Existing proviso of section 107(6) (<i>that provides for payment of 25% penalty for filing an appeal against an order u/s 129(3)</i>) to be omitted.</p> <p>(b) Insertion of new proviso to section 107(6) to provide for payment of 10% penalty for filing an appeal against an order demanding penalty without involving demand of any tax.</p> <p>(c) Insertion of new proviso to section 112(8) to provide for payment of 10% penalty for filing an appeal against an order demanding penalty without involving demand of any tax in addition to the amount paid in terms of the proviso to section 107(6).</p> <p>(d) Consequential amendment in Para 15 of Form GST APL-01 and para 14 of Form GST APL-05.</p>
05.	Definition of ‘Local Fund’ and ‘Municipal Fund’ in relation to the definition of Local Authority in section 2(69)(c) of the CGST Act, 2017.	<p>(a) Insertion of an Explanation to section 2(69)(c) to define ‘Local Fund’ and ‘Municipal Fund’.</p> <p>(b) Amendment of clause (c) of section 2(69) to align the same with the new definitions to be inserted through the Explanation.</p>
06.	Amendment in the provisions relating to Input Services Distributor (ISD) to explicitly include inter-state RCM transactions under the ISD mechanism.	Amendments of section 2(61), section 20(1), section 20(2) w.e.f. 01.04.2025 and also rule 39(1A) to explicitly include inter-state RCM transactions under the ISD mechanism.
07.	Provision for grant of Temporary Identification Number by Tax Officers to a person who is otherwise not liable to registration under the Act but is required to make any payment under the provisions of the Act.	<p>(a) Insertion of a new rule 16A and consequential amendment in rule 87(4) to provide for grant of Temporary Identification Number by Tax Officers to a person who is otherwise not liable to registration under the Act but is required to make any payment under the provisions of the Act.</p> <p>(b) Consequential modification in FORM GST REG-12.</p>

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08.	<p>Provision for amendment in the field ‘category of registered person’ for taxpayers who opted for composition levy through FORM CMP-02.</p>	<p>Amendment in rule 19(1) to provide for changing of the category of the registered person who opted for the composition scheme (as non-core amendment).</p>
09.	<p>Amendments in respect of functionality of Invoice Management System (IMS) <i>[A new optional functionality of Invoice Management System (IMS) has been launched on the GST portal from 01.10.2024. This will allow the recipient taxpayers to accept, reject, or to keep the invoices pending for the purpose of availment of Input Tax Credit]</i></p>	<p>(a) Amendments relating to Credit Notes:</p> <p>(i) Amendment in section 34(2) (Requirement of reversal of ITC attributable to credit note);</p> <p>(ii) Insertion of a new rule 67B (Adjustment of tax liability on issuance of credit note or any other document reducing the tax liability).</p> <p>(b) Amendments relating to Returns and ITC:</p> <p>(i) Amendment in section 39(1) <i>(to draw powers to prescribe restriction on filing of FORM GSTR-3B return before the generation of FORM GSTR-2B).</i></p> <p>(ii) Amendment in rule 61 <i>(to provide for restriction on filing of FORM GSTR-3B return before the generation of FORM GSTR-2B).</i></p> <p>(iii) Related amendments in section 38(1), section 38(2), rule 37A, rule 60(6A) <i>[new insertion]</i>, rule 60(7), rule 60(8), rule 60(9), rule 88D.</p>
10.	<p>In-principle approval given to the Concept note for implementing different categories of GST registration based on Risk Assessment and aligning the Registration Process with passing on of Input Tax Credit.</p>	
Relating to Clarifications:-		
01.	<p>Availment of input tax credit by electronic commerce operators (ECOs) where services specified under Section 9(5) are supplied through their platform:-</p>	<p>Circular would be issued clarifying <i>inter-alia</i> the following: <i>ECOs who are liable to pay tax under section 9(5) in respect of specified services are not required to reverse ITC on their inputs and input services, proportionately under section 17(1)/(2) to the</i></p>

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		<i>extent of supplies made under section 9(5).</i>
02.	Availability of ITC as per section 16(2)(b) of the CGST Act, 2017 in respect of goods which have been delivered by the supplier at his place of business:-	Circular would be issued clarifying <i>inter-alia</i> the following: <i>A registered person can be considered to have "received" the goods at the time of handing over of the same by the supplier to him or the transporter at the factory gate or place of business of the supplier and accordingly, the goods can be construed to have been "received" by the said recipient as per provisions section 16(2)(b).</i>
03.	Clarification on place of supply of Online Services supplied by the suppliers of services to un-registered recipients:-	Circular would be issued clarifying <i>inter-alia</i> the following: <i>Provisions of proviso to rule 46(f) shall apply in respect of all the online supplies of services supplied to an un-registered recipient, in addition to the supply of online money gaming and OIDAR services and if the supplier fails to issue invoice in accordance with the said provisions by not recording correct mandatory particulars including recording of name of State of unregistered recipient in respect of such supplies, he may be liable to a penal action under the provisions of section 122(3)(e).</i>
04.	Issues relating to taxability of Vouchers under GST:	(a) Circular would be issued clarifying <i>inter-alia</i> the following: <i>(i) Transaction in vouchers would be treated neither as a "supply of goods" nor as a "supply of services".</i> <i>(ii) Distribution of vouchers on principal-to-principal basis shall not be subject to GST. However, where vouchers are distributed on principal-to-agent basis, the commission/fee or any other amount charged by the agent for such distribution is taxable under GST.</i> <i>(iii) Additional services such as advertisement, co-branding, marketing and promotion, customization and technology support, customer support etc. related to vouchers would be leviable</i>

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		<p>to GST on the amount paid for these services.</p> <p>(iv) Unredeemed vouchers (breakage) would not be considered as supply under GST and no GST is payable on income booked in the accounts in respect of breakage.</p> <p>(b) Section 12(4) and section 13(4) (provisions relating to time of supply of vouchers) and rule 32(6) (relating to valuation of vouchers) to be omitted.</p>
05.	<p>Clarification regarding applicability of late fee for delay in furnishing of FORM GSTR-9C.</p>	<p>(a) Circular would be issued clarifying <i>inter-alia</i> the following:</p> <p><i>Late fee under sub-section (2) of section 47 of the CGST Act, is leviable for the delay in furnishing of complete annual return under section 44 of the CGST Act, i.e. both FORM GSTR-9 and FORM GSTR-9C (where FORM GSTR-9C is also required to be furnished).</i></p> <p>(b) Notification to be issued to provide for,-</p> <p><i>(i) Waiver of additional late fee payable for delayed furnishing of FORM GSTR-9C in excess of the late fee payable upto the date of furnishing FORM GSTR-9, in cases where FORM GSTR-9C was not furnished for any financial years upto FY 2022-23 but has been furnished subsequently on or before 31.03.2025.</i></p> <p><i>(ii) Inadmissibility of refund in respect of any amount of late fee already paid for delayed furnishing of FORM GSTR-9C for the said financial years.</i></p>

Note: This document is prepared on the basis of Agenda Notes of the 55th GST Council Meeting and not to be construed as a legal explanation or interpretation of the Acts and the Rules. Please refer to the original Notifications when issued.