

Indirect Tax

October, 2024



Contents

Advance Rulings & Judgements	03
GST Updates	10
Custom Updates	21
Foreign Trade Policy	32
Compliance Calendar	41

1

Advance Rulings & Judgements

Hon'ble High Court of Himachal Pradesh held that CGST authorities cannot initiate proceedings when same subject matter is already under investigation by SGST authorities.

Brief Facts

- In the given case, the petitioner is a manufacturer and distributor of iron and steel in the State of Himachal Pradesh. The petitioner had purchased raw material from different sellers and the same had been done after satisfying itself about the genuineness of the suppliers in terms of the conditions as laid down in Section 16 of the Act.
- A Summon was issued by the State Tax Officer asking the petitioner to supply various documents to show the genuineness of the transactions with the suppliers. The Petitioner complied with summons and submitted documents regarding purchases from five suppliers.
- Later, Director General of Goods and Service Tax Intelligence initiated parallel proceedings by issuing summons and blocking the petitioner's ITC, attributing fraud to the suppliers.
- The Petitioner contended that Section 6(2)(b) of the Central Goods and Service Tax Act, 2017 ('CGST Act') prohibits the initiation of parallel proceedings by State and Central authorities on the same subject matter.

Observations

- Whether parallel proceedings can be initiated on the same subject matter by Central and State GST Authorities?

Decision

- The High Court of Himachal Pradesh referred to Section 6 of the CGST Act, which empowers officers of both Central and State tax authorities to initiate proceedings but prohibits parallel investigations on the same subject matter. Once proceedings have been initiated by one authority (State or Central), the other cannot initiate separate proceedings on the same matter.
- The High Court of Himachal Pradesh emphasized that since State authorities had already initiated proceedings against the petitioner and the suppliers, Central authorities could not initiate parallel proceedings on the same subject matter.
- The High Court of Himachal Pradesh allowed the petition by quashing the blocking of ITC ledger and the summons issued by Central Authorities as the same were in contrary to the provisions of Section 6(2)(b) of the CGST Act.

[Kundlas Loh Udyog vs State of Himachal Pradesh (CMPMO No. 273 of 2024 – Himachal Pradesh HC) dated 17 September 2024]

Gauhati High Court held that Notification extending time limits for issue of orders under section 73 of the CGST Act ultra vires.

Brief Facts

- The Petitioner challenged the order passed under section 73(9) of the CGST Act and the Assam Goods and Services Tax Act, 2017, stating that the notification extending the period for passing of the order under section 73(10) of the CGST Act in exercise of the powers under section 168A of the CGST Act was ultra vires.

- The Petitioner argued that there was no force majeure event, such as war, natural calamity, or pandemic. Hence, the condition precedent for issuance of the notification in exercise of powers under section 168A of the CGST Act were unfulfilled.
- The Petitioner further argued that one of the pre-requisites to issue a notification under section 168A of the CGST Act is existence of a recommendation by the GST Council, which was absent. There cannot be a subsequent ratification by the GST Council. The Central Government had resorted to falsehood by mentioning in the notification that it was issued on recommendation of the GST Council.

Observations

- Whether CBIC can issue notification without recommendation of GST Council which is not in consonance with provisions of Section 168A of CGST Act?

Decision

- The High Court of Gauhati addressed the validity of Notification No. 56/2023-CT dated 28 December 2023 (notification) issued under section 168A of the CGST Act.
- The High Court of Gauhati held that the notification extending the time limits prescribed under section 73(10) of the CGST Act for passing orders under section 73(9) of the CGST Act was ultra vires in the absence of a force majeure, which was a pre-requisite under section 168A of the Act and also in the absence of recommendation by the GST Council.

[Jawahar Singh vs Union of India (Writ Petition No. 4681 of 2024) dated 13 September 2024]

Hon'ble High Court of Madras held that Recovery proceedings initiated by the GST Department to be deferred till disposal of appeal filed against assessment order.

Brief Facts

- The petitioner had filed an appeal against the demand order issued in the course the assessment proceedings initiated by the GST Department. However, the GST officer initiated the recovery proceedings for tax demand issued in the order even when the appeal is yet to be disposed of.

Observations

- Madras High Court observed that the petitioner has filed a valid appeal, and it is yet to be disposed of.

Decision

- Madras High Court disposed the petition with the direction to the proper officer to defer the recovery proceedings till the disposal of appeal in accordance with provisions of Section 78 read with Section 73 and 50 of CGST Act.

[TVL. R. Selvarathinam Vs Deputy State Tax Officer – II [W.P. No. 26893 of 2024 and W.M.P. No. 29419, 29420 & 29422 of 2024 – Madras HC, dated 11 September 2024]

Imported Goods retains Initial Classification under GST Law.

Brief Facts

- M/s. Imitiyaz Kaiyum Barvatiya (Applicant) is registered under GST laws and engaged in the business of sale and distribution of Marine Distress Signals, Emergency Position Indicating Radio Beacon and Search & Rescue Transponder, Ship Security Alert System, Navigation and Communication Equipment.
- The Applicant imports various goods/spares which are supplied on ships and it is the applicant's contention that this equipment forms an essential part of ship and makes the ship 'sea worthy'. The goods are imported by the applicant on payment of IGST.
- The Applicant discharged the GST liability on import of such goods based on rates applicable to such tariff entry as classified by the Customs Department. However, the Applicant is of the opinion that the goods imported shall be classified under different tariff entry which is taxable at lower rate of tax.

Issue Involved

- Whether the applicant can change the classification of goods imported under a tariff entry which is taxable at 5% GST or not?

Decision

- AAR held that averments raised by applicant that classification can be changed by applicant post importation at stage of further supply of said goods is not acceptable as classification of imported goods would not change as the applicant has agreed with classification done by Customs without any protest and discharged duties.
- AAR held that the classification under GST is based on Customs Tariff Act, 1975, in terms of explanation (iii) and (iv) of notification No. 01/2017-Central Tax (R) dated 28-6-2017 and there is no change in character of goods supplied by applicant to one imported.
- Hence, classification of goods when supplied by applicant as is mentioned, is concerned, it would not change i.e. classification would remain same as mentioned in bill of entry before Customs.
- Therefore, goods when supplied by applicant, post importation would be classified under same chapter, heading, sub heading and tariff item under which it was classified by Customs and on which IGST was discharged during course of import of said goods.

[Gujarat Advance Ruling No. GUJ/GAAR/R/2024/19 in Application No. Advance Ruling/SGST&CGST/2023/AR/17, dated 03 September 2024]

2

GST Updates

Sections of Finance Act No 2, 2024 notified

- CBIC has issued a notification to appoint the effective date of applicability of Finance Act No 2, 2024.
- Sections 118, 142, 148, 150 of the Finance Act No 2, 2024, will come into force effective from 27 September 2024.
- Additionally, Sections 114 to 117, 119 to 141, 143 to 147 and 151 to 157 of the same Act will come into force effective from 1 November 2024.
- Same is summarized below:

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
114	9	CGST	<ul style="list-style-type: none"> • It is proposed to exclude supply of un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption from levy of GST. 	01.11.2024
115, 120, 123, 125, 126, 127, 129, 130, 131, 132, 133, 134, 140	10, 21, 35, 49, 50, 51, 61, 62, 63, 64, 65, 66, 104	CGST	<ul style="list-style-type: none"> • The new section 74A has been proposed to be inserted to provide for common time limit for issuance of demand notices and orders irrespective of whether case involves fraud, suppression, willful misstatement etc. • A reference to Section 74A has been added after the words and figures "section 73 or section 74" in the quoted sections of the Act. 	01.11.2024
116	11A	CGST	<ul style="list-style-type: none"> • Section 11A is proposed to be inserted in the CGST Act empowering the Government to regularize non-levy or short levy of GST where it is satisfied that such non-levy or short levy was / is a result of general trade practice 	01.11.2024

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
117	13	CGST	<ul style="list-style-type: none"> It is proposed to amend the time of supply provisions in respect of services where tax is liable to be paid under reverse charge to include date of issue of invoice by the recipient as one of the additional factors besides the existing factors for determining time of supply. It is proposed to prescribe the time period for issuance of self-invoice in respect of inward supply received from unregistered person on which RCM is applicable 	01.11.2024
118 & 150	16	CGST	<ul style="list-style-type: none"> It is proposed to insert a new sub-section 16(5) retrospectively w.e.f. 01st July 2017 wherein time limit to avail ITC in respect of an invoice or debit note for the FYs 2017-18 to 2020-21 has been extended up to 30th of November 2021. A new sub-section 16(6) is proposed to be introduced retrospectively w.e.f. 01st July 2017 for cases where registration is cancelled and subsequently order for cancellation has been revoked. The taxpayer shall now be eligible to avail ITC during the cancellation period, where the return has been filed within 30 days of the date of order of revocation of cancellation subject to the condition that the time limit for avilment of credit should not have already expired on the date of order of cancellation of registration. In both the above scenarios, no refund shall be available to the taxpayer in cases where tax has already been paid or reversed 	27.09.2024
119	17	CGST	<ul style="list-style-type: none"> The amendment has been proposed to restrict the input tax credit in respect of tax paid under section 74 of the said Act only for demands up to financial year 2023-24, since the provisions of Section 74 shall be applicable for determination of tax pertaining to the period up to F.Y. 2023-24. It is also proposed to omit the reference of sections 129 and 130 in the said sub-section; hence there will be no restriction of Input Tax Credit even if the tax has been paid in accordance with Section 129 and Section 130 i.e., tax paid on Detention, seizure and release of goods and conveyances in transit and Confiscation of goods or conveyances 	01.11.2024
121	30	CGST	<ul style="list-style-type: none"> A new proviso in section 30(2) has been inserted, so as to provide for an enabling clause to prescribe conditions and restrictions for revocation of cancellation of registration. 	01.11.2024

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
122	31	CGST	<ul style="list-style-type: none"> The proposed amendment will incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies. Explanation has also been inserted to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 shall not be considered as a registered person for the purpose of section 31(3)(f). 	01.11.2024
124	39	CGST	<ul style="list-style-type: none"> Section 39 is being amended to mandate filing of returns by TDS deductors (GSTR-7) for every month, even if no deductions are made during the said month. 	01.11.2024
128	54	CGST	<ul style="list-style-type: none"> This Section is amended to provide that no refund of unutilised input tax credit or integrated tax shall be allowed in cases of zero rated supply of goods where such goods are subjected to export duty. 	01.11.2024
135	70	CGST	<ul style="list-style-type: none"> Sub-section 1A is being inserted in section 70 of the CGST Act to enable appearance by an authorized representative on behalf of a summoned person. 	01.11.2024
136 & 137	73 & 74	CGST	<ul style="list-style-type: none"> The proposed amendment will restrict the applicability of the Section 73 and Section 74 of the CGST Act upto the Financial Year 2023-24, in pursuant to which, no references shall be made to the said section for matters pertaining to the Financial year 2024-25 onwards. 	01.11.2024
138	74A	CGST	<ul style="list-style-type: none"> From F.Y. 2024-25 onwards in case of non-payment or short payment of tax or tax erroneously refunded or where input tax credit has been wrongly availed or utilised an officer shall issue notice under this section within 42 months (i.e. 3.5 years) from due date of filing of Annual Return in Form GSTR 9. The above time limit is for both cases involving fraud, suppression of facts or willful misstatement and cases not involving fraud, suppression of facts or willful misstatement, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts. The officer is required to pass an order within 12 months from the due date of filing of Annual Return in Form GSTR 9. 	01.11.2024

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
139	75	CGST	<ul style="list-style-type: none"> New sub section has been inserted, so as to provide for redetermination of penalty as per section 74A, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established. 	01.11.2024
141	105	CGST	<ul style="list-style-type: none"> CGST Section 107(6) has been amended, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to rupees twenty crores in central tax. 	01.11.2024
142	109	CGST	<ul style="list-style-type: none"> CGST Section 109 has been amended, so as to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal. 	27.09.2024
143	112	CGST	<ul style="list-style-type: none"> CGST Section 112(1) and 112(3) have been amended, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal. Section 112(6) is also being amended so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months. Section 112(8) is also being amended so as to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from rupees fifty crores to rupees twenty crores in central tax. 	01.11.2024
144	122	CGST	<ul style="list-style-type: none"> CGST Section 122(1B) has been amended, so as to restrict its applicability to electronic commerce operators, who are required to collect tax at source under section 52 of the said Act. The said amendment is made effective from the 1st day of October, 2023 when the said sub- section had come into force. 	01.11.2024
145	127	CGST	<ul style="list-style-type: none"> The proposed amendment will restrict the applicability of the Section 73 and Section 74 of the CGST Act upto the Financial Year 2023-24, in pursuant to which, no references shall be made to the said section for matters pertaining to the Financial year 2024-25 onwards. 	01.11.2024

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
146	128A	CGST	<ul style="list-style-type: none"> Section 128A is being inserted in the CGST Act to provide for a conditional waiver of interest and penalty in respect of demands pertaining to financial years 2017-18, 2018-19 and 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified. The 53th GST Council Meeting recommended the date to be 31-03-2025. No refund is allowed if interest and penalty has already been paid. The benefit of amnesty scheme is not available for SCN related to erroneous refunds. 	01.11.2024
147	140	CGST	<ul style="list-style-type: none"> CGST Section 140(7) has been amended, so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day, for which invoices were also received prior to the appointed date. The said amendment is made effective from 1st day of July, 2017. 	01.11.2024
148	171	CGST	<ul style="list-style-type: none"> Proviso and Explanation has been inserted in section 171(2), so as to empower the Government to notify the date from which the Authority under the said section will not accept any application for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him. Explanation in section 171(3A) has been inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section. 	27.09.2024
149	Schedule III	CGST	<ul style="list-style-type: none"> Paragraphs 8 and 9 are being inserted in Schedule III of CGST Act to provide that the activity of apportionment of co-insurance premiums by the lead insurer to the co-insurers in the co-insurance agreement and the services by insurers to reinsurers in respect of ceding/re-insurance commission will, subject to certain conditions, be treated neither as a supply of goods nor as a supply of services. 	01.11.2024
151	5	IGST	<ul style="list-style-type: none"> It is proposed to exclude supply of un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption from levy of GST. 	01.11.2024

Section Reference No. of Finance Act No 2, 2024	Section Reference No. of Act	Act	Amendment made	Effective From
152	6A	IGST	<ul style="list-style-type: none"> Section 6A is proposed to be inserted in the IGST Act empowering the Government to regularise non-levy or short levy of GST where it is satisfied that such non-levy or short levy was / is a result of general trade practice 	01.11.2024
153	16	IGST	<ul style="list-style-type: none"> Section 16(4) has been amended, so as to provide for notification of class of persons who may make zero rated supplies of goods or services or both or class of goods or services which may be supplied on zero rated basis, and refund of integrated tax in respect of which can be claimed, subject to such conditions, safeguards and procedures as may be prescribed. Section 16(5) has been inserted to provide that no refund of unutilized input tax credit or of integrated tax paid on account of zero rated supply of goods shall be allowed in cases where the zero rated supply of goods is subjected to export duty. 	01.11.2024
154	20	IGST	<ul style="list-style-type: none"> Section 20 has been amended, so as to reduce the maximum amount of pre-deposit payable for filing appeal before appellate authority from rupees fifty crores to rupees forty crores of integrated tax. Further, it reduces the maximum amount payable as pre-deposit for filing appeal before the Appellate Tribunal from rupees hundred crores to rupees forty crores of integrated tax 	01.11.2024
155	7	UTGST	<ul style="list-style-type: none"> It is proposed to exclude supply of un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption from levy of GST. 	01.11.2024
156	8A	UTGST	<ul style="list-style-type: none"> Section 8A is proposed to be inserted in the UTGST Act empowering the Government to regularise non-levy or short levy of GST where it is satisfied that such non-levy or short levy was / is a result of general trade practice 	01.11.2024
157	8A	Compensation Cess	<ul style="list-style-type: none"> Section 8A is proposed to be inserted in the Compensation Cess Act empowering the Government to regularise non-levy or short levy of GST where it is satisfied that such non-levy or short levy was / is a result of general trade practice 	01.11.2024

Clarification in respect of advertising services provided to Foreign Clients.

- Clarification on whether Advertisement services fall under performance-based services for determination of place of supply:
 - The determination of whether advertising services fall under the category of “performance-based services” is crucial for establishing the place of supply under the Integrated Goods and Services Tax (IGST) Act. If advertising services are classified as performance-based service, then the place of supply would be determined under Section 13(3) of the IGST Act.
 - Making reference to Section 13(3)(a) and (b) of the IGST Act, Board aptly concluded that place of supply of advertising services can neither be determined as per the provision of section 13(3)(a) nor as per the provisions of section 13(3)(b) of IGST Act.
- Clarification on the Place of Supply in Principle to Principle (‘P2P’) basis and Principle to Agent (‘P2A’) arrangements Between Indian Advertising Agencies and Foreign Clients:
 - Board clarified that in P2P arrangement, default Rule applies i.e. in terms of Section 13(2) of the IGST Act, place of supply will be location of recipient i.e., foreign country and therefore subject to fulfilment of other conditions of export of services, such arrangement shall be classified as “Export of Services”.
 - The Board further clarified that in a P2A arrangement, the advertising agency serves as a facilitator for the foreign client and is therefore regarded as an intermediary for GST purposes. According to Section 13(8)(b) of the IGST Act, the place of supply for such intermediary services is the location of the supplier, which in this case is the location of the advertising agency i.e., India. Consequently, IGST is applicable to these services, and services do not qualify for the benefits of export of services.

- Clarification on whether the Target Audience in India can be considered the Recipient of Services:
 - The question of whether the Target Audience in India can be considered the recipient of advertising services is crucial. If the target audience is treated as the recipient, the benefit of export of services could be denied since one of the conditions for export under GST is that the recipient must be located outside India.
 - Referring to the definition of “recipient” in Section 2(93) of the IGST Act, the Board hinged on the legal position that the recipient is the person liable to pay the consideration for the supply, where consideration is payable. Therefore, the foreign client is regarded as the recipient, while the target audience in India does not meet the definition of “recipient” under Section 2(93).

[Circular No. 230/24/2024 – GST dated 10 September 2024]

Clarification on availability of ITC in respect of Demo Vehicles.

- The circular clarifies that ITC on demo vehicles is generally blocked under clause (a) of section 17(5) of the CGST Act, which restricts credit for motor vehicles used for passenger transport with up to 13 seats unless they are used for specific purposes such as further supply, passenger transportation, or driving training. However, since demo vehicles are used to promote the sale of similar motor vehicles, they can be considered as used for “further supply of such motor vehicles,” allowing ITC eligibility.

- ITC is not available if demo vehicles are used for other purposes, such as staff transport or merely for marketing services where the dealer acts as an agent.
- Additionally, even when demo vehicles are capitalized in the dealer's books, they qualify as capital goods under the CGST Act, and ITC remains available unless depreciation on the tax component is claimed under the Income-tax Act.

[Circular No. 231/25/2024 – GST dated 10 September 2024]

Clarification on place of supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.

- The circular further clarifies that data hosting services do not relate to goods “made available” by the cloud computing service providers, nor do they directly relate to immovable property. Therefore, sections 13(3)(a) and 13(4) of the IGST Act, which apply to services related to goods made available and immovable property, respectively, do not apply to data hosting services. Instead, the place of supply should be determined by the default provision in Section 13(2) of the IGST Act, which states that the place of supply is the location of the recipient.
- As a result, when data hosting services are provided to recipients located outside India, the place of supply is considered outside India, making these services eligible for export benefits under the IGST Act, provided other conditions are met.

[Circular No. 232/26/2024 – GST dated 10 September 2024]

Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess

- The circular clarifies that the exporters who initially imported inputs without paying IGST and compensation cess under Notifications No. 78/2017 - Customs and 79/2017 - Customs can regularize their IGST refunds. This is applicable if the exporters subsequently paid the IGST and compensation cess, along with interest, on the imported inputs or are willing to do so.
- The explanation inserted into sub-rule (10) of Rule 96 by Notification No. 16/2020-CT, effective retrospectively from October 23, 2017, states that the benefits of the relevant exemption notifications are not considered availed if IGST and compensation cess have been paid on inputs, even if only the Basic Customs Duty (BCD) exemption was used.
- Applying this explanation, the circular clarifies that if the inputs were initially imported without IGST and compensation cess, but the taxes were paid later with interest, the refund of IGST on exports would not be in violation of Rule 96(10). The exporters need to have their Bill of Entry reassessed by the jurisdictional Customs authorities to reflect this payment.

[Circular No. 233/27/2024 – GST dated 10 September 2024]

3

Custom Updates

Tariff Notification:

1. **Revocation of Notification No. 26/2011-Customs dated 1 March 2011**

The Central Board of Indirect Taxes and Customs ('CBIC') has revoked Notification No. 26/2011-Customs dated 1 March 2011, which previously granted exemptions on the import of antiques intended for public exhibition **w.e.f.** 7 September 2024.

[Notification No. 42/2024, dated 6 September 2024]

2. **Notification issued to amend various customs tariff notification**

The CBIC *vide* recent Notification No. 43/2024-Customs dated 13 September 2024 has amended various Tariff/Exemption Notifications as below, effective from 14 September 2024:

- Extension of the specified condition of exemption for imports of Yellow Peas (HS 0713 10 10) to bills of lading issued on or before 31 December 2024;
- Imposition of a new export duty at the rate of 20% on Onions (HS 0703 10);

- The Basic Customs Duty ('BCD') on Crude Soybean Oil, Crude Palm Oil, and Crude Sunflower Oil has been raised from 0% to 20%, making the effective duty on crude oils to 27.5% (inclusive of 5% AIDC); and
- Furthermore, the BCD on refined Palm Oil, Refined Sunflower Oil and Refined Soybean Oil has been raised from 12.5% to 32.5%, resulting in an effective duty of 35.75% on refined oils (inclusive of AIDC).

[Notification No. 43/2024, dated 13 September 2024]



3. Revision of Export Duty on certain varieties of rice

The CBIC has amended Principal Notification No. 27/2011-Customs dated 1 March 2011 to amended rate of export duty on following types of rice with immediate effect:

Description of goods	Rate of Export Duty (%)
Rice in the husk (paddy or rough)	10
Husked (brown) rice	10
Rice, parboiled	10
Semi-milled or wholly-milled rice, whether or not polished or glazed (other than Parboiled rice and Basmati rice)	NIL

[Notification No. 44/2024-Customs, dated 27 September 2024]

4. **Alignment of HS Codes with Finance Act, 2024**

The CBIC has amended various Customs Notifications in order to align with the HS Codes of the said notifications with the Finance Act, 2024, w.e.f. 01.10.2024.

[Notification No. 45/2024- Customs, dated 30 September 2024]

Non-Tariff Notifications:

1. **Notification issued to amend the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010**

In a significant fillip to courier exports and with an aim to encourage E-Commerce Industry in India, the Central Government has made necessary amendments vide Courier Imports and Exports (Electronic Declaration and Processing) Amendment Regulations, 2024 to extend export related benefits under Duty Drawback ('DD'), Remission of Duties and Taxes on Exported Products ('RoDTEP') and Rebate of State and Central Levies and Taxes ('RoSCTL') Schemes for exports made through Courier mode w.e.f. 12 September 2024.

[Notification No. 60/2024- Customs (N.T.), dated 12 September 2024]

2.

Amendment of Note 3 of Chapter 98 in the First Schedule to the Customs Tariff Act, 1975

The CBIC has substituted Note 3 of Chapter 98 in the First Schedule to the Customs Tariff Act, 1975 effective from 19 September 2024 as under:

“3. For the purpose of Heading 9802, “laboratory chemicals” means all chemicals, organic or inorganic, whether or not chemically defined, imported and intended only for own use (i.e., other than purposes like trading, further sale etc.) in packings not exceeding 500 gms or 500 millilitres and which can be identified with reference to the purity, markings or other features to show them to be meant for use solely as laboratory chemicals.”

[Notification No. 62/2024- Customs (N.T.), dated 19 September 2024]

3.

Revision of Tariff value for Edible Oils, Brass Scrap, Areca Nut, Gold and Silver

The Central Government has revised the tariff values for edible oils, brass, areca nut, gold and silver effective from 1 October 2024.

[Notification No. 64/2024- Customs (N.T.), dated 30 September 2024]

Anti-Dumping Duty:

1. **Imposition of Anti-Dumping Duty on Anodized Aluminum Frames for Solar Panels imported into India from China PR**

Based on the findings of the Designated Authority vide Notification No. 6/7/2023-DGTR, dated the 29 June 2024, the Central Government has imposed Anti-Dumping Duty ('ADD') on imports of Anodized Aluminum Frames for Solar Panels imported from China PR under Tariff Items 7610 9010, 7610 9030 or 7616 9990 of the First Schedule to the Customs Tariff Act, 1975 for a period of five years.

[Notification No. 16/2024- Customs (ADD), dated 27 September 2024]

2. **Levy of Anti-Dumping Duty on Isobutylene-Isoprene Rubber ('IIR') imported from China PR, Saudi Arabia, Singapore and United States of America**

The Central Government has imposed ADD on import of Isobutylene-Isoprene Rubber falling under Tariff Item 4002 3100 of the First Schedule of the Customs Tariff Act, 1975, imported from China PR, Russia, Saudi Arabia, Singapore and United States of America for a period of five years.

[Notification No. 17/2024- Customs (ADD), dated 27 September 2024]

Countervailing Duty:

1. Notification issued to impose Countervailing Duty on Welded Stainless-Steel Pipes and Tubes imported from China and Vietnam

The Central Government has decided to levy of Countervailing Duty ('CVD') on imports of Welded Stainless-Steel Pipes and Tubes imported from China PR and Vietnam under respective HSN codes pertaining to the said products ranging from 0% to 29.88% of CIF value for a period of 5 years.

[Notification No. 04/2024, dated 10 September 2024]

2. Notification issued to impose countervailing duty ('CVD') on Atrazine Technical imported from China PR

The Central Government has decided to impose CVD on imports of Atrazine Technical imported from China PR under HSN Code 3808 9199, 3808 9390 or 3808 9990 at the rate of 9.28% and 11.94% of CIF value for a period of 5 years.

[Notification No. 05/2024, dated 11 September 2024]

Circulars:

1. Clarification on export related benefits for exports made through courier mode

The CBIC has issued Circular No. 15/2024-Customs dated 12 September 2024 to explain the changes made *vide* Courier Imports and Exports (Electronic Declaration and Processing) Amendment Regulations, 2024 and informing the stakeholders about the modalities involved in the processing of the export-related benefits such as Duty Drawback, RoDTEP, and RoSCTL to exports made *via* courier mode.

The key points clarified in the Circular has been captured below:

- It has been decided to use the Indian Customs EDI System ('ICES') at the International Courier Terminals ('ICTs') to process the aforesaid benefits, as ICES has the requisite facilities, such as scroll generation and integration with PFMS.
- Authorized Couriers will file Shipping Bills on ICEGATE, where they will be processed through ICES.
- Custodians at ICTs must register on ICEGATE for goods registration and communication. While ICTs manage logistics, customs clearance will be carried out on ICES.
- Courier Export Manifests are not required for shipments under the said schemes. However, such shipment would be covered by Export General Manifest ('EGM').

[Circular No. 15/2024-Customs, dated 12 September 2024]

2.

Implementation of automation in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 in respect of EOU's

Considering the requests received from several EOU's and Export Promotion Council for EOU's in relation to problems faced in registration and generation of IIN details and utilising continuity bonds which could potentially delay the clearance of goods, the CBIC has decided to implement Circular No. 11/2024-Customs dated 25 August 2024 for EOU's effective from 25 September 2024.

[Circular No. 16/2024-Customs, dated 17 September 2024]

3.

Amendment in Circular 07/2024-Customs to further ease the process of publication of automated exchange rate

With an aim to further streamline the automated exchange rate module and to ensure that appropriate action is taken in case of any contingency the CBIC has amended Circular 07/2024- Customs dated 25 June 2024 to update procedures for publishing exchange rates on ICEGATE and integrating them into the ICES system.

The changes ensure that rates are published on time even if the scheduled date (i.e., 1st or 3rd Thursday) falls on a holiday or if there is an API error. One of the key amendments includes ensuring that the latest rates from State Bank of India are published by 6 PM on due dates, with manual updates if automatic integration fails.

[Circular No. 17/2024-Customs, dated 18 September 2024]

4.

Clarification on classification of laboratory chemicals

The Central Government has substituted Note 3 of Chapter 98 in the First Schedule to the Customs Tariff Act, 1975 *vide* Notification No. 62/2024 (N.T.) effective from 19 September 2024, in this connection, the CBIC has clarified that:

- Goods imported under heading 9802 must be intended solely for personal use and not for purposes such as trading or further sale. Laboratory chemicals imported for trading or resale are excluded from heading 9802 regardless of their quantity or packaging size and should be classified under their respective headings in the First Schedule.
- Additionally, if the packaging exceeds 500 grams or 500 milliliters, the said goods will be classified under the appropriate chapter or heading in the First Schedule.

[Circular No. 18/2024-Customs, dated 23 September 2024]

5.

Digitization of Customs Bonded Warehouse procedures relating to obtaining Warehouse License, Bond to Bond Movement of warehoused goods, and uploading of Monthly Returns

To enhance the ease of doing business in respect of the Customs Bonded Warehouses the CBIC has introduced a Warehouse Module on ICEGATE to enable:

- online filing of application for obtaining a Warehouse License;
- online submission and processing of requests for transfer of warehoused goods to another person and/or another warehouse and

- uploading Monthly returns for the Customs Bonded Warehouse

Also, the circular emphasizes on user manuals, grievance redressal mechanisms, and directs the Chief Commissioner of Customs to issue Public Notices regarding the port codes necessary for the application process and assisting users in onboarding the new system.

[Circular No. 19/2024-Customs dated 30 September 2024]

Instructions:

1. Instruction regarding implicating Customs brokers as co-noticee in cases involving interpretative disputes.

In response to representations received by the Board from the Customs Brokers Associations, the CBIC has issued an instruction to clarify that Customs Brokers should not be routinely implicated as co-noticees in cases involving interpretative disputes unless their abetment in the offence is established by the investigating authority.

Also, the element of abetment must be clearly elaborated in the Show Cause Notice issued under the Customs Act, 1962. Proceedings against Customs Brokers should be initiated in accordance with the Customs Brokers Licensing Regulations, 2018, ensuring adherence to the specified procedures and timelines.

[Instruction No. 20/2024-Customs, dated 3 September 2024]

4

Foreign Trade Policy

Notifications

1. Amendment in Appendix 3 (SCOMET items) to Schedule-2 of ITC (HS) Classification of Export and Import Items, 2018

The Directorate General of Foreign Trade ('DGFT') has notified amendment in Appendix 3 to Schedule-2 of ITC (HS) Classification of Export and Import Items, 2018 effective from 30 days of the date of issuance of Notification.

Furthermore, an annexure (i.e., updated Appendix 3) to the notification would be uploaded on the web-portal of DGFT under the heading 'Regulatory Updated' and sub-heading 'Import, Export and SCOMET policy'.

[Notification No. 25/2024, dated 02 September 2024]

2. Export of Red Sanders wood by Forest, Environment & Climate Change Department, Government of Odisha

The DGFT *vide* Notification No. 26/2024-25 dated 3 September 2024 has allowed an additional 12-months extension from the date of the said notification for export of Red Sanders Heart Wood in log form.

[Notification No. 26/2024-25, dated 3 September 2024]

3.

Amendment in Import Policy condition for Raw Pet Coke and Calcined Pet Coke under Chapter 27 of Schedule –I (Import Policy) of ITC (HS) 2022

The DGFT has amended the Import Policy Condition No. 06(b) (ii) for import of Raw Pet Coke and Calcined Pet Coke under Chapter 27 of Schedule-I (Import Policy) of ITC (HS) 2022 to permit the import of these materials solely to cater to the domestic needs of the aluminum industry and **other industries**.

[Notification No. 27/2024-25, dated 4 September 2024]

4.

Amendment in Export Policy Condition of Onions

The DGFT has amended the export policy for onions as detailed in Chapter 07 of Schedule-II (Export Policy) of ITC (HS). The Minimum Export Price ('MEP') condition on Export of USD 550 per Metric Ton has been removed with immediate effect.

[Notification No. 28/2024-25, dated 13 September 2024]

5.

Extension in Import Period for Yellow Peas under ITC (HS) Code 07131010 of ITC (HS) 2022, Schedule-I (Import Policy)

The DGFT has extended the Import Policy Conditions for Yellow Peas under ITC (HS) Code 07131010 of Chapter 07 of ITC (HS),2022, Schedule-I (Import Policy) from **31 October 2024 to 31 December 2024**.

Further, the import of Yellow Peas is free without the MIP condition and without port registration under online Import Monitoring System with immediate effect for all import consignments where Bill of Lading is issued on or before 31 December 2024.

[Notification No. 29/2024-25, dated 13 September 2024]

6.

Amendment in Import Policy Condition under ITC(HS) 08028010 of Chapter 08 of ITC (HS) 2022, Schedule-I (Import Policy)

The DGFT has amended the Import Policy Condition under ITC (HS) 08028010 of Chapter 08 of ITC (HS) 2022, Schedule-I (Import Policy) which allows the import of 17,000 Metric Tonnes of Fresh Areca nut without Minimum Import Price ('MIP') condition from Bhutan through LCS Hatisar(INHT5B) and LCS Darranga (INDRGB).

[Notification No. 30/2024-25, dated 18 September 2024]

7.

Amendment in Export Policy of Non-Basmati White rice under HS code 1006 30 90

The DGFT has amended the Export Policy of Non-Basmati White Rice (Semi-milled or wholly milled rice, whether or not published or glazed: Other) under HS Code 1006 30 90 from 'prohibited' to 'free' subject to MEP of USD 490/tonne with immediate effect until any further orders.

[Notification No. 31/2024-25, dated 28 September 2024]

8.

Extension of RoDTEP Scheme for Exports

The DGFT *vide* Notification No. 32/ 2024-25 dated 30 September 2024 has extended the Remission of Duties and Taxes on Exported Products ('RoDTEP') Scheme for exports made from Domestic Tariff Area ('DTA') Units till **30 September 2025** and from Advance Authorization ('AA') / Export Oriented Unit ('EOU') / Special Economic Zones ('SEZ') Units till **31 December 2024**.

Further, the revised Appendix 4R (for DTA Units) and Appendix 4RE (for AA/EOU/SEZ units) under the Scheme has also been notified by the DGFT for implementation w.e.f. 10 October 2024. It is to be noted that for exports made between 1 October 2024 to 9 October 2024, the existing rates as prescribed in Notification No. 70/ 2023 dated 8 March 2024 shall continue to apply.

[Notification No. 32/2024-25, dated 30 September 2024]

Public Notices:

1.

Allocation of 8606 Metric Tonnes Raw Value (MTRV) of raw cane sugar to USA under TRQ scheme for US fiscal year 2025.

The DGFT has approved the export of 8606 MTRV of raw cane sugar to USA under TRQ Scheme from 1 October 2024 to 30 September for US fiscal year 2025.

Further, as per Notification No. 3/2015-20 dated 20 April 2015, the export of sugar to both US and European Union is 'Free' without restrictions, though it is subject to certain conditions.

Certificate of Origin for preferential sugar exports to the US, if required shall be issued by the Additional Director General of Foreign Trade in Mumbai based on recommendations from the Agriculture and Processed Food Products Export Development Authority ('APEDA') regarding the eligible entities and quantities.

However, other certification required, if any, prescribed specifically for the export of sugar to USA would continue to be followed.

[Public Notice No. 22/2024-25, dated 3 September 2024]



2. Further Abeyance of Public Notice No. 5/2024 dated 27 May 2024 until 31 October 2024

DGFT has extended the abeyance of Public Notice No. 05/2024 dated 27 May 2024 until 31 October 2024 in order to amend permissible wastages and Standard Input Output Norms ('SION') for gold, platinum and silver content in export items.

Earlier, the notice was initially put on hold until 31 July 2024 and later extended to 31 August 2024. However, the DGFT has now decided to extend this abeyance further until 31 October 2024.

[Public Notice No. 23/2024-25, dated 12 September 2024]

3.

Amendment in Chapter 5 of the Handbook of Procedures ('HBP') 2023 related to EPCG Scheme

With a view to reducing the compliance burden, the DGFT has amended Chapter 5 of the Handbook of Procedures ('HBP') 2023 related to the Export Promotion Capital Goods ('EPCG') Scheme. It states that the authorisation holder shall submit an annual report on Export Obligation ('EO') fulfilment after the expiry of the first block period of four years and continue to do so until the expiry of the valid EO period.

Furthermore, the revised report must include detailed information certified by a Chartered Accountant / Cost Accountant / Company Secretary.

[Public Notice No. 24/2024-25, dated 20 September 2024]

4.

Allocation of quantity of 5841 MT of Sugar by EU for export from India under TRQ for the year 2024-25 (October 2024 to September 2025)

The DGFT has issued a public notice to notify the quantity of 5841 MT of Sugar to be exported to EU from India under TRQ for the year 2024-25 (October 2024 to September 2025).

[Public Notice No. 25/2024-25, dated 27 September 2024]

Circular:

1.

Procedure for implementation of DGFT Notification no. 23/2023 dated 3 August 2023; 26/2023 dated 4 August 2023; 38/2023 dated 19 October 2023; and Policy circular no. 06/2023-24 dated 19 October 2023 beyond 30 September 2024.

The DGFT has permitted the importers to apply for new Import Authorisations for specified IT Hardware which will be valid until 31 December 2024. Additionally, existing Import Authorisations issued till 30 September 2024, will also remain valid until this date.

It is to be noted that importers would also be required to apply for fresh authorisations for the period from 1 January 2025 subject to detailed guidance which is to be provided by the DGFT.

[Policy Circular No. 07/2024-25, dated 24 September 2024]

Trade Notices:

1.

Amendment under Interest Equalization Scheme ('IES')

DGFT *vide* Trade Notice No. 17/2024-2025 dated 17 September 2024 has introduced following amendments with immediate effect for rationalization of the IES:

- **Cap on Subvention Amount:** The annual net subvention amount is capped at Rs.10 Crore per Importer Exporter Code ('IEC') for a given financial year. For MSME manufacturers, this cap is set at Rs.5 Crore per IEC until 30 September 2024 for the financial year starting from 1 April 2024.
- For manufacturer exporters and merchant exporters, the said cap is Rs. 2.5 crore until 30 June 2024.

[Trade Notice No. 17/2024-25, dated 17 September 2024]



Extension of Interest Equalisation Scheme for Pre and Post shipment Rupee Export Credit for three months beyond 30 September 2024

The DGFT has informed the trade and industry sectors that the IES for pre and post-shipment Rupee Export Credit previously extended until 30 September 2024, has now been further extended by three months until 31 December 2024. The extension continues under the same terms and conditions as the earlier extension with an additional stipulation that the fiscal benefits for each MSME will be capped at Rs. 50 lakh for FY 2024-25 till December 2024.

MSME Manufacturer exporters who have already availed equalisation benefit of Rs 50 Lakhs or more in 2024-25 till 30 September 2024, will not be eligible for any further benefit in the extended period.

The extension shall be valid for three months or such revised approval which would be received prior to the lapse of the extension of three months.

[Trade Notice No. 18/2024-25, dated 30 September 2024]

5

Compliance Calendar

S. No.	Compliance Category	Compliance Description	Frequency	Due Date	Due Date falling in October 2024
1	Form GSTR-1 (Details of outward supplies)	Registered person having aggregate turnover more than INR 5 crores and registered person having aggregate turnover up to INR 5 crores who have not opted for Quarterly Returns Monthly Payment ('QRMP') Scheme	Monthly	11 th day of succeeding month	For Tax Period September 2024- 11 October 2024
2	Form GSTR-3B (Monthly return)	Registered person having aggregate turnover more than INR 5 crores and registered person having aggregate turnover up to INR 5 crores who have not opted for Quarterly Returns Monthly Payment ('QRMP') Scheme	Monthly	20 th day of succeeding month	For Tax Period September 2024- 20 October 2024
3	QRMP Scheme Form GSTR- 1 (Quarterly Return)	Details of outward supplies filed by registered person under QRMP Scheme	Quarterly	13 th of the succeeding quarter	For Tax Period July - September 2024 - 13 October 2024

	Form GSTR- 3B (Quarterly Return)	Registered person having turnover less than INR 5 crores in the previous FY and registered in prescribed 14 States/ UT*	Quarterly	22 nd of the succeeding quarter	For Tax Period July - September 2024 - 22 October 2024
	Form GSTR- 3B (Quarterly Return)	Registered person having turnover less than INR 5 crores in the previous FY and registered in prescribed 22 States/ UT**	Quarterly	24 th of the succeeding quarter	For Tax Period July - September 2024 - 24 October 2024
4	Form GSTR-6 (Return for Input Service distributor)	Return for input service distributor	Monthly	13 th of the succeeding month	For Tax Period September 2024- 13 October 2024

5	Form GSTR-7 (Return for Tax Deducted at Source)	Return filed by individuals who deduct tax at source	Monthly	10 th of the succeeding month	For Tax Period September 2024-10 October 2024
6	Form GSTR-8 (Statement of Tax collection at source)	Return to be filed by e-commerce operators who are required to collect tax at source under GST.	Monthly	10 th of the succeeding month	For Tax Period September 2024-10 October 2024

*14 specified states/ UT: Chhattisgarh, Madhya Pradesh, Gujarat, Dadra and Nagar Haveli and Daman and Diu, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh

**22 specified states/ UT: Jammu and Kashmir, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha

NOIDA

(Delhi NCR - Corporate Office) A-109, Sector - 136,
Noida - 201304, India
T: +91 120 2598000

GURUGRAM

001-005, Emaar Digital Greens Tower-A 10th Floor, Golf
Course Extension Road, Sector 61, Gurgaon-122102
T: +91 0124 430 1551

CHENNAI

Prestige Palladium Bayan,
Level 5, 129-140, Greams Road, Thousand
Lights, Chennai - 600006 T: +91 44 46549201

PUNE

3rd Floor, IndiQube Park Plaza, CTS 1085,
Ganeshkhind Road, Next to Reliance Centro
Mall, Shivajinagar, Pune - 411005, India

www.nangia-andersen.com | query@nangia-andersen.com

Copyright © 2024, Nangia Andersen LLP All rights reserved. The information contained in this communication is intended solely for knowledge purpose only and should not be construed as any professional advice or opinion. We expressly disclaim all liability for actions/inactions based on this communication.

Follow us at :   

DELHI

(Registered Office) B-27, Soami Nagar, New Delhi -
110017, India T: +91 120 2598000

MUMBAI

4th Floor, Iconic Tower, URMI Estate, Ganpat Rao
Kadam Marg, Lower Parel, Mumbai - 400013, India
T : +91 22 4474 3400

BENGALURU

Prestige Obelisk, Level 4, No 3 Kasturba Road,
Bengaluru - 560 001, Karnataka, India
T: +91 80 2248 4555

DEHRADUN

1st Floor, "IDA" 46 E.C. Road, Dehradun - 248001,
Uttarakhand, India T: +91 135 271 6300