

The CBIC has notified some of the amendments as proposed in the 52nd GST Council meeting held on 07.10.2023. The key notifications and circulars are tabulated below:

Notification/Circular No.	Particulars	Comments
Notification No. 12/2023-Central Tax (Rate) dated 19th October 2023 w.e.f. 20th October 2023	<ul style="list-style-type: none"> • GST Rate on transport of passengers by motor vehicles where cost of fuel is included in the consideration charged from the service recipient is 5% subject to the condition that ITC shall not be taken except for availed from similar line of business. • By N/No. 12/2023 Central Tax (Rate), an additional condition has also been inserted wherein it has been stated that such availment of credit shall be restricted to 5% (5% of the value supplied to it) even if vendor has charged higher GST rate on such renting/transportation service. 	<ul style="list-style-type: none"> • The above amendment holds significance on account of two reasons: <ul style="list-style-type: none"> (a) The amendment clarifies that a rent a cab operator can also follow 12% GST rate and need not compulsory go for 5% GST output rate, which was the view taken by us since inception. (b) Further, now the ITC to the recipient in case the supplier charges tax @ 12% has been restricted to 5% only if the recipient further supplies the said services at 5%. No restriction is provided in case where the recipient also supplies the services at 12%.
Notification No. 13/2023-Central Tax (Rate) dated 19th October 2023 w.e.f. 20th October 2023	<p>Vide this notification, certain changes have been made in exemption notification (N/No. 12/2017)</p> <ul style="list-style-type: none"> • Services like water supply, public health, sanitation conservancy, solid waste management etc. supplied to Govt Authorities are exempt from GST. • Necessary changes have been made to the exemptions provided by the Indian Railways to ensure all its services are taxable under forward charge mechanism 	<p>The above changes has been made to bring the services of Indian railways in to GST net on forward charge basis.</p>
Notification No. 05/2023-Integrated Tax dated 26th October 2023 wref 1.10.2023	<ul style="list-style-type: none"> • Earlier, vide Notification No. 01/2023 dated 31st July 2023, the Central Government has notified Pan Masala, Tobacco, and related products to be exported without payment of Integrated Tax under 	<p>The present notification has been issued allow SEZ units and developers and suppliers to such units to supply goods with payment of IGST and claim refund which was missed in the earlier</p>

	<p>LUT or Bond compulsorily w.e.f. 01.10.2023.</p> <ul style="list-style-type: none"> • However, the said notification was silent about the class of person who may make zero rated supply on payment of integrated tax. • Now, the CBIC has notified the class of persons w.e.f. 01.10.2023 by additionally permitting suppliers to Developers or units in Special Economic Zones to supply goods or services [except for Pan Masala, Tobacco and other sin goods] for authorized operations on payment of tax and claim refund. 	<p>notification 01/2023 dated 31.07.2023.</p>
<p>Notification No. 52/2023-Central Tax dated 26.10.2023 w.e.f. 26.10.2023</p>	<ul style="list-style-type: none"> • A new new Rule 28(2) has been added to determine the value of corporate guarantee provided by related parties to banking or financial institutions. • It will be taxed on taxable value determined as per newly inserted Rule 28(2) of the CGST Rules 2017 which is – <ul style="list-style-type: none"> ○ Equal to 1% of value of guarantee or ○ Actual consideration whichever is higher 	<p>The recent notification addresses the long-standing concerns of industries regarding the applicability of GST on Corporate Guarantees. Furthermore, in our opinion taxability of corporate guarantee is prospective as the Notification has been made effective from 26.10.2023 and there was no mechanism to value the said service prior to 26.10.2023. Thus, this prospective modification shall have no bearing on transactions executed prior to October 26, 2023 (i.e., no GST on past transactions).</p> <p>Lastly, GST on corporate guarantees would be a one-time transaction which would be taxable @18% on 1% of value of corporate guarantee or actual consideration whichever is higher.</p>