



Important Circulars post 53rd **GST COUNCIL MEETING**

Gist of Important Circulars

CBIC has issued several circulars post recommendations of 53rd GST Council. The gist of few important circulars are reproduced hereunder:

Circular No 211/05/2024- Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons

- This circular deals with cases of RCM in respect of supplies received from unregistered persons.
- There was an ongoing controversy that the relevant year for the purpose of section 16(4) of CGST Act i.e. time limit for availing ITC would be the year in which the said supply was received.
- It is now clarified that time limit for availing ITC in such cases will be will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act i.e. self invoice.



- Hence, ITC on such RCM paid on supplies from URD can be claimed till 30th September/ November from end of financial year in which self invoice has been raised.
- Please note that this circular covers only those RCM cases wherein supplies are received from URD. Hence, a view may be adopted that in cases of all other categories of RCM, such clarification may not be applicable.

Circular No 212/06/2024- Clarification on mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers

- In cases where discounts are offered by the suppliers through credit notes, the claim of credit note i.e. reduction of output liability, is allowed only post fulfillment of following important condition.

Reversal of ITC attributable to said discount by the recipient

- At present, there is no facility available to the supplier and tax officers to verify whether the ITC attributable to the said discount has been reversed by the recipient or not.



- Accordingly, it is hereby clarified that till the time a functionality/ facility is made available on the common portal, the supplier may procure a certificate from the recipient of supply, issued by the CA or CMA, certifying that the recipient has made the required proportionate reversal of ITC at his end in respect of credit note issued by the supplier.
- It is further clarified that in cases, where the amount of tax involved is not exceeding Rs 5 Lakhs, undertaking/ certificate by recipients shall be sufficient instead of CA/ CMA certificate.
- It is clarified that said certificate must include the following:
 - Details of the credit notes;
 - Details of the relevant invoice number against which the said credit note has been issued;
 - Amount of ITC reversal pertaining to each credit notes
 - Details of the FORM GST DRC-03/ return / any other relevant document through which such reversal of ITC has been made by the recipient.

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- Thus, pursuant to end of financial year, tax-payers are advised to undertake the following
 - Make a list of recipients to whom credit notes have been issued;
 - Check whether debit note has been issued against each credit note;
 - Seek ledger confirmation from the recipient;
 - Request CA certificate from recipient regarding reversal of ITC, if tax amount on credit note exceeds Rs. 5 lakhs;
 - Request normal certificate from recipient regarding reversal of ITC, if tax amount on credit note is below Rs. 5 lakhs.

THANK YOU



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