

# ***IDT AMENDMENTS*** **CA / CMA - FINAL**

**For - MAY 2025**



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**AIR 3 & 46**

## Special features

- ✓ Students who are appearing for May'25 exam and having book applicable for Nov'24 or referring lectures applicable for Nov'24 exam are required to reads these amendments.
- ✓ Students may also download pdf copy of updated full concept book for May'25 [CA Final GST 100524 Print.pdf - Google Drive](#)
- ✓ Printed concept book can be ordered from [cajayagarwal.com](http://cajayagarwal.com)
- ✓ Concept book covers entire syllabus of CA/CMA final IDT in 220 pages
- ✓ Watch amendment lecture on my youtube channel

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AIR 3 & 46

IDT experience of 13 years at India's largest corporate

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Important concepts videos

Chapter No	Chapter	Amendment?
	PART - I GST	
1.	Supply under GST	Yes
2.	Charge of GST (RCM and Composition)	Yes
3.	Place of Supply	Yes
4.	Exemption from GST	Yes
5.	Time of Supply	Yes
6.	Value of Supply	Yes
7.	Input Tax Credit	Yes
8.	Registration	Yes
9.	Tax invoice, Credit Notes & Debit Notes	No
10.	Account and Records; E-way Bill	No
11.	Payment of Tax (Includes TDS)	Yes
12.	Electronic Commerce Transactions (Includes TCS)	Yes
13.	Returns	Yes
14.	Import and Export under GST	Yes
15.	Refunds	Yes
16.	Job Work	No
17.	Assessment & Audit	No
18.	Inspection, Search, Seizure and Arrest	No
19.	Demand and Recovery	No
20.	Liability to pay in certain cases	No
21.	Offences & Penalties and Ethical Aspects under GST	Yes
22.	Appeals & Revisions	Yes
23.	Advance Ruling	No
24.	Miscellaneous Provisions	Yes
	PART - 2 CUSTOM	
1.	Levy and Exemption from custom	Yes

**Amendment given in green fonts.**

# Chapter 1 – Supply under GST

## Clarification on supply

Activity	Nature	Treatment
Foreign holding co. issued ESOP/ESPP (shares) to employees of Indian subsidiary	Security + Sch. III transaction	No supply
Foreign holding co. charged fee/commission from Indian subsidiary	Service	Supply

## Taxability of salvage in vehicle insurance (Circular)

- Insurance co. paid claim after reducing salvage value as per contract → Such deduction is neither supply nor consideration hence no GST liability on insurance co. → On sale of such salvage GST to be paid by car owner (if he is registered and car used for business purpose).
- Insurance co. paid full amount (IDV) to insured without deduction of salvage value → Now salvage (broken car/parts etc.) become property of insurance co. → On sale of such salvage GST to be paid by insurance co.

## Loan by foreign entity or Indian entity to related person (Circular)

Interest charged → Supply but exempt

Processing fee charged → Taxable

Processing fee not charged → No supply and no GST (Reason as follows)

- 1) If we see, Banks charge processing fee for due diligence etc., in related party due diligence not required
- 2) Many times, banks also do not charge processing fee
- 3) Hence, it can't be said that service by way of processing of loan been provided by related person giving loan.
- 4) Hence, transaction will not fall under schedule I and no need to apply value of rule 28.

## Extended warranty service (Circular)

Example → Mobile have warranty of 1 year, customer can buy warranty for another 1 year which is called as extended warranty

- Goods + extended warranty + **by same supplier + together** → Composite supply (GST rate of goods will apply)

Example :	Mobile price : 10k (GST rate : 12%) Extended warranty price : 500/- (GST rate : 18%)
Answer	GST = 10500*12% = 1260/-

- If there are 2 different supplier OR extended warranty supplies after sale of goods → Extended warranty service is separate supply.

Example :	Mobile price : 10k (GST rate : 12%) Extended warranty price : 500/- (GST rate : 18%)
Answer	GST on mobile = 10000*12% = 1200/- GST on extended warranty = 500*12 = 90/-

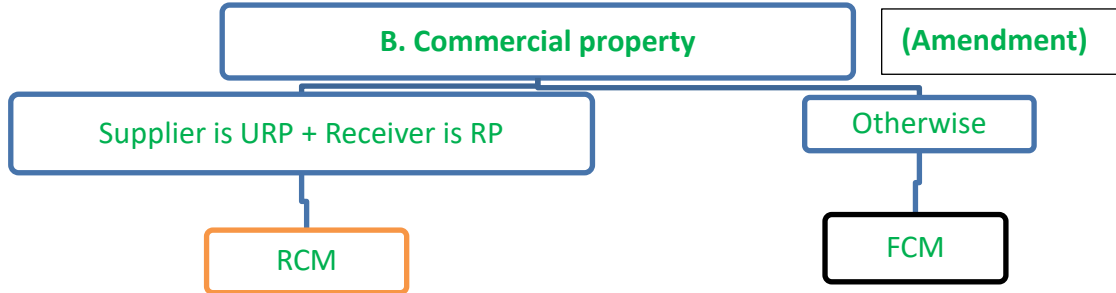
### Goods, parts, repair services during warranty (Amendment)

Scenario	Treatment
Manufacturer replaced goods/parts without consideration	Value of original supply already includes likely cost of parts, repair during warranty period hence GST already paid on full value hence <b>No GST</b>
Distributor replaced goods/parts without consideration	As no consideration → <b>No GST</b>
In both cases: If any additional consideration charged	GST applicable

Transaction between distributor and manufacturer	Treatment
Distributor replaces from own stock and charges from manuf	Supply → GST payable by dist.
Manufacturer provide goods/parts without any charge in advance to distributor OR Distributor replaces from own stock and later manufacturer provide said goods <b>on delivery challan</b>	No GST
Distributor replaces from goods/parts purchased from manufacturer and later manufacturer issue credit note	Manufacturer can issue credit note and reduce it GST liability

## Chapter 2 - Charge under GST

### 9. Renting (Other than by CG/SG/LA)



### Goods notified under RCM

Following supplies to RP

By	Products
URP	Essential oils i.e., peppermint oil, spearmint oil, water-mint oil, horsemint oil, bergament oil, mentha arvesis. (other than citrus fruits) Metal scrap (Amendment)

## Chapter 3 – Place of Supply

### Place of Supply of Goods – Other than Import/Export (Sec-10)

Sec	Scenario	Location
10(1)(ca)	Supply with or without movement – B2C	Location as per address on invoice Mention of State name only is also deemed as address. If no address or state on invoice → POS = LOS <i>(If billing address AND delivery address is different, POS will be delivery address.) (Circular)</i>

### Clarifications (new circulars)

Nature of transaction	POS
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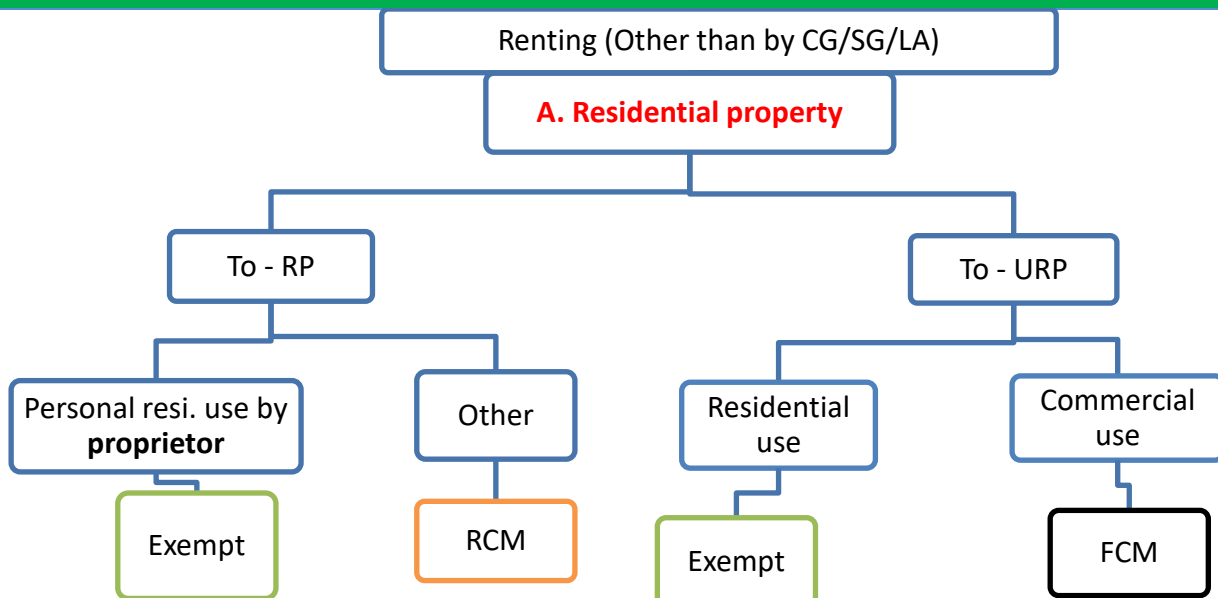
Custodial service (maintaining account of shares etc.) by bank/FI.	'account' means an account bearing interest to the depositor. Custodial account do not pay interest hence, service not considered as provided to account holder. 13(2) – General rule will apply
POS of service of <u>one stop advertisements service from designing to display</u> by Ad co. for foreign client? (In turn such Ad co. taking service of media co. which raising invoice on ad co.)	Principal to principal supplies hence not intermediary. POS = LOR u/s 13(2) i.e. General rule
POS where ad co. <u>merely acting as agent</u> and charging fee from foreign client (Media co. directly raising invoice on foreign client)	Advertisement co. will fall under intermediary hence POS = LOS ie. India
Data hosting services	Not an intermediary service Not relating to immovable 13(2) – General rule will apply

## Chapter 4 – Exemptions from GST

### 1. Services are exempt : (Amendment)

By	To/Nature
National skill development corporation, NCVET, awarding, assessment agency, training body of NCVET	In relation to skill development course under national skill certification and monetary reward scheme.
Service by Flying Training Organisation	Approved flying training course with completion certificate is exempt

### Leasing and renting



### (Amendment)

3. Accommodation service by Hostels, Camps, paying guest, students residences etc. is exempt only when Value of supply ≤ 20,000/- per month per student + service for minimum continuous period of 90 days.

### Services by Railways

1. Services by Railway (All services including renting of immovable property) is under FCM  
Except below services which are exempt for all (Amendment)
  - a) Platform ticket
  - b) Retiring/waiting/cloak room
  - c) Battery operated car service
  - d) By one zone of Railway to another zone
  - e) Service of use of infra by Special purpose vehicle (SPV) to Railways
  - f) Service of repair by Railway to SPV

### Services provided to Govt. - Exempt (Amendment)

Provider	Service	Receiver
Govt. entity, research association, university etc. notified under Income tax	R&D services against consideration in form of grants.	Any
Education board/body	Service of <u>affiliation</u> to school owned by	CG/SG/UT/LA/ Govt. authority Govt. entity

### Insurance/pension (Amendment)

Re-insurance/retrocession service is exempt when it is for exempted insurance schemes.

### Other exempt services

1. Transmission/Distribution of electricity  
Following services are also exempt (Amendment)
  - i) Application fee for electricity connection
  - ii) Rental charge for meter equipment
  - iii) Testing charges
  - iv) Labour charges to shift meter/cables
  - v) Charges for duplicate bills

### Services exempt under IGST

1. Import of services by:-

- a) Foreign airline company from related/distinct person without consideration (Amendment)

## Chapter 5 – Time of Supply

### Due date of issue of invoice - Services

(Circulars) :

Hybrid Annuity Model (HAM) for construction + maintenance, and payment in instalment. It falls under continuous supply,

hence Due date of invoice = due date of instalment or date of completion of event as per contract.

Payment of spectrum use/ royalty, in instalment to Govt. → It is continuous supply → GST under RCM → TOS = Date of Payment (DOP) or Due DOP which-ever earlier.

## Chapter 6 – Value of Supply

Following gets included in Transaction value

Nature

SUBSIDY : Treatment of subsidy received by supplier

Provider	Nature	To include?	If price is AFTER reducing Subsidy	If price is BEFORE reducing subsidy
CG/SG	All kinds	No	No Action	Reduce
Others	Not linked to price	No	No Action	Reduce
Others	Linked to price	Yes	Add	No action

Sharing of subsidy by one bank to another entity in manner decided by NPCI is also subsidy by Govt. hence no GST (Amendment)

### Discount will be reduced from VOS if given

- a) After the supply, if-
- Discount is determined basis agreement entered into at or before supply,
  - Can be linked to invoice, and
  - Proportionate ITC reversed by recipient  
(recipient should provide self-certificate of reversal of ITC if amount up-to 5 lacs for a FY, if above 5 lacs then CA certificate) (Circular)

If any of the conditions not satisfied – Discount can-not be reduced from price

### GST on supply of electricity by real estate cos, malls etc. to lessee/tenants

Scenario	Nature	Taxability
Electricity is being supplied <b>bundled with renting or maintenance</b> (Electricity billed separately/combined)	Becomes <b>composite supply</b> Renting is principal supply	GST rate on rent will apply on electricity charges also
<b>Charges same amount</b> as charged by Electricity Board/discom	Then deemed as pure agent	Not included in value of rent → <b>No GST</b>

### Rule 28: VOS between Distinct/ Related persons, other than through Agent

#### Value of providing guarantee (To related person “in India”)

*Example:* Holding co. providing guarantee to bank towards loan taken by subsidiary. It will be a deemed supply of Guarantee service by holding co.

Guarantor	VOS	
Director	No consideration can be paid as per RBI guideline hence VOS/OMV will be ZERO	
Other Related Persons e.g. holding co	<b>Recipient eligible for full ITC</b>	<b>Recipient not eligible for full ITC</b>
	Any value taken in invoice will be deemed as VOS	Higher of: (Amendment) a) 1% * <b>Guarantee amount</b> * <b>Guarantee years</b> b) Actual consideration
*Note : 1% of <u>guarantee amt.</u> irrespective of actual loan disbursement amt. Recipient also can take full ITC irrespective of actual loan disbursement		
By Ex-Director, Unrelated person	Transaction value	

These provisions will not apply if guarantee given to foreign entity.

Example : Loan sanctioned : 5 lacs, Guarantee given by holding co. for 4 lacs for 2 years, loan actually disbursed for 3 lacs.

VOS = 1%\* 4 lacs\* 2 years = Rs. 8000/- : GST @18% = 1440/-

## Head office (HO) providing services to Branch office (BO) i.e. to distinct person

HO provides various services to BOs through employees located at HO like HR services, IT support, GST filing etc. What will be VOS?

BO/importer eligible for full ITC?	VOS
Yes	Invoice issued → Any value taken will be deemed OMV  No invoice issued → OMV will be deemed as NIL
No	VOS needs to be calculated However, salary cost of employees is not mandatory to include while calculating VOS.

(Amendment) Circular: Above provision will apply to import of service from related person. Eg. Jethalal (who eligible for full ITC) obtained service from Tappu without consideration → NIL VOS → No need to pay RCM

## Chapter 7 – Input Tax Credit (ITC)

### Time limit to avail ITC - Sec. 16(4)

Earlier of following

- i) 30th November, following the FY to which such invoice/DN pertains  
*or*
- ii) Actual date of filing annual return

RCM service received from URP or Import of service (say on 15.08. 2023)

→ In such case, (as per invoicing provisions) service receiver generated invoice (say on 10.04.2024)

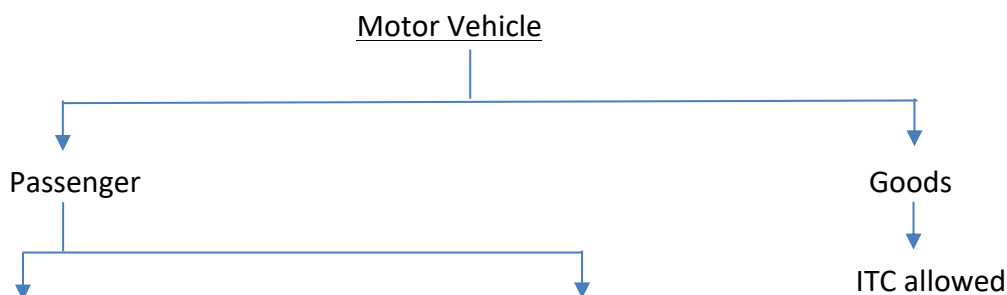
→ Above time limit will apply from such invoice date i.e. 10.04.2024

→ hence ITC can be taken till 30.11.2025 (Circular)

### Blocked credit u/s 17 (5)

ITC not available in respect of following: Even if all above conditions of Sec-16 satisfied.

(1)



Seating capacity with driver

Up-to 13  
↓  
ITC not allowed

Above 13  
↓  
ITC allowed

- ❖ On purchase of demo vehicle by dealer (Circular)  
Dealer selling cars in its own name → ITC Allowed (Because demo car used for supply of other cars)  
Car being sold on manufacturer invoice and dealer only taking commission → ITC not allow to dealer

(5) Work contract service or goods and services

ITC is eligible on duct and manhole used in OFC network by telecom company as same is not used for building or civil structure. (Circular)

Other cases of blocked credit

- (8) Goods lost, stolen, destroyed, and written off. Except: Normal manufacturing loss.  
Goods/parts replaced by supplier during warranty → No need to reverse ITC on such goods/part

ITC to insurance company on repair of vehicle by insured

Radhika hit his Scooty and got it repaired from Lucky garage. Radhika made the payment to Lucky Garage and insurance co paid to Radhika. ITC to insurance company?

Scenario	Treatment
2 invoices raised by Lucky garage. 1 for 1000/- in name of Insurance co. and another for 500/- in name of Radhika	<ul style="list-style-type: none"> <li>Person who is "<b>liable to pay</b>" i.e. insurance co. is recipient of service.</li> <li><b>Consideration</b> : include payment by Radhika, which reimbursed by Insurance Co.</li> <li><b>Sec 17(5)</b> : ITC on repair is allowed to insurance service provider</li> </ul> <p>Hence, ITC available on 1000/-</p>
Lucky garage issued single invoice of 1500/- in name of insurance co. Insurance co. paid 1000/-	
Rs. 1500/- Invoice raised in the name of Radhika	ITC not available because conditions of Sec 16, regarding insurance company should have invoice and should reflect in its GSTR -2B are not satisfied.

## Life insurance policy having investment + risk coverage

- Policy premium : 10k (For investment : 9K, for risk coverage 1k)
- GST on 1k (As per concept covered in Value of supply chapter)
  
- Whether 9k is exempt or non-taxable supply? → Answer: NO
- Whether 9k to be included in exempted turnover for reversal u/r 42 → No, because this amount is not relating to exempt/non-taxable supply

## Chapter 8 – Registration

### Sec-23 Person not liable for registration

(iii) Person making only RCM supplies (outward supplies) ex. Advocate.

Exception : Metal scrap is under RCM, however supplier is liable to take registration if turnover exceeds threshold limit u/s 22. Once reg. taken by supplier, liability will be under FCM. (Amendment)

### Circumstances when officer may suo-moto cancel registration

One more entry added

- 1) Returns for the period of effective date of cancellation to order of revocation of cancellation not filed within 30 days of revocation. (Amendment)

## Chapter 11 - Payment of Tax

### Sec-50 Interest

	Delayed payment of tax				
On Amount	Delayed payment due to 1. Liability Reported in return of same month but return filed belated (after due date)  And 2. Proceeding u/s 73/34 not started				
	<table style="width: 100%; border: none;"> <tr> <th style="width: 70%; text-align: left;">If both 2 conditions met</th> <th style="text-align: left;">Otherwise</th> </tr> <tr> <td style="border: 1px solid black;">                     Amount on which int. apply =                      (Gross liability – ITC – balance in cash ledger if deposited on or before due date) (Amendment)                 </td> <td style="border: 1px solid black;">                     On Gross liability                 </td> </tr> </table>	If both 2 conditions met	Otherwise	Amount on which int. apply = (Gross liability – ITC – balance in cash ledger if deposited on or before due date) (Amendment)	On Gross liability
If both 2 conditions met	Otherwise				
Amount on which int. apply = (Gross liability – ITC – balance in cash ledger if deposited on or before due date) (Amendment)	On Gross liability				

Example :

Month of March (Due date 20<sup>th</sup> April)

FC liability: 1300

RCM Liability: 200,

Opening ITC + ITC for Mar 900

**Balance in cash ledger maintained from 20<sup>th</sup> April to 16<sup>th</sup> May : 100**

Scenarios	Interest?
"Mar return" filed on 16.05 (Belated)	Period – 21.04 to 16.05 On : $(1300-1000)+200 *26/365*18\%$ Int : 6.41

**Sec-51 : Tax deducted at source (TDS) transaction flow**

Recipient : who required to Deduct TDS

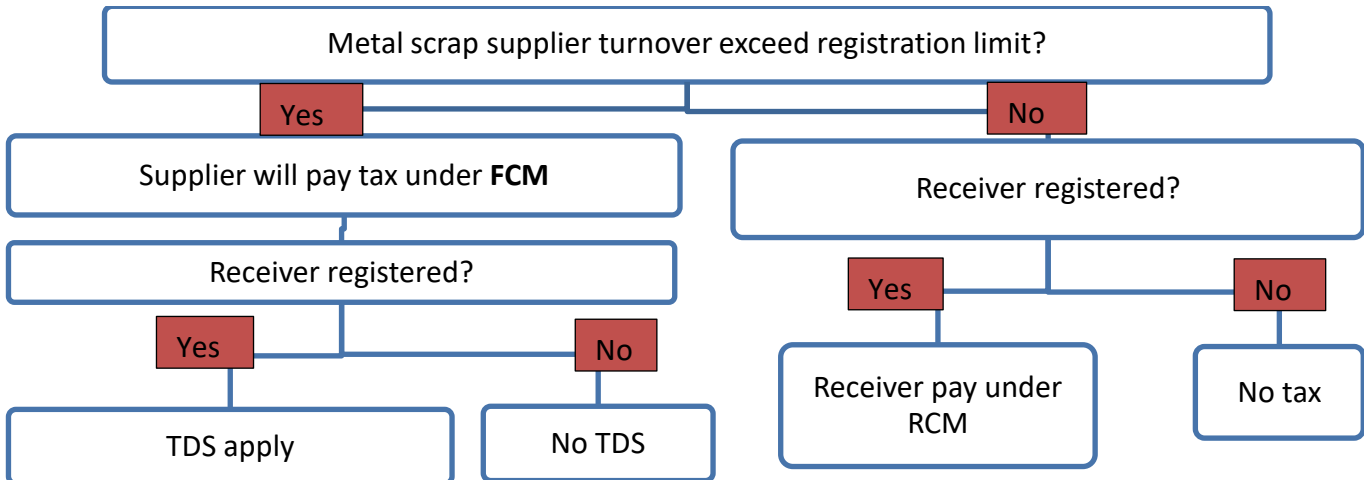
Below entry added

- Registered person purchasing metal scrap from **another registered person. (Amendment)**  
 Special note : Registered person purchasing metal scrap from unregistered person is under RCM

When not required to Deduct TDS

- Supply **in-between** persons notified to deduct TDS (Ex : Supply by Dept. of CG to PSU)  
 This exemption not apply in case of metal scrap purchase

Complete flow chart :



**Chapter – 12 : Electronic commerce transaction**

New Rate of TCS	0.25% (CGST) + 0.25% (SGST) or .5% (IGST) on taxable value (Amendment)
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Earlier this rate was (0.5% (CGST) + 0.5% (SGST) or 1% (IGST)

## Chapter 13 - Returns

### Form GSTR – 1A (Amendment)

1. Optional form to amend or report additional sale which missed reporting in GSTR-1
2. Can be filed after filing GSTR1 but before filing GSTR 3B of that month.
3. GSTR-1A has similar tables, fields as GSTR1 (discussed above)

### Other returns

Form	Type	Periodicity	Due date	Nil return mandatory?
GSTR-4	Composition Supplier	Annually	30 <sup>th</sup> June of next FY (Amendment)	Yes

## Chapter 14 – Import and Export

### Bond/ LUT procedure

- In export/SEZ without payment of tax, exporter to execute LUT or bond before export/SEZ, binding to pay tax + 18% interest within 15 days
  - In case of goods: from expiry of 3 month from date of invoice if goods not exported out of India
  - In case of services: from expiry of 1 year or period allowed by FEMA + extended by RBI, whichever later, from date of invoice if payment not received in forex or INR (where permitted by RBI) (Amend)

## Chapter 15 – Refunds

### Refund of IGST : Export/supply to SEZ on payment of IGST

Note : Whenever export sale price revised upward after export. Pay IGST on such differential value and take refund by filing refund application in form RFD-01.

## Refund of accumulated ITC on export/SEZ without payment of GST - Rule 89(4)

Rule 89(4A)/(4B) itself deleted by amendment hence now in future question on refund will not have turnover or ITC relating to 89(4A)/(4B)

## Chapter 21 : Offences & penalties and Ethical aspects under GST

### New penalty

- Penalty for non-registering the tobacco machine → Rs. 1L (C) + 1L (S) per machine (Amendment)

## Chapter 22 - Appeal & Revision

### Appeal to Appellate Tribunal (GSTAT)

Who	<u>Taxpayer or dept. against order of AA/RA or anti-profiteering authority (amendment)</u>
Withdrawal of appeal (Amendment)	Before final acknowledgement → No need of approval to withdraw After final acknowledgement → Approval of GSTAT required Withdrawal not allowed after order i.e. decision of the case.

### No appeal policy to reduce litigation

Purpose: To reduce litigation, by not filing appeal by dept. in non-complex and small amount matters.

- CBIC fixed limits as follows:

(Amendment)

Forum	CGST + SGST + IGST + Cess (Only tax amount to take)	Interest + penalty + fee (when no dispute of TAX amount)
GSTAT	20 lacs	20 lacs
High Court	100 lacs	100 lacs
Supreme Court	200 lacs	200 lacs

- Limit not applicable if provisions, rules, notification have been held "ultra vires" or
- issue relating to valuation, classification, refund, POS which is recurring in nature or involves interpretation.

## Chapter 24 : Miscellaneous Provision

### Anti-profiteering measures (Sec- 171)

Sec 171 : Reduction in GST rates/ benefit of ITC shall be passed on to consumer by reduction in price.

To ensure compliance : Principle bench of GSTAT to examine the compliance (Amendment)

## Custom chapter 1 : Levy and Exemptions from custom duty

➤ Time limit for re-import

(i) Exported under DEEC/DFIA/DEPB/AA/EPCG

1 year + 1 year (Extn.)

(ii) other cases

~~3 years~~ 5 years + 2 years (Extn.)

(For Bhutan 7+3 yrs for machinery & equipment)