



Summary of GST Circular No. 224/18/2024 - GST

Prepared by: CS K K Agrawal | TaxByKK.com

Topic	Key Points & Explanations
Purpose	<p>Guidelines for recovery of outstanding dues in cases where first appeal has been disposed of, until the Appellate Tribunal becomes operational.</p> <p><i>This circular aims to clarify the process for recovering dues and handling pre-deposits in the absence of a functioning GST Appellate Tribunal.</i></p>
Key Issues Addressed	<ol style="list-style-type: none">1. Recovery of dues when appeal can't be filed due to non-constitution of Appellate Tribunal <p><i>Clarifies the procedure when taxpayers can't file appeals against first appellate authority orders due to the absence of a Tribunal.</i></p> <ol style="list-style-type: none">2. Adjustment of amounts paid through FORM GST DRC-03 towards pre-deposit <p><i>Addresses how payments made voluntarily or under 'others' category can be adjusted against required pre-deposits for appeals.</i></p>
Guidelines for Taxpayers	<ol style="list-style-type: none">1. Payment of pre-deposit <p><i>Taxpayers can pay the pre-deposit amount through the Electronic Liability Register (ELL) Part-II.</i></p> <ol style="list-style-type: none">2. Filing of undertaking <p><i>An undertaking must be filed with the jurisdictional officer, declaring intent to file an appeal when the Tribunal becomes operational.</i></p>



Topic	Key Points & Explanations
	<p>3. Stay on recovery</p> <p><i>On payment of pre-deposit and filing of undertaking, recovery of remaining confirmed demand will be stayed.</i></p>
New Forms and Procedures	<p>1. Introduction of FORM GST DRC-03A</p> <p><i>Allows taxpayers to apply for adjustment of payments made inadvertently through FORM GST DRC-03.</i></p> <p>2. Temporary measures</p> <p><i>Until FORM GST DRC-03A is available on the portal, taxpayers should intimate the proper officer about inadvertent payments.</i></p>
Important Dates	<p>10th July 2024: Notification No. 12/2024- CT issued</p> <p><i>Introduced sub-rule (2B) of Rule 142 and FORM GST DRC-03A in CGST Rules, 2017.</i></p>
Key Rules	<p>1. Section 112 of CGST Act: Appeals to Appellate Tribunal</p> <p>2. Section 78 of CGST Act: Initiation of recovery proceedings</p> <p>3. Rule 142 of CGST Rules: Notice and order for demand of amounts payable under the Act</p> <p><i>These rules govern the appeal process, recovery proceedings, and payment of demands under GST.</i></p>



Circular No. 224/18/2024 - GST

CBIC-20001/4/2024-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 11th July, 2024

To,

The Pr. Chief Commissioners / Chief Commissioners / Principal Commissioners /
Commissioners of Central Tax (All)
The Principal Directors General / Directors General (All)

Madam/Sir,

Subject: Guidelines for recovery of outstanding dues, in cases wherein first appeal has been disposed of, till Appellate Tribunal comes into operation.

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Doubts have been raised by the trade and the field formations in respect of recovery of outstanding dues, in cases where the first appellate authority has confirmed the demand created by the adjudicating authority, fully or partially, and where appeal against such order of appellate authority could not be filed under section 112 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as 'the CGST Act') due to non- constitution of Appellate Tribunal (hereinafter referred to as 'Tribunal'), as yet. Doubts have also been raised as to whether the amount that was originally intended to be paid towards the demand created but has inadvertently been paid and intimated by the taxpayer through FORM GST DRC-03 either under the 'voluntary' category or under the 'others' category, can be adjusted against the pre-deposit that is required to be paid by the taxpayer for filing appeal before the appellate authority under section 107, and before the appellate tribunal under section 112 of the CGST Act.

2. The matter has been examined. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of the law across field formations, the Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby issues the following clarifications and guidelines.

3. In cases, where the first appellate authority has confirmed the demand issued by the adjudicating authority, partially or fully, the taxpayers cannot file appeal against the said appellate order at present due to non-operation of GST Appellate Tribunal as yet. As per Section 112 of the CGST Act, every person has statutory remedy of appeal against the order passed by the first appellate authority or by a revisional authority, before the Tribunal. As per section 78 of CGST Act, the recovery proceedings are to be initiated, if the amount



payable as per the order issued under the said act is not paid by the concerned person within the said period of three months from the date of service of the said order. It may further be noted that if any person files an appeal in accordance with the requirement of sub-section (8) of section 112 of the CGST Act (i.e., on payment of prescribed pre-deposit), the recovery proceedings for the balance amount is deemed to be stayed till disposal of the appeal as per sub-section (9) of section 112 of the CGST Act. However, as the taxpayers are not able to file appeal under section 112 in Appellate Tribunal against the orders of appellate authority and therefore, are not able to make the pre-deposit under sub-section (8) of section 112 of CGST Act, in some cases, the tax officers are taking a view that there is no stay against recovery as per sub-section (9) of section 112 of CGST Act. **In some cases, taxpayers have either paid or are willing to pay the requisite amount of pre-deposit as per sub-section (8) of section 112 of CGST Act either by crediting in their electronic liability register against the demand so created, or by depositing the said amount through FORM DRC-03. However, tax officers are still resorting to recovery proceedings after completion of period stipulated under section 78 of CGST Act.**

IF NOT PAID

4. In order to facilitate the taxpayers to make the payment of the amount of pre-deposit as per sub-section (8) of section 112 of CGST Act, and to avail the benefit of stay from recovery of the remaining amount of confirmed demand as per sub-section (9) of section 112 of CGST Act, it is hereby clarified that in cases where the taxpayer decides to file an appeal against the order of the appellate authority and wants to make the payment of the amount of pre-deposit as per sub-section (8) of section 112 of CGST Act, **he can make the payment of an amount equal to the amount of pre-deposit by navigating to *Services >> Ledgers>> Payment towards demand*, from his dashboard. The taxpayer would be navigated to Electronic Liability Register (ELL) Part-II in which he can select the order, out of the outstanding demand orders, against which payment is intended to be made. The amount so paid would be mapped against the selected order and demand amount would be reduced in the balance liability in the aforesaid register. The said amount deposited by the taxpayer will be adjusted against the amount of pre-deposit required to be deposited at the time of filing appeal before the Appellate Tribunal.**

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5. The taxpayer also needs to file an undertaking/ declaration with the jurisdictional proper officer that he will file appeal against the said order of the appellate authority before the Appellate Tribunal, as and when it comes into operation, within the timelines mentioned in section 112 of the CGST Act read with Central Goods and Services Tax (Ninth Removal of Difficulties) Order, 2019 dated 03.12.2019. **On providing the said undertaking and on payment of an amount equal to the amount of pre-deposit as per the procedure mentioned in para 4 above, the recovery of the remaining amount of confirmed demand as per the order of the appellate authority will stand stayed as per provisions of sub-section (9) of section 112 of CGST Act.**

6. In case, the taxpayer does not make the payment of the amount equal to amount of pre-deposit or does not provide the undertaking/ declaration to the proper officer, then it will



be presumed that taxpayer is not willing to file appeal against the order of the appellate authority and in such cases, recovery proceedings can be initiated as per the provisions of law. Similarly, when the Tribunal comes into operation, if the taxpayer does not file appeal within the timelines specified in Section 112 of the CGST Act read with Central Goods and Services Tax (Ninth Removal of Difficulties) Order, 2019 dated 03.12.2019, the remaining amount of the demand will be recovered as per the provisions of law.

IF ALREADY PAID

7.1 It has also been noticed that some taxpayers have already paid amounts that were intended to have been paid towards a demand, through FORM GST DRC-03. Attention is invited to notification No. 12/2024- CT dated 10.07.2024, vide which sub-rule (2B) of Rule 142 and FORM GST DRC-03A has been inserted in Central Goods and Services Rules, 2017 (hereinafter referred to as 'CGST Rules'), providing for a mechanism for cases where the person liable to pay tax, interest and penalty under section 52 or section 73 or section 74 or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130 of CGST Act has made payment of such tax, interest and penalty, inadvertently through FORM GST DRC-03 under sub-rule (2) of Rule 142. In such cases, the said person can file an application in FORM GST DRC-03A, electronically on the common portal, and the amount so paid and intimated through the FORM GST DRC-03 shall be adjusted as if the said payment was made towards the said demand on the date of such intimation through FORM GST DRC-03.

7.2 Accordingly, in cases where the concerned taxpayer has paid an amount that was intended to have been paid towards a particular demand through FORM GST DRC-03, has submitted an application in FORM GST DRC-03A on the common portal, the amount so paid and intimated through the FORM GST DRC-03 will be considered as if the payment was made towards the said demand on the date of such intimation through FORM GST DRC-03. The amount so paid shall also be liable to be adjusted towards the amount required to be paid as pre-deposit under Section 107 and Section 112 of the CGST Act, if and when the taxpayer files an appeal against the said demand, before the appellate authority or the appellate tribunal, as mentioned in para 4 above, and the remaining amount of confirmed demand as per the order of the adjudicating authority or the appellate authority, as the case may be, will stand stayed as per provisions of sub-section (6) of section 107 and sub-section (9) of section 112 of CGST Act. However, if the taxpayer does not file appeal within the timelines prescribed in Section 107 and Section 112 of the CGST Act, as the case may be, read with Central Goods and Services Tax (Ninth Removal of Difficulties) Order, 2019 dated 03.12.2019, the remaining amount of the demand will be recovered as per the provisions of law.

7.3 In this regard, it is to be mentioned that the application in FORM GST DRC-03A for adjustment of demand liability against the payment through FORM GST DRC-03 cannot be made in cases where against the payment made through the said FORM GST DRC-03, proceedings have already been concluded by issuance of an order in FORM GST DRC-05 as per the Rule 142(3) of CGST Rules, 2017.



8.1 Currently, the above-mentioned functionality for filing of an application in FORM GST DRC-03A, is not available on the common portal. Therefore, till the time such functionality is made available on the common portal, in respect of cases where an amount of pre-deposit has been inadvertently paid through FORM GST DRC-03 instead of making the said payment through Electronic Liability Ledger-II against the demand created in the said ledger, the concerned taxpayer may intimate the proper officer about the same, and on such intimation, the proper officer may not insist on recovery for the remaining amount payable by the concerned taxpayer, till the time the said functionality of FORM GST DRC-03A is made available on the portal.

8.2 Once the functionality of FORM GST DRC-03A is made available on the portal, the concerned taxpayer may file an application in FORM GST DRC-03A, on the common portal, at the earliest, as mentioned in para 7.1 above and on doing so, the amount paid vide FORM GST DRC-03 may be adjusted against the pre-deposit under section 107 or section 112 of the CGST Act, as the case may be, as detailed in para 7.2 above. However, in case the taxpayer fails to file an application in FORM GST DRC-03A on the common portal, the proper officer may proceed to recover the amount payable as per provisions of section 78 and section 79 of CGST Act.

9. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

10. Difficulty, if any, in implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

Sanjay Mangal
Principal Commissioner (GST)



Summary of GST Circular No. 225/19/2024-GST

Prepared by: CS K K Agrawal | TaxByKK.com

Topic	Key Points & Explanations
Purpose	<p>Clarification on taxability and valuation of corporate guarantee services between related persons</p> <p><i>This circular aims to provide clarity on how GST applies to corporate guarantees, especially when they're provided between related entities.</i></p>
Background	<ol style="list-style-type: none">Sub-rule (2) inserted in Rule 28 of CGST Rules on 26th October 2023 <p><i>This new sub-rule specifically addresses the valuation of corporate guarantee services.</i></p> <ol style="list-style-type: none">Circular No. 204/16/2023-GST issued for clarity <p><i>The initial circular provided guidance on applying the new sub-rule.</i></p> <ol style="list-style-type: none">Sub-rule (2) amended retrospectively from 26.10.2023 <p><i>The amendment was made retroactive to ensure consistency from the original implementation date.</i></p>
Key Clarifications	<ol style="list-style-type: none">Applicability: Corporate guarantees issued before 26th Oct 2023 are taxable, but valuation differs <p><i>Guarantees issued before the new rule are still taxable, but their value is determined differently.</i></p> <ol style="list-style-type: none">Valuation Basis: Based on guaranteed amount, not actual loan disbursed



Topic	Key Points & Explanations
	<p><i>The tax is based on the full guarantee amount, regardless of how much of the loan is actually used.</i></p> <p>3. Loan Takeover: No GST impact unless fresh guarantee issued</p> <p><i>Simply transferring a loan doesn't trigger new GST, unless a new guarantee is provided.</i></p> <p>4. Multiple Guarantors: GST payable proportionately by each co-guarantor</p> <p><i>When multiple entities provide a guarantee, each pays GST on their portion of the guarantee.</i></p> <p>5. Payment Mechanism: Forward charge for domestic guarantees, reverse charge for foreign guarantees</p> <p><i>Domestic guarantees follow normal GST rules, while foreign guarantees require the recipient to pay the tax.</i></p> <p>6. Calculation Period: 1% of guaranteed amount per annum or actual consideration, whichever is higher</p> <p><i>The minimum GST is 1% per year of the guarantee amount, but could be higher if actual fees exceed this.</i></p> <p>7. Invoice Value: Deemed as supply value if full ITC available to recipient</p> <p><i>If the recipient can claim full input tax credit, the invoice value is considered the correct valuation.</i></p> <p>8. Export of Services: Sub-rule (2) not applicable for recipients outside India</p> <p><i>This specific rule doesn't apply to international transactions where the recipient is outside India.</i></p>
Important Dates	26th October 2023: Initial insertion of sub-rule (2)



Topic	Key Points & Explanations
	<p><i>This is when the new rule for valuing corporate guarantees was first introduced.</i></p> <p>10th July 2024: Retrospective amendment of sub-rule (2)</p> <p><i>The rule was updated on this date, but the changes were applied back to the original implementation date.</i></p>
Key Rule	<p>Rule 28(2) of CGST Rules</p> <p><i>This is the specific rule that governs how corporate guarantees are valued for GST purposes.</i></p>
Issued By	<p>Central Board of Indirect Taxes and Customs, GST Policy Wing</p> <p><i>This is the government body responsible for interpreting and clarifying GST rules in India.</i></p>

01.07.2017 to 25.10.2023: Old Rule 28
26.10.2023 to 09.07.2024: New Rule 28
10.07.2024 till date: New Rule 28 amended w.e.f. 26.10.2023

01.07.2017 to 25.10.2023: Old Rule 28

Rule 28. Value of supply of goods or services or both between distinct or related persons, other than through an agent. -

(1) The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall-

(a) be the open market value of such supply;

(b) if the open market value is not available, be the value of supply of goods or services of like kind and quality;

(c) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order:

Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

26.10.2023 to 09.07.2024: New Rule 28

(2) Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher.

10.07.2024 till date: New Rule 28 amended

Provided that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of services

Crux: w.e.f. corporate guarantee to distinct person if recipient is eligible for FULL ITC then invoice value is transaction value



Circular No. 225/19/2024-GST

F. No. CBIC-20001/4/2024 - GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 11th July, 2024

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/Commissioners of Central Tax (All)
The Principal Directors General/ Directors General (All)

Madam/Sir,

Subject: Clarification on various issues pertaining to taxability and valuation of supply of services of providing corporate guarantee between related persons.

1.1 As per the recommendations of the GST Council, sub-rule (2) was inserted in Rule 28 of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the “CGST Rules”) vide [Notification No. 52/2023-Central Tax dated 26th October, 2023](#) to provide for a specific clause for valuation of supply of services of providing corporate guarantee to any banking company or financial institution by an entity on behalf of a related person. Besides, [Circular No. 204/16/2023-GST dated 27th October, 2023](#) was also issued as per the recommendations of the GST Council, to provide clarity regarding the applicability of the said sub-rule. Subsequently, based on the recommendations of the GST Council, sub-rule (2) of Rule 28 of CGST Rules has been amended retrospectively with effect from 26.10.2023 vide notification No. 12/2024 dated 10th July 2024.

1.2 In this regard, various representations have been received from trade and industry, seeking clarifications on various issues pertaining to the taxability and valuation of the supply of services of providing corporate guarantee between related persons as per the said rule.

2. Therefore, in order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), hereby clarifies the issues as under:

S. No.	Issue	Clarification
1	<p>Whether sub-rule (2) of rule 28 of CGST Rules will apply to the corporate guarantees issued prior to insertion of the said sub-rule on 26th October 2023? Also, where intra-group corporate guarantees have been issued before 26th October 2023, which are still in force today, would they be liable to pay GST on “1% of the amount of such guarantee offered” on such guarantees?</p>	<p>It is to be clarified that the supply of service of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, was taxable even before the insertion of sub-rule (2) in rule 28 of CGST Rules with effect from 26th October 2023. Rule 28(2) of CGST Rules is only for determination of the value of the taxable supply of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient and not regarding the taxability of the said supply itself. Prior to the insertion of the said sub-rule, i.e., before 26th October 2023, the valuation of service of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, was to be done as per the provisions of Rule 28 of CGST Rules, as it existed then.</p> <p>Therefore, in respect of supply of services of providing corporate guarantee between related persons, in respect of corporate guarantee issued or renewed before 26th October 2023, the valuation of the said supply is to be done in accordance with Rule 28, as it existed during that time. However, if the corporate guarantee is issued or renewed on or after 26th October 2023, then the valuation of the said supply will be required to be done as per Rule 28(2) of CGST Rules.</p>
2	<p>In cases where the corporate guarantee is provided for a particular amount, whereas the loan is only partly availed or not availed at all by the recipient, what will be the value of supply of corporate guarantee. Also, whether the recipient would be eligible to avail full ITC (Input Tax Credit) even before total loan is disbursed?</p>	<p>The activity of supply of the service of providing a corporate guarantee is not linked with the actual disbursement of the loan. The service that is provided by the guarantor to the guarantee is that of taking on the risk of default. Therefore, it is clarified that the value of supply of the service of providing a corporate guarantee will be calculated based on the amount guaranteed and will not be based on the amount of loan actually disbursed to the recipient of the corporate guarantee.</p> <p>Further, it is also clarified that the recipient of the service of providing corporate guarantee shall be eligible to avail the ITC, subject to other conditions specified in the Act and the Rules made thereunder, irrespective of when the loan is actually disbursed to the recipient, and irrespective of the amount of loan actually disbursed.</p>
3	<p>In the case of takeover of existing loans, since there is merely an assignment of an</p>	<p>In the service of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, the</p>

	<p>already issued corporate guarantee, whether GST would be applicable again?</p>	<p>supplier of the service is the corporate entity providing the corporate guarantee and the recipient is the related entity for whom the corporate guarantee is provided by the said supplier.</p> <p>Therefore, if the loan issued by the banking company/ financial institution is taken over by another banking company/ financial institution, the said activity of taking over of the loan does not fall under the service of providing corporate guarantee to any banking company or financial institution by a supplier to a recipient. Therefore, it is clarified that in such cases, there will be no impact on GST, unless there is issuance of fresh corporate guarantee or there is a renewal of the existing corporate guarantee. However, if the takeover of the loan is followed/ accompanied by issuance of fresh corporate guarantee, then GST would be payable on the same.</p>
4	<p>Where corporate guarantee is provided by more than one entity / co-guarantor, what is the amount on which GST is payable by each co-guarantor?</p>	<p>In cases where corporate guarantee is being provided by multiple related entities, the value of such services of providing corporate guarantee shall be the sum of the actual consideration paid/ payable to co-guarantors, if the said amount of total consideration is higher than one per cent of the amount of such guarantee offered. In cases where the sum of the actual consideration is less than one per cent of the amount of such guarantee offered, then GST shall be payable by each co-guarantor proportionately on one per cent of the amount guaranteed by them.</p> <p>For instance, if there are two co-guarantors, A and B, who jointly provide a corporate guarantee to a banking/ financial institution on behalf a related recipient C for Rs. 1 crore, then A and B shall each pay GST on 0.5% of the amount guaranteed.</p> <p>However, if in the above case of A and B providing corporate guarantee jointly to a banking/ financial institution on behalf a related recipient C for Rs 1 crore, A provides guarantee for 60% of the guarantee amount and B provides guarantee for the remaining 40% of the guaranteed amount, then GST shall be payable by A and B proportionately i.e., 0.6% and 0.4% of the amount guaranteed. This is to say that A shall pay GST on 1% of the amount guaranteed by A, i.e., 1% on Rs. 60 lakhs and B shall pay GST on 1% of the amount guaranteed by B, i.e., 1% on Rs. 40 lakhs.</p>
5	<p>Where intra-group corporate guarantee is issued, whether GST may be paid by the</p>	<p>It is clarified that in cases where domestic corporates issue intra-group guarantees, GST is to be paid under forward charge mechanism, and invoice is to be issued</p>

	<p>recipient under reverse charge, as in the absence of actual invoice and payment, the recipient entity may not be able to claim input tax credit of tax paid by the domestic guarantor?</p>	<p>by the supplier of the service of providing corporate guarantee to the related recipient under Section 31 of CGST Act, 2017 read along with the relevant rules.</p> <p>However, in cases where such guarantee is provided by the foreign/ overseas entity for a related entity located in India, then GST would be payable under reverse charge mechanism, by the recipient of service, i.e., the related entity located in India.</p>
<p>6</p>	<p>Whether the discharge of tax liability on corporate guarantee @ 1% of such guarantee offered is to be done one time or on yearly basis or on monthly basis and when issued for a fixed term of say, five years or ten years as per tenure of the loan?</p>	<p>Rule 28(2) of CGST Rules has been amended retrospectively with effect from 26th October 2023, vide notification No. 12/2024 -CT dated 10.07.2024.</p> <p>Therefore, it is clarified that the value of supply of the service of providing corporate guarantee to a banking company or a financial institution on behalf of a related recipient shall be one per cent of the amount guaranteed per annum or the actual consideration, whichever is higher.</p> <p>Accordingly, the value of supply of the service of providing corporate guarantee to a banking company or a financial institution on behalf of a related recipient for a particular number of years shall be one per cent of the amount of such guarantee offered multiplied by the number of years for which the said guarantee is offered or the actual consideration whichever is higher.</p> <p>In addition to the above, in cases where the corporate guarantee is provided for a period less than a year, say 6 months (half a year), then in those cases as well, the valuation may be done on proportionate basis for the said period, i.e., in this case, the value of the said supply of services may be taken as half of one per cent of the amount of such guarantee offered ($6/12 * \text{one per cent}$), or the actual consideration, whichever is higher.</p> <p>To illustrate the same, if a corporate guarantee is issued for a period of say five years, then the value of such guarantee is to be calculated at one per cent per year of the amount of such guarantee offered, or the actual consideration, whichever is higher, i.e., the value of such corporate guarantee provided would be 5% of the amount guaranteed or the actual consideration, whichever is higher. Therefore, GST would be payable on such amount at the time of issuance of such corporate guarantee, i.e., 5% of the amount guaranteed or the actual consideration, whichever is higher.</p> <p>However, if a corporate guarantee is issued, say for a period of one year and is renewed five times, for a</p>



		period of one year each, then tax would be payable on one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher, on the issue of such corporate guarantee in the first year as well as on every renewal in subsequent years.
7	Whether the benefit of second proviso to sub-rule (1), which states that value declared in invoice is deemed to be the open market value in cases where full input tax credit is available to the recipient of services, is not applicable in cases falling under sub-rule (2)?	<p>Proviso has been inserted in sub-rule (2) of Rule 28 of CGST Rules, retrospectively with effect from 26th October 2023 vide notification No. 12/2024 - CT dated 10.07.2024, similar to that provided in the second proviso to sub-rule (1) of Rule 28 of CGST Rules, to provide the benefit in cases involving supply of service of corporate guarantees provided between related persons.</p> <p>Accordingly, it is clarified that in cases involving the supply of service of corporate guarantees provided between related persons, where full input tax credit is available to the recipient of services, the value declared in the invoice shall be deemed to be the value of supply of the said service. applicable from 01.07.2017</p>
8	Whether the valuation in terms of Rule 28(2) of CGST Rules will apply to the export of the service of providing corporate guarantee between related persons?	<p>As per the amendment done in sub-rule (2) of rule 28 of CGST Rules retrospectively w.e.f. 26th October 2023 vide notification No. 12/2024 -CT dated 10.07.2024, the provisions of the said sub-rule will not apply in cases where the recipient of the services of providing corporate guarantee between related persons is located outside India. Accordingly, the provisions of the said sub-rule shall not apply to the export of the services of providing corporate guarantee between related persons.</p>

3. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

4. Difficulties, if any, in implementation of this Circular may please be brought to the notice of the Board. Hindi version would follow.

(Sanjay Mangal)
Principal Commissioner (GST)



Summary of GST Circular No. 226/20/2024-GST

Prepared by: CS K K Agrawal | TaxByKK.com

Topic	Key Points & Explanations
Purpose	<p>Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of goods subsequent to exports</p> <p><i>This circular addresses cases where export goods prices are revised upwards after export, requiring additional IGST payment, and provides a mechanism for claiming refunds of such additional IGST.</i></p>
Refund Filing Procedure	<ol style="list-style-type: none">1. File application in FORM GST RFD-01 electronically on the common portal2. Application to be processed by jurisdictional GST officer of the exporter3. Temporary measure: Use "Any other" category with specific remarks <p><i>Until a separate category is developed, exporters should file under "Any other" with remarks "Refund of additional IGST paid on account of increase in price subsequent to export of goods".</i></p>
Required Documents	<ol style="list-style-type: none">1. Copy of shipping bill or bill of exports2. Copy of original invoices3. Contract/document indicating requirement for price revision4. Copy of debit note(s)/supplementary invoices



Topic	Key Points & Explanations
	<p>5. Proof of additional IGST payment and relevant GSTR-1/ GSTR-3B details</p> <p>6. Proof of additional foreign exchange remittance (FIRC)</p> <p>7. Chartered accountant/cost accountant certificate</p> <p>8. Statement 9A and 9B of FORM GST RFD 01</p> <p><i>These documents are crucial for establishing the validity of the refund claim.</i></p>
Time Limit for Filing	<p>Two years from the relevant date as per clause (a) of Explanation (2) of section 54 of the CGST Act</p> <p><i>For cases where the relevant date was before the introduction of sub-rule (1B) of rule 89, the two-year period starts from the date this sub-rule came into force.</i></p>
Minimum Refund Amount	<p>₹1,000 (One Thousand Rupees)</p> <p><i>No refund will be paid if the claimed amount is less than ₹1,000.</i></p>
Processing of Refund	<ol style="list-style-type: none">1. Verification of export invoice and debit note details in GSTR-12. Verification of additional IGST payment in GSTR-3B3. Verification of revised value in GSTR-1/GSTR-3B and foreign exchange remittances4. Issuance of refund sanction order in FORM GST RFD-06 and payment order in FORM GST RFD-05 <p><i>The proper officer must thoroughly verify the claim before sanctioning the refund.</i></p>



Topic	Key Points & Explanations
Downward Price Revision	<p>Exporter required to deposit the excess IGST refund received, with applicable interest</p> <p><i>The proper officer must verify if the exporter has deposited any excess refund due to downward price revisions during the relevant tax period.</i></p>



F. No. CBIC-20001/4/2024-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 11th July, 2024

To,

The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners /
Commissioners of Central Tax (All)

The Principal Directors General / Directors General (All)

Madam/Sir,

Subject: Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to exports– reg.

Representations have been received from trade/ industry requesting for prescribing a mechanism for seeking refund of additional IGST paid on account of upward revision in price of goods subsequent to export. It has been represented that there are cases where the price of export goods needs to be revised, subsequent to their exports, due to various reasons such as linking of the prices of the export commodities to some international index or as per the terms of contract between the two parties etc. In such cases, where there is upward revision in price of goods subsequent to exports, the exporter is required to pay additional IGST on account of upward price revision along with applicable interest but there exists no mechanism for allowing them to claim refund of such additional IGST paid.

2. In order to ensure uniformity in the implementation of the provisions of the law across field formations, the Board, in exercise of its powers conferred by section 168(1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), hereby lays down the following procedure for claim and processing of refunds of additional integrated tax paid on account of upward revision in prices of goods subsequent to their exports.

3. Filing of refund claim for additional IGST paid on account of upward revision of prices of export goods, subsequent to export:

3.1 The refund of IGST paid on account of export of goods is processed by the proper officer of Customs in an automated manner without manual intervention in terms of provision of rule 96 of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as “CGST Rules”). However, there exists no mechanism for processing of refunds of any additional integrated tax paid on account of upward revision in price of goods, subsequent to exports, by the proper officer



of customs. Therefore, it has been decided that such exporter may file an application for refund of such additional IGST paid in **FORM GST RFD-01** electronically on the common portal and such application for refunds would be processed by the jurisdictional GST officer of the concerned exporter. Accordingly, CGST Rules have been amended vide Notification No. 12/2024-CT dated 10.07.2024 to provide for filing of such refund application in **FORM GST RFD-01**, which shall be dealt with in accordance with provisions of rule 89 of CGST Rules.

3.2 GSTN is in the process of development of a separate category of refund in **FORM GST RFD-01**, for filing an application of refund of such additional IGST paid. However, till the time such separate category for claiming refund of additional amount of IGST paid is developed on the common portal, such exporter(s) may claim refund of the additional IGST paid on account of upward revision in price of goods subsequent to exports, by filing an application of refund in **FORM GST RFD-01** under the category “**Any other**” with remarks “*Refund of additional IGST paid on account of increase in price subsequent to export of goods*” along with the relevant documents as prescribed in clause (bb) of sub-rule (2) of rule 89 of the CGST Rules. The exporter shall also upload the statements 9A & 9B as prescribed in clause (bb) & clause (bc) of sub-rule (2) of rule 89 of the CGST Rules along with the said refund claim. The exporter may also upload any other document to establish that the refund is admissible to him.

3.3 The said refund application shall be processed based on the documentary proof submitted by the refund applicant. Further, the validated details of shipping bills, amount of IGST involved in such shipping bills, as well as the amount of IGST refund sanctioned by the customs under rule 96(3) of CGST Rules will also be made available to jurisdictional GST officers by GSTN to enable them to process such refund claims of additional IGST paid.

4. Minimum Refund Amount: Sub-section (14) of section 54 of the CGST Act provides that no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if amount is less than one thousand rupees. Therefore, no such refund shall be paid if the amount claimed is less than one thousand rupees.

5. Time limit for filing refund: Sub-rule (1B) of rule 89 of CGST Rules, inserted vide Notification No. 12/2024-CT dated 10.07.2024, provides that the application for refund of additional IGST paid can be filed before the expiry of two years from the relevant date as per clause (a) of Explanation (2) of section 54 of the CGST Act. However, in cases, where the relevant date as per clause (a) of Explanation (2) of section 54 of the CGST Act was before the date on which sub-rule (1B) of rule 89 of CGST Rules has come into force, such refund application can be filed before the expiry of a period of two years from the date on which the said sub-rule has come into force.

6. The following documents are required to be accompanied with the refund claim in order to establish that refund is due to such exporter:

- (a) Copy of shipping bill or bill of exports;
- (b) Copy of original invoices;



- (c) Copy of contract/ other document(s), as applicable, indicating requirement for the revision in price of such goods subsequent to exports;
- (d) Copy of the original invoices as well as relevant debit note(s)/ supplementary invoices;
- (e) Proof of payment of additional IGST and applicable interest and details of the relevant FORM GSTR-1/ FORM GSTR-3B furnished by the applicant in which the said debit note(s)/ supplementary invoice(s) were declared and tax and interest thereon had been paid by the applicant;
- (f) Proof of receipt of remittance of additional foreign exchange (FIRC) issued by Authorised Dealer-I banks;
- (g) A certificate of a practising chartered accountant or a cost accountant certifying therein that the said additional foreign exchange remittance is on account of such upward revision in price of the goods subsequent to export;
- (h) Statement 9A of FORM GST RFD 01; and
- (i) Statement 9B of FORM GST RFD 01.

7. The proper officer while processing such refund claim shall verify that the exporter has duly reported the details of the export invoice and the debit note in his statement of outward supplies in **FORM GSTR-1** and has **duly paid such additional amount of IGST along with applicable interest for which refund is being sought in their FORM GSTR-3B return**. The proper officer while ascertaining the eligibility of the refund to the exporter **shall verify the revised value declared by the exporter in his FORM GSTR-1/ FORM GSTR-3B** and details of foreign exchange remittances received thereof.

8. The proper officer shall scrutinize the application with respect to its completeness and eligibility and only if the proper officer is satisfied that the whole or any part of the amount claimed is payable as refund, he shall proceed to issue the refund sanction order in **FORM GST RFD-06** and the payment order in **FORM GST RFD-05**. The proper officer shall also upload a detailed speaking order along with the refund sanction order in **FORM GST RFD-06** in terms of Instruction No. 03/2022-GST dated 14.06.2022.

9. Further, there may be certain cases **where there is downward revision in price of goods subsequent to exports**, when the export has been made with payment of IGST. In all such cases, the supplier of goods/exporter is required to deposit the refund of the IGST received in proportion **to the reduction in price of exported goods**, along with applicable interest. The proper officer while granting the refund as per para 8 above, shall also verify whether the exporter has deposited the excess refund amount in the cases where there is a downward revision in price of goods subsequent to exports, during the relevant tax period, if any.

10. It is requested that suitable trade notices may be issued to publicize the contents of this Circular. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board. Hindi version will follow.

(Sanjay Mangal)
Principal Commissioner (GST)



Summary of GST Circular No. 227/21/2024-GST

Prepared by: CS K K Agrawal | TaxByKK.com

Topic	Key Points & Explanations
Purpose	<p>Processing of refund applications filed by Canteen Stores Department (CSD)</p> <p><i>This circular provides revised procedures for electronic submission and processing of refund applications by CSD under section 55 of CGST Act.</i></p>
Background	<ol style="list-style-type: none">1. CSD is entitled to claim a refund of 50% of applicable taxes on inward supplies2. New functionality available on common portal for electronic refund application3. New rule 95B and FORM GST RFD-10A inserted in CGST Rules <p><i>These changes aim to streamline the refund process for CSD, moving from manual to electronic applications.</i></p>
Refund Application Filing	<ol style="list-style-type: none">1. File application in FORM GST RFD-10A electronically on common portal2. Apply with jurisdictional Central tax/State tax authority3. Application to be filed once in every quarter4. Multiple quarters and financial years can be clubbed in one application



Topic	Key Points & Explanations
	<p><i>The new electronic process allows for more efficient and flexible refund applications by CSD.</i></p>
Required Documents	<ol style="list-style-type: none">1. Undertaking stating goods are for supply to Unit Run Canteens or authorized customers2. Declaration that no refund has been claimed earlier against the invoices <p><i>These documents are crucial for establishing the validity of the refund claim.</i></p>
Time Limit for Filing	<p>Before expiry of two years from the last day of the quarter in which supply was received</p> <p><i>This time limit is based on section 54(2) of the CGST Act for persons notified under section 55.</i></p>



Topic	Key Points & Explanations
Processing and Sanction of Refund	<ol style="list-style-type: none">1. Proper officer to process claim similar to FORM GST RFD-012. Validation of GSTIN details and return filing status3. Scrutiny of FORM RFD-10A, FORM GSTR-3B, and FORM GSTR-2B4. Verification of invoice details with supplier's FORM GSTR-1 and FORM GSTR-3B5. Ensure refund not more than 50% of applicable taxes paid6. Verification of ITC reversal by CSD <p><i>The processing involves thorough checks to ensure the validity and accuracy of the refund claim.</i></p>
Transitional Provisions	<ol style="list-style-type: none">1. Manual applications filed before the new functionality to be processed manually2. Circular No. 60/34/2018-GST dated 04.09.2018 to apply for such manual applications <p><i>This ensures a smooth transition from the old manual system to the new electronic system.</i></p>



Circular No. 227/21/2024-GST

F. No. CBIC-20001/4/2024-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 11th July, 2024

To,

The Principal Chief Commissioners/Chief Commissioners/Principal Commissioners/
Commissioners of Central Tax (All)
The Principal Directors General/ Directors General (All)
The Principal Chief Controller of Accounts, CBIC

Madam / Sir,

Subject: Processing of refund applications filed by Canteen Stores Department (CSD)
- regarding

The Central Government, vide Notifications No. 06/2017-Central Tax (Rate), No. 06/2017-Integrated Tax (Rate) and No. 06/2017-Union territory Tax (Rate), all dated 28th June 2017, had specified the Canteen Stores Department (“CSD” for short), under the Ministry of Defence, as a person who shall be entitled to claim a refund of fifty per cent of the applicable central tax, integrated tax and Union territory tax paid by the CSD on all inward supplies of goods received by the CSD for the purposes of subsequent supply of such goods to their Unit Run Canteens or to their authorized customers. Further, vide Circular No. 60/34/2018-GST dated 04.09.2018, the manner and procedure for filing and processing of such refund claims was specified so as to ensure that the CSD shall apply for refund by filing an application manually to the jurisdictional tax office till the time the online utility for filing such refund claim is made available on the common portal.

2. In order to enable such CSD to file application for refund electronically, a new functionality has been made available on the common portal which allows CSD to apply for refund by filing an application electronically on the common portal. Further, Central Goods and Service Tax Rules, 2017 (hereinafter referred to as ‘CGST Rules’) have been amended and a new rule 95B and **FORM GST RFD-10A** have been inserted in CGST Rules vide Notification No. 12/2024-Central Tax dated 10.07.2024.

3. In order to ensure uniformity in the implementation of the provisions of law across field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), hereby lays down the following revised procedure for electronic submission and processing of refund application by CSD, in accordance with section 55 of CGST Act, in supersession of Circular No. 60/34/2018-GST dated 04.09.2018.



4. Filing of refund application:

The CSD, who wants to file an application for refund under section 55 of CGST Act, in cases where the refund is claimed of fifty per cent of the applicable central tax, integrated tax and Union territory tax paid by the said CSD on all inward supplies of goods received by it, for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers, shall file an application for refund in **FORM GST RFD-10A** electronically on the common portal and the same shall be processed electronically. The refund to be granted to the CSD shall be based on the invoices of the inward supplies of goods received by it for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers.

5. Filing of refund claim by CSD:

The CSD may apply for refund with the jurisdictional Central tax/ State tax authority to whom the CSD has been assigned. In terms of **rule 95B** of the CGST Rules, the CSD is required to apply for refund once in every quarter. The CSD will also be allowed to file the refund application for multiple quarters, clubbing multiple FYs, as per their option. The refund of the tax paid by the CSD shall be available only if the inward supplies of goods were received from a registered person against a tax invoice and details of such supplies have been furnished by the said registered person in his details of outward supply in **FORM GSTR-1** and the said supplier has furnished his return in **FORM GSTR-3B** for the concerned tax period. The CSD while filing the refund application shall ensure that all the invoices declared by it have the GSTIN of the supplier and the GSTIN of the respective CSD clearly mentioned on them. The said refund application form shall be accompanied with the following documents:

- (i) An undertaking stating that the goods on which refund is being claimed have been received by the CSD for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers; and
- (ii) A declaration stating that no refund has been claimed earlier against the invoices on which the refund is being claimed.

6. Relevant date for filing of refund:

As per sub-section (2) of section 54 of the CGST Act, a person notified under section 55 of the CGST Act, can file the application for refund of tax paid by it on inward supplies of goods or services or both, before the expiry of two years from the last day of the quarter in which such supply was received. Therefore, as the CSD have been notified under section 55 of CGST Act vide notifications No. 06/2017-Central Tax (Rate), No. 06/2017-Integrated Tax (Rate) and No. 06/2017-Union territory Tax (Rate), all dated 28th June 2017, as a person entitled to claim a refund of fifty per cent of the applicable central tax, integrated tax and Union territory tax paid by it on all inward supplies of goods received for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers, the CSD can file the refund of fifty per cent of tax paid on such inward supplies of goods before expiry of two years from the last day of the quarter in which such supply was received.

7. Processing and sanction of the refund claim:

7.1 The proper officer shall process the refund claim filed by the CSD in a manner similar to the refund claims filed in **FORM GST RFD-01** under the provisions of rule 89 of



CGST Rules. The proper officer while processing the refund application shall validate the GSTIN details of the CSD on the common portal to ascertain whether all the returns in **FORM GSTR-1** and **FORM GSTR-3B**, which were due to be furnished on or before the date on which the refund application is being filed, have been filed. The proper officer may scrutinize the details contained in **FORM RFD-10A**, **FORM GSTR-3B** and **FORM GSTR-2B**, for processing the said refund claim. The proper officer shall also verify whether the details of the invoices for which refund has been claimed by the CSD, have been furnished by the concerned supplier in his details of outward supply in **FORM GSTR-1** and the said supplier has furnished his return in **FORM GSTR-3B** for the concerned tax period.

7.2 Further, the proper officer shall ensure that the amount of refund sanctioned is not more than 50 % of the central tax, state tax, Union territory tax and integrated tax paid on the supplies received by CSD. It may be noted that the invoices uploaded by the CSD while filing will be validated on the portal with **FORM GSTR 2B** of the applicant and only the validated invoices will be allowed in the application. The invoices for which refund has already been availed by the CSD will be flagged in the system and will not be allowed for the refund. The Table in Sl. No. 7 of **FORM GST- RFD 10A** will be auto-populated on the portal based on the 50 % of the amount of respective tax (central tax, state tax, Union territory tax and integrated tax) as per the Col 8, 9 and 10 of the Table in Sl. No. 6 of **FORM GST- RFD 10A**. The Table in Sl. No. 7 of **FORM GST- RFD 10A** shall be kept editable downwards, i.e., the CSD will be able to make a downward revision in the auto-populated amount in the said Table and cannot enhance the auto-populated amount in the said Table. The proper officer shall also verify whether the ITC in respect of such inward supplies of goods received for the purposes of subsequent supply of such goods to its Unit Run Canteens or to its authorized customers has been reversed by the CSD as clarified in Circular no. 170/02/2022-GST dated 06-Jul-2022.

7.3 The proper officer shall scrutinize the application with respect to completeness and eligibility of the refund claim to his satisfaction and issue the order in **FORM GST RFD-06** accordingly. The proper officer shall also upload a detailed speaking order along with the said order in **FORM GST RFD-06**.

8. It is also mentioned that the provisions of the Circular No. 60/34/2018-GST dated 04.09.2018 shall continue to apply for all refund applications filed manually before the amendments in CGST Rules mentioned in Para 2 above and before the said functionality being made available on the common portal. The said applications filed manually shall continue to be processed manually, according to the earlier circular.

9. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

10. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board. Hindi version would follow.

(Sanjay Mangal)
Principal Commissioner (GST)