ACUPRO CONSULTING

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THE GST PULSE

ONE PLACE FOR ALL THE UPDATES



Recent Judgement and Rulings

HIGH COURT ORDERS TO REIMBURSE CONTRACTORS ADDITIONAL TAX LIABILITY AFTER SCRUTINY

HON'BLE CHHATTISGARH HIGH COURT

M/s Surana And Company ("The petitioner") were engaged in the construction of roads, bridges, tolls, etc., and were awarded work contracts at different points in time. The main grievance of the petitioners is against the inaction on the part of the respondent state authorities in not granting a refund or reimbursement of the additional 6% GST liability imposed upon them w.e.f. 18.07.2022, on the work contract being executed by the petitioners, even though the contract between the parties was signed prior to 18.07.2022.

The petitioner seeks a declaration that the 18% GST for work contract services should not apply to contracts executed before July 18, 2022, and they should be entitled to a refund of 6% of the additional GST paid for contracts executed before July 18, 2022. The petitioner contended that it is illegal for the authorities to apply the amended GST rate of 18% to a concluded contract. The department contended that the petitioners' relief has no legal basis, as the rates calculated by the contractor are deemed to be inclusive of all taxes.

The Hon'ble Chhattisgarh High Court has directed the petitioner to make a fresh claim before the authorities, showing the difference between the tax liability incurred at the time of submission of bids and the excess tax paid. Upon scrutiny and inquiry, the authorities will reimburse the petitioner for the additional tax liability incurred, if found eligible.



SERVICE TAX REFUNDS SHOULD NOT BE DENIED DUE TO PROCEDURAL LAPSE AS IT GOES AGAINST THE OBJECTIVE OF A TAX-FREE SEZ

HON'BLE CESTAT

M/s Lupin Limited ("The Appellant") is a manufacturer and exporter of pharmaceutical products in an SEZ unit in Pithampur. The appellant filed two refund applications claiming a refund of service tax paid on input services received in the SEZ unit under Notification No. 12/2013-ST. The adjudicating authority sanctioned the refund of Rs. 12,39,33,099 for the period January 2017 to March 2017 and rejected the remaining claim of Rs. 5,21,62,728 as time-barred. Similarly, for another period, the adjudicating authority sanctioned a refund for a certain amount and rejected the rest as time-barred. The appellant's appeal before the Commissioner (Appeals) was also unsuccessful.

The Appellant contended that the SEZ Act of 2005, as a special statute, supersedes all other laws. Appellant claimed that the date of the ISD invoice should be considered to calculate the one-year time limit under Notification No. 12/2013, as the SEZ unit becomes aware of the tax relating to services only after receiving the ISD invoices.

The Delhi CESTAT held that the time limit for making a refund claim under the notification is a procedural requirement and should be construed liberally once the appellant is found eligible for the refund. The SEZ Act and Rules aim to provide benefits to the SEZ, which is intended to be tax-free without any burden of duties. As a result, any procedural lapse should not be used as a basis for denying the refund to the appellant.



18% GST TO BE IMPOSED ON SUPPLY OF MATTRESSES TO SCHOOL HOSTELS

THE TAMIL NADU AUTHORITY FOR ADVANCE RULING

Hosur Coir Foams Pvt. Ltd. ("The Applicant") supplied rubberised coir mattresses, falling under HSN code 9404, to school hostels in other states through Coir Industrial Cooperative Society Ltd. under a tender process. The company sought a ruling on the applicable IGST rate for such supplies to government school hostels in Karnataka and to hostels of any educational institutions in other states.

The Applicant requested a general ruling from the Authority for Advance Ruling on whether the supply of rubberised coir mattresses to hostels of educational institutions in other states would be exempt from GST.

The Tamil Nadu AAR has ruled that the supply of mattresses by a company to school hostels in same states or in other states is not exempt from GST, and 18% GST will be imposed on such supply. The AAR further, stated that the notification issued by the government in June 2017 on the effective rate of tax for inter-state supply of goods does not provide any exemption or concessional rate of IGST based on the end use of mattresses.



Recent Updates

STATE GST AUTHORITIES INTRODUCES NEW FACILITY FOR VERIFICATION OF DOCUMENT REFERENCE NUMBER (RFN) MENTIONED ON OFFLINE COMMUNICATION

GSTN

The GST portal has a system-generated unique identifier for various documents, such as notices or orders, which are traceable on the taxpayer's dashboard. A new facility to verify these documents using auto-generated RFN (Reference Number) is being developed. To verify offline communication sent by State GST officers, a new facility for RFN generation and verification has been provided.

Taxpayers can access this facility by navigating to Services > User Services > Verify RFN option and providing the RFN to be verified.

This feature is only for offline correspondence issued by State GST authorities, while CBIC DIN (Document Identification Number) facility is recommended for documents issued by Central GST officers.



Thank You!

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