Date: 30-08-2025
Day: Saturday

To,
Smt. Nirmala Sitharaman
Hon'ble Minister of Finance
North Block, Ministry of Finance
Government of India
New Delhi – 110001
Email: fmo@nic.in

To
GST Council Secretariat
Office of the GST Council Secretariat
5th Floor, Tower II, Jeevan Bharti Building
Janpath Road, Connaught Place
New Delhi – 110001
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To,
Chairperson,
Central Board of Indirect Taxes & Customs (CBIC)
North Block, Ministry of Finance
Government of India
New Delhi – 110001
Email: chmn-cbic@gov.in

Respected Ma'am / Sir,

Sub: Representation for next generational GST reforms, in line with the announcement made by the Hon'ble Prime Minister, Shri Narendra Modi

During his 79th Independence Day address from the Red Fort, the Hon'ble Prime Minister, Shri Narendra Modi announced a structural overhaul of Goods and Services Tax (GST). The reforms, announced as "next generational", are proposed on the following broad pillars.

a) **Structural Reforms**: Addressing classification issues, resolving inverted duty structures, and enhancing stability and predictability of GST rates.

b) **Rate Rationalisation**: Simplifying multiple GST slabs into a much leaner framework, particularly aimed at making essential goods more affordable.
c) **Ease of Living**: Simplified registration, pre-filled returns, and automated refunds—especially for exporters and inverted duty cases—to reduce compliance burdens.

We have endeavoured to contribute to the said process by identifying various areas/ provisions that require amendment/ clarification to aid in the ease of compliance for the taxpayers and the citizens at large. To underline our objective, we have categorised our suggestions/ recommendations according to the aforesaid broad pillars and have classified them into two broad categories – Substantive Suggestions (which may require discussion in light of the policy considerations) and Procedural Suggestions (which are in line with the present policy considerations)

We hope this will get due consideration and suitable amendments will be carried out in law to give effect thereto. **We would be more than happy to explain our points personally to the GST Council / its subgroup, if required.**

About BCAS

BCAS is a voluntary organization established on 6th July 1949. BCAS presently has more than 9,000 members from all over the country. BCAS is a principle-centered and learning-oriented organization promoting quality service and excellence in the profession of Chartered Accountancy.

The organization serves as a catalyst to develop better and more effective Government policies & laws, aiming to achieve a clean & efficient administration and governance. BCAS makes representations to various authorities on different laws as well as on procedural issues, with a view to making them just and friendly to the general public. The representations include pre- and post-budget memoranda to the Ministry of Finance, the Central Board of Direct Taxes, the Central Board of Indirect Taxes, and the Ministry of Company Affairs, amongst others.

BCAS conducts various educational activities such as seminars, workshops, residential refresher courses, study circles, lecture meetings, and distant learning programs on Direct & Indirect taxes, and corporate & allied laws. BCAS also conducts free clinics, such as Accounts & Audit Clinic, Charitable Trust Clinic, and RTI Clinic to help the members & nonmembers in respective areas. Eminent experts provide free advice at these clinics on pre-fixed days. The website of BCAS viz. www.bcasonline.org, apart from giving the latest news, circulars and notifications relevant for professionals, also serves as a "Knowledge Portal", and is an excellent source of information.

For Bombay Chartered Accountants Society,

CA. Zubin Billimoria
President

CA. Govind Goyal
Chairmen – Indirect Tax Committee

Sr No.	Relevant provision[1]	Topic	Category	Gist of the Issue	Suggested solution / Amendment
	I	**Registration Related Suggestions**			
1	Sec. 2 (6), Section 22(1), Rule 48(4) of CGST Rules	Definition of aggregate turnover & Threshold Limit for Registration	Structural Reform: **Substantive Suggestion**	**Preamble:** Section 2(6) of the CGST Act 2017 envisages that aggregate turnover shall include aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis. Individual taxpayers, and even corporate taxpayers, regularly invest their surplus funds in fixed deposits/ securities market. Interest on such fixed deposits, treasury bonds, etc., is exempted from GST by entry 27 of notification 12/2017 – CT (Rate) dated 28.06.2017. As per C.B.I. & C. Order No. 1/2019-C.T., dated 1-2-2019 and in terms of Explanation to Section 10(1) and Explanation 1 and 2 to section 10,	1. It must be clarified that interest income exempted by entry 27 of notification 12/2017 – CT (Rate) dated 28.06.2017 is not to be considered while determining the 'aggregate turnover' of the taxpayer (except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances) in so far as the consideration is represented by way of interest or discount for the purposes of section 22(1) of the CGST Act. 2. Similarly, aggregate turnover for the purposes of Notification No. 13/2020-C.T., dated 21-3-2020 (as amended from time to time) read with Rule 48(4) of the CGST rules, may exclude

[1] Unless specified, reference to section shall mean a reference to CGST Act, 2017 and reference to rules shall mean a reference to the CGST Rules, 2017.

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				rendering of services by way of extending deposits, loans or advances, in so far as the consideration is represented by way of interest or discount, is excluded in computing aggregate turnover in order to determine eligibility for composition scheme. Similarly for the purpose of Rule 42 and 43, the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances, is excluded from the aggregate value of exempt supplies. Also, as per the Explanation to Section 22, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in the exempt supply of services provided by way of extending deposits, loans or advances, so far as the consideration is represented by way of interest or discount.	extending loans or advances) in so far as the consideration is represented by way of interest or discount 3. Similarly, for the 'transactions in securities' and Schedule III activities or transactions should also be excluded while determining the aggregate turnover for the purposes of section 22(1) of the CGST Act. 4. Hence, suitable amendment should be made to the definition of aggregate turnover u/s 2 (6) of the CGST Act, 2017 or section 22(1) or as the case may be to Notifications issued u/r 48(4) of the CGST Rules, 2017 to incorporate the above suggestions.

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				From the above, it's apparent that while considering the tax liabilities/eligibility for composition scheme / ITC reversals, any turnover or interest and discount is excluded unless the taxpayer is in the business of extending loans, advances and deposits. **Issue:** A confusion prevails over whether such interest income, exempted from GST and which does not have any implications on the ITC claim, shall be included in the calculation of aggregate turnover, while determining the liability to obtain registration u/s 22(1)of the CGST Act, 2017, or for applicability to generate e-invoice u/r 48(4) of the CGST Rules, 2017.	
2	Rule 8 (4A)/ 10B	Registration	Ease of Living: **Procedural Suggestion**	**Preamble:** Rule 8(4A) of the CGST Rules 2017 envisages that every person who has opted for the authentication of an Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall undergo biometric-based Aadhaar authentication.	1. It must be clarified that once biometric-based Aadhaar Authentication is undertaken for at least one registration under a PAN, it should not be required for other registrations under the same PAN, if the same person is Promoters/Partners/

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				Issue: At times, a taxpayer already registered in one state may apply for registration in another state. In such cases, Promoters/Partners/ Authorised Signatory opting for Aadhaar authentication may not they may not be located in the said State. In such cases, they are required to travel to the concerned states to undergo the said verification.	Authorised Signatory in other registrations. 2. Further, an option to undergo biometric-based Aadhaar authentication in any GST Suvidha Kendra (GSK) in India , instead of requiring them to travel to the concerned state, should be made available.
3	Rule 8	Registration: Authorized Signatory	Ease of Living: **Procedural suggestion**	**Preamble:** Every person applying for registration is required to disclose an authorized signatory, who may either be the sole proprietor (in case of sole proprietorship), partner (in case of partnership/LLP), director (in case of companies), etc., An applicant may also appoint one of their employees as an authorized signatory. **Issue:** In many cases, it may so happen that the address of the proprietor/partner/ director, or the authorized signatory, is in a different state than the state in which	1. A standardized operating procedure must be introduced and uniformly followed by all states. 2. In the case of registration applications by individuals, instructions must be issued to the field formations to refrain from rejecting the applications on flimsy grounds. 3. It must be clarified that there is no requirement to have a local authorised signatory. 4. Guidelines may be issued for post-registration premises verifications, and suspension may not be done merely because the premises are

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				registration is being obtained. In such cases, registration applications are being rejected because there is no authorized signatory in the state where registration is applied for.	found locked or where the employees are not found on the premises (especially where the GST registration is obtained in respect of shared premises). 5. The details of the Grievance Redressal Mechanism, both at the Central and State levels, should be published on the GST Common Portal for all states. 6. Both Central and State Tax Officers should be sensitized to follow the guidelines issued by CBIC in letter and spirit.
4	GST-REG-01	Documents accompanying GST Registration	Ease of Living: **Procedural Suggestion**	**Preamble:** The List of documents to be uploaded are given at the end of Form GST-REG-01. Sr No. 3 deals with Proof of Place of Business – in case of (i) Owned Premises (ii) For Rented or Leased premises (iii) Other premises, including shared premises. Detailed instructions in this regard are issued by C.B.I. & C. Instruction No. 3/2025-GST, dated 17-4-2025. Grievance Redressal Mechanism is proposed by C.B.I. & C. Instruction No. 4/2025-GST, dated 2-5-2025. **Issue:** Despite the detailed guidelines, the Officers scrutinizing the Registration application are asking various documents in support of proof of business. The Grievance Redressal Mechanism is not given wide publicity. The State Officers are reluctant to	

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				follow the guidelines issued by the CBIC.	
5	Sec. 22	ISD Registration	Ease of Living: **Procedural Suggestion**	A taxpayer having a multi-state presence is required to obtain ISD registration. Generally, the address mentioned in the ISD registration and the regular registration is the same. However, the registration application for ISD requires the submission of all documents that are already uploaded when applying for the normal registration. There is a requirement to decrease the documentation already available at the time of normal registration for ease of compliance for the taxpayers who are opting for registration as Input Service Distributor.	1. It must be clarified that in case of ISD registration for a PAN for which a normal registration is already obtained, ISD registration must be automatically granted without forcing the taxpayer to go through the process again, if the address as per regular registration and ISD registration is the same. 2. It is further suggested that both registrations should be under the same jurisdiction.
6	Sec. 29	Cancellation of Registration	Structural Reforms/ Ease of Living: **Substantive Suggestion**	**Preamble:** Section 29 of the CGST Act 2017 envisages that the Proper Officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed.	1. The term "avails ITC in violation of provisions of Section 16 of CGST Act 2017" is very open-ended and needs suitable clarification as to which taxpayers will be included in the said category. Similarly, a mere difference in GSTR-1/1A and GSTR3B should not be the ground for

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				Rule 21(e) of the CGST Rules envisages that registration may be cancelled if the registered person avails of input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder. Rule 21(f) of the CGST Rules envisages cancellation of registration if details of outward supplies declared in GSTR-1/1A is in excess of the outward supplies declared in GSTR-3B for one or more tax periods. **Issue:** The difference between outward supply as per GSTR1/1A and GSTR-3B, or as the case may be, between ITC as per GSTR-2B and GSTR-3B, is a routine exercise, and the manner of dealing with such differences is provided in Rule 88B and Rule 88C, respectively, of the CGST Rules. If these grounds are used for cancellation of GST registration in a routine manner, then it would result in business disruption. Some clarification on the use of these grounds as the reasons for cancellation of GST registration should be provided to avoid it being used in a routine manner.	cancellation of GST registration. 2. A suitable amendment or a clarification explaining its scope should be introduced/issued. 3. The GST registration may be permitted to be cancelled only in cases involving tax not paid or short paid or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts, and involving the following offences: (i) Taxable person collects any amount as tax but intentionally fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due. [Section 122(2)(iii)] (ii) Taxable person **intentionally** collects any tax in contravention of the provisions of this Act but fails to pay the same to the Government

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					beyond a period of three months from the date on which such payment becomes due. [Section 122(2)(iv)] (iii) Taxable person takes or utilises input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder. [Section 122(2)(vii)]
	II	**Levy, Point of Taxation and ITC Related Suggestions**			
7	Section 10	Composition Levy	Structural Reforms: **Substantive Suggestion**	Currently, the aggregate turnover limit for a person eligible to pay tax under composition is fifty lakh rupees.	It is recommended that the aggregate turnover limit for the composition scheme be suitably increased in line with the turnover u/s 44AD of the Income Tax Act to dissuade the resurgence of the cash economy and the continuance of the UPI payment mechanism
8	Section 13 (3) r.w. 31 (3) (f) & 31 (3) (g)	Liability to pay tax under RCM	Structural Reforms: **Substantive Suggestion**	**Preamble:** Section 13 (3) deals with the point of taxation in cases where tax is to be discharged under reverse charge.	1. To promote ease of compliance, the provisions for determination of time of supply for reverse charge cases be rationalized as earliest of the following:

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				• On supplies liable to reverse charge received from registered suppliers, clause (b) provides that the time of supply shall be within 60 days from the date of suppliers' invoice, or date of payment to supplier, as per clause (a), whichever is earlier • On supplies liable to reverse charge received from unregistered suppliers, clause (c) provides that the time of supply shall be the date of issuance of invoice u/s 31 (3) (f), or date of payment to supplier, as per clause (a), whichever is earlier Section 31 (3) (f) requires a taxpayer receiving supplies from unregistered suppliers, on which tax is payable under reverse charge, to issue a self-invoice. Section 31 (3) (g) requires a taxpayer to issue a payment voucher for each payment made to suppliers where the tax is payable under reverse charge. **Issues:** The emphasis on the date of the invoice for the time of supply causes difficulties for taxpayers. This is because generally, when a supplier issues the invoice, the recipient does not immediately accept	B) Date of payment, or C) 60 days from accounting the invoice in the books of the recipient. 2. The provisions relating to invoice u/s 31 (3) (f) and payment voucher u/s 31 (3) (g) must be deleted. 3. The applicability of provisions of section 16 (4) relating to time-limit to claim ITC must be reckoned from the date on which tax is paid under RCM i.e. after the [thirtieth day of November] **following the end of financial year to which payment of tax under the reverse charge mechanism is made** or furnishing of the relevant annual return, whichever is earlier

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				and pay for it. Due to internal processes, there is generally a time lag between the supplier issuing the invoice and the recipient accounting for it and making payment to the supplier. It is therefore suggested that the time of supply should be linked to the date of accounting the invoice, and not the date of the invoice. The distinct time of supply provision based on the registration status of suppliers causes the following challenges for the taxpayers: a) If a supplier is initially tagged as an unregistered supplier in the taxpayers' system and subsequently, it is realized that the supplier is registered, the entire determination of time of supply, and complying with the self-invoicing provision goes for a toss. b) There is also an interpretation issue on the time limit to raise self-invoice. Rule 47A provides that the invoice must be issued within 30 days from the date of receipt of the supply. However, in cases of services, when the provision of service is completed itself is debatable, which results in unwanted confusion for the taxpayers.	

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				c) The requirement to issue an invoice/payment voucher casts additional compliance, with no clear utility for the Department also. Taxpayers also face difficulty in complying with these provisions due to system issues, since systems are not able to identify and segregate transactions based on the GSTIN status of suppliers. It is worth noting that RCM transactions typically account for a tiny portion of the entire ecosystem for any taxpayer.	
9	Sec. 17(3)	Value of exempted supply	Structural Reforms: **Substantive Suggestion**	**Preamble:** The value of exempt supply for a supplier includes the supplies made that are liable to tax under the reverse charge mechanism. Generally, the corresponding recipient is a registered person and is entitled to claim an input tax credit for tax paid under RCM. **Issue:** The supplier is also making taxable supplies that are notified under RCM. To make such supplies, the supplier procures various inward supplies on which tax is charged. The supplier cannot claim ITC of such supplies, and therefore, results in a cascading effect since the supplier includes the cost of	In the case of reverse charge supplies, there is no break in the GST chain, as the recipient pays the GST, unlike in the case of exempted supplies. It is therefore recommended that the supplies on which tax is payable under RCM should be excluded from the scope of value of exempted supplies. Alternatively, an option to pay tax under the Forward Charge Mechanism should be extended in all cases where the tax liability is notified on reverse charge for supplies made to registered persons.

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				tax in his pricing, resulting in a higher price for the recipient.	The option of conditional RCM has already been extended for a few services, and it can be extended to all.
10	Sec. 17(3)	Value of exempted supply	Structural Reforms: **Substantive Suggestion**	**Preamble:** The supplies covered under Schedule III of the CGST Act, 2017, are not included in the value of exempt supply for section 17 (3) of the CGST Act, 2017. However, this exclusion has been introduced w.e.f. 01.02.2019 while certain amendments to schedule III have been made with retrospective effect. Issue: This mismatch in the exclusion from the scope of section 17 (3) has resulted in substantial litigation for the taxpayers.	It is therefore suggested that the explanation to section 17 (3) excluding the Schedule III supplies from the scope of value of exempt supply must be applied with retrospective effect from 01.07.2017.
11	Sec. 18(6), Rule 40(2) and Rule 44(1)(b) read with Rule 44(6)	Input Tax Credit reversals in case of supply of capital goods on which ITC is claimed	Structural Reforms: **Substantive Suggestion**	**Preamble:** In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person is required to pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital	1. The formula prescribed under Rule 40(2) and Rule 44(6) read with Rule 44(1)(b) should be the same to avoid confusion as to which formula to apply. Or suitable clarification may be issued if there is intent to use Rule 44(6) and Rule 44(1)(b) for covering different scenarios.

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				goods or plant and machinery determined under section 15, whichever is higher Rule 40(2) of the CGST Rules 2017 provides that the amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by **reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods** Rule 44(6) of the CGST Rules 2017 provides that input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in Rule 44(1)(b) of the CGST Rules i.e. for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on *pro rata* basis, taking the useful life as five years. Rule 44(1)(b) also contains an illustration. **Issues:** 1. Although both provisions i.e. Rule 40(2) and rule 44(6) deal	2. It may be clarified by suitable circular / an amendement under section 18(6) that the section applies only when **capital goods are supplied after being put to use or are written off before being put to use, and that there is no need for reversal of ITC u/s 18(6) when capital goods are written off after being put to use**. This will be in line with Rule 3(5A) and 3(5B) of the Cenvat Credit Rules, and will be more logical. 3. Option may be given from applicability of Section 18(6) in cases where there is a supply of capital goods between distinct persons u/s 25(4) in terms of entry 2 of Schedule I and where the recipient is entitled to full ITC.

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				with the identical situation contained in section 18(6) of the CGST Act, the answers under both the rules is different, for in case of Rule 40(2) computes on a quarterly basis and even part of the quarter is considered as quarter for reducing the percentage point and in case of Rule 44(6), as per the illustration provided, the calculation is done on a monthly basis and the part of the month is ignored. **2.** Section 18(6) deals with the supply of capital goods on which ITC is availed. The said rule is pari materia with Rule 3(5A) of the CENVAT Credit Rules, 2004, which dealt with the removal of Capital goods after being put to use. Under the Central Excise Regime, when capital goods were 'written off' after being put to use, it was covered under Rule 3(5B) of the CENVAT Credit Rules. As per Rule 3(5B)(ii), the reversal of CENVAT Credit was required in respect of capital goods written off only if such capital goods	

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				were written off before being put to use. **Thus, the Central Excise Regime, made a distinction between removal of capital goods (after being put to use) and write off of capital goods (before being put to use). There was thus, no need for reversal of CENVAT Credit, where the capital goods were 'written off' ('not removed') after being put to use.** (Ref Case Laws: M/S Dish Tv India Limited Vs The Directorate General Of Central Excise Intelligence, Adjudication Cell 2019-VIL-1173-CESTAT-DEL-ST (Para 24) & Hon'ble Mumbai Tribunal In The Case Of Videocon D2h Ltd Vs Commissioner Of Cgst & C. Ex., Aurangabad 2022 (59) G.S.T.L. 155 (Tri. - Mumbai). **A Similar distinction is needed in GST law also**. This is because in many cases, the useful life of capital goods may be far less than 5 years (as assumed in Rule 40(2) or 44(6) of the CGST Rules). **In such cases, the assets is written off in books and/or is sold as scrap after 2-3 years**	

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				due to technology obsolescence or lack of durability. For such cases, requiring to reversal the ITC for an unexpired period out of 5 years even of capital goods are put to use for its actual useful life, appears to be harsh and unintended and needs to be corrected. 3. A taxpayer is required to comply with this provision in case of each transfer, be it to a third party or to a 'distinct persons' u/s 25(4) in terms of entry 2 of Schedule I, resulting in undue hardship for the taxpayer especially in case of B2B transfers where the buyer is eligible for full ITC.	
12	S. 25(2), R. 41A	Option to transfer ITC in case of merger of registrations	Ease of Living: **Procedural Suggestion**	**Preamble:** Section 25(2) provides that taxpayers having multiple places of business in a State or Union Territory, may apply for separate registrations for each place of business. Such offices having separate registrations are treated as 'Distinct Persons' under Section 25(4) and (5) of the respective enactments. The procedure and conditions in this respect	It is recommended that suitable clarification is issued to clarify that in a situation of consolidation or merger of two places of business, the procedure prescribed under Rule 41A of the CGST Rules, 2017 should be followed for transfer of unutilised balance in Electronic Credit Ledger to the other existing registration through FORM GST ITC-02A, or any other suitable procedure be prescribed for transfer of unutilised

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				are provided in Rule 11 of the CGST Rules, 2017. Upon obtaining separate registrations, as per Rule 41A of the CGST Rules, 2017, a registered person can transfer, either wholly or partly, the unutilised Input Tax Credit (ITC) lying in his Electronic Credit Ledger to any or all of the newly registered places of business. For this purpose, registered person is required to furnish the details in FORM GST ITC-02A electronically on the common portal within a period of 30 days from obtaining such separate registrations. Such transfer of ITC to newly registered entities would be in the ratio of assets held by them at the time of registration. **Issue:** However, there would be instances where a registered entity, having obtained separate registration for different places of business, desires to consolidate business at a common location or close different places, without closing the business related thereto. This would require cancellation of the registration for the separate place of business and conduct of the business	balance of Input Tax Credit in Electronic Credit Ledger in case of merger of two places of business registered separately within the State or Union Territory.

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				from a single common location with a single registration. As of now there is no mechanism available with the taxpayer for transfer unutilised balance of Input Tax Credit in Electronic Credit Ledger of the location being consolidated with another locations. The present statutory provisions related to transfer of unutilised balance of Input Tax Credit in Electronic Credit Ledger are applicable only in case of – (a) Rule 41 - Change of constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of business; and (b) Rule 41A - Where a person has obtained separate registration for multiple places of business within a State or Union Territory.	
	III	**Invoice , Documents and Invoice Management Systems related suggestions**			
13	Section 31(3) of CGST Act and Rule 53(1) of the CGST Rules.	Revised Invoice – IMS.	Ease of Living: **Procedural Suggestion**	Section 31(3) (a) and Rule 21(5) permits the issue of a revised invoice against the invoice already issued in cases involving obtaining fresh GST registrations or cases involving restoration of the cancelled GST Registrations to cover the invoices	1. The scope of Revised Invoice may be extended to include issue of revised tax invoice to rectify the incorrectly issued tax invoice. 2. On the E-invoice portal a separate module may be

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				issued during the period of beginning with the effective date of registration till the date of issuance of certificate of registration or, as the case may be, invoices made during the period of suspension. As per Rule 53(1), there is no need to state the taxable value and tax amount on the said revised tax invoice. Issues: 1. In the era of e-invoicing, where the tax invoices are required to be generated electronically, there appears to be no provision on the E-invoice portal for the issuance of E-Revised Tax Invoice. There is no separate module for the issuance of such invoice, whereby the Revised E-invoice can be generated with all its contents as per Rule 53(1) and without putting a value of Taxable Value and Tax Amount. In fact, there is no proper guidance as to how to issue a revised invoice in the E-invoice Portal. 2. The scope of E-invoice is very narrow, to cover only the situations dealing with invoices to supplement the invoices issued during the period beginning with the effective date	given for issue of Revised Invoices (which may be mapped against Original Invoice which is seeks to rectify) 3. Revised Tax Invoice may be permitted to be issued also in cases where there was error in recording amount of tax / taxable value/ rate on the Original Invoice. Hence, particulars of Revised Tax Invoice u/r 53(1) of the CGST Rules, may be amended to include the amount of Tax, Tax rates, and Taxable Value. 4. Such Revised Tax Invoice may be issued also to correct credit notes/ debit notes. 5. It may be provided that once the Revised Tax Invoice is issued the Original Tax Invoice shall be deemed to be cancelled. 6. As additional safeguards, GSTR-1 may be amended to report the 'Revised Tax invoices' cases in Table 13 "Documents issued during the tax period."

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				of registration till the date of issuance of the certificate of registration or, as the case may be, invoices made during the period of suspension. Revised invoices cannot be issued to rectify any routine mistakes in the tax invoices such as wrong GSTIN, other particulars etc. The e-invoice portal does not permit cancellation of the E-invoice after 24 Hours. Hence, when there are errors in the invoice, especially when invoice issued is issued in one month and the error is noticed in next month after filing of GST Return, the only way the taxpayer can correct that invoice is by issuing credit note as per section 34 read with Rule 53(2) and by preparing a new invoice. 3. Section 34(2) creates greater burden of proof on the person issuing a credit note to establish that (i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person and (ii) incidence of tax on such supply has been passed on to any	

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				other person, in other cases. Further, in the recent Invoice Management System (IMS), the recipients are required to take action on such credit notes and such credit notes cannot be kept pending. In fact in the Additional FAQs on IMS issued by GSTIN Source : https://www.gst.gov.in, dated 17-10-2024, in response to the Query No.9 "What to do in case wrong invoice is corrected by issuance of Credit Note by the supplier instead of amending the same and such Credit note has been rejected by the recipient?" – the reply seems to suggest a system limitation followed by an advise that if the invoice is not correct, then it is advisable to rectify the mistake through amendment of invoices in the GSTR 1 instead of issuance of a Credit Note. (However changing the particulars of invoice in GSTR-1 without rectifying the original invoice is not correct). Thus, although Rule 34(2) and Rule 53(2) permitting issue of credit note as one of the ways to correct the tax invoice, the advisory	

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				seems to discourage the same. It's therefore necessary that credit notes should not be used as a means for correcting invoices and some alternate mechanism for correction of invoices should be brought in the law.	
14	Section 37/38/39 of the CGST Act	Credit Notes and IMS	Ease of Living **Procedural Suggestion**	**Preamble:** As per section 34(1), it's permissible to issue one or more credit notes against one or more tax invoice. With this, the mandatory requirement of mentioning the original invoice reference number on the credit notes is dispensed with. At present, credit notes are also issued for cancelling the invoice incorrectly / erroneously issued, especially when such an incorrect invoice is already uploaded on GSTR-1/1A. As per the recently introduced Invoice Management System, a recipient will have to either accept or reject the credit note. (Refer FAQ10 of additional FAQs Source : https://www.gst.gov.in, dated 17-10-2024] Similarly, if the if the recipient rejects the Credit note and furnished the GSTR-3B then the corresponding liability will be added to the supplier liability in the GSTR-3B of subsequent tax period.	To streamline the compliance process and for ease of compliance it's suggested that 1. supplier and receivers should be given adequate time to verify the credit notes and take the correct action in the GST return. Till such time, recipients may be permitted to keep the credit notes uploaded by suppliers pending. By adequate time, we suggest the timelines specified in various other provisions i.e. 30th day of November following the end of such financial year during which such credit note is issued. 2. Where the credit notes are issued only to rectify the errors in the invoice, a separate category of credit note may be created, where

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				Issues: 1. It's very difficult to decide as to whether to accept or reject the credit note, especially since the requirement of mentioning the original reference number on the credit note is dispensed with. The time limit available to do such scrutiny before filing the GST Return is also limited, i.e. a week, as GSTR-2B gets generated on the 14th of Next Month, and the due date of filing of GSTR-3B is the 20th of next month. The problem is grave where the invoices are received at various locations, and the compliance is done from the Central Location. Accepting the credit notes without verification has the impact of reducing the recipient's ITC. If recipient still decides to accept the credit note (under deemed acceptance), there is no guidance available to him as to how to rectify the situation later by reavailing the said credit, as it would lead to a mismatch in ITC availed as per GSTR-2B and GSTR-3B	the reference to Original Tax Invoice may be made mandatory. 4. Where the supplier has uploaded Original Tax Invoice and Credit Note for cancelling such Tax invoice in the same period, both the Original Tax Invoice as well as Credit Note should be excluded from GSTR-2B or should be grouped separately in GSTR-2B for easy identification and in such cases also, no automatic tax adjustment should be made in the GSTR-3B of the supplier in next month.

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				2. As a result of this, many recipients will be forced to reject the credit note. In such cases, the said amount of tax gets added in the GSTR-3B of the supplier in the next month. In some cases, the suppliers report the Original invoice as well as a Credit Note for cancelling such an Original Invoice in the same reporting period. In such cases, there is no impact on tax liability as per GSTR-3B/GSTR-1 of the said supplier for that reporting period. However, in such cases, when the recipient accepts both the Original Tax invoice and the Credit Note, the liability pertaining to the credit note gets added to the output tax liability in GSTR-3B of the supplier in the next month (although the supplier has already reduced the tax liability on the said credit note in the reporting month itself). There is no guidance on how a supplier can keep payment of such demand pending, and hence, to set right the position, many suppliers increase the amount of ITC to	

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				that extent in GSTR-3B to make the situation tax neutral. 3. This creates multiple forced errors due to system limitations and beyond the control of the taxpayer, leading to the issuance of notices under Rule 88B or 88C. This entire exercise is futile, wasting a lot of time and resources of taxpayers as well as tax administration and needs immediate attention.	
	IV	**GST Returns related suggestions**			
15	Section 37/38/39 of the CGST Act, Section 16(2) of the CGST Act	Rectification of Errors in GSTR-1/ GSTR-3B	Ease of Living: **Procedural Suggestion**	**Preamble:** Section 37(3) and section 39(9) provide a time limit for correcting the errors in the GSTR-1/1A or, as the case may be, GSTR-3B. **Issue:** 1. Many times, such errors are highlighted only during the scrutiny of recipients, which may lead to denial of genuine credits to the recipient or additional demand. Hon'ble Supreme Court is also sympathetic towards the taxpayer in permitting them to	To promote the ease of doing business, in such cases, we suggest that CBIC may issue appropriate guidelines to permit the rectification of errors by designing a separate rectification module (similar to what was available in Maharashtra under the MVAT Regime to resolve J1 and J2 mismatch errors pointed out during the assessments) and/ or to permit confirmations / CA Certification from the suppliers. Suitable Amendments may be made in section 16(2), Section 37 and Section 39 of the CGST Act.

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				rectify such errors when the mistakes committed are bona fide and there is no intention to evade tax and no loss to the revenue. Hon'ble Court has directed the CBIC to consider all such cases and resolve the same appropriately. [Refer Central Board of Indirect Taxes and Customs vs Aberdare Technologies (P.) Ltd [2025] 172 taxmann.com 724 (SC) and UOI vs Brij Systems Ltd [2025] 172 taxmann.com 722 (SC) [24-02-2025]	
	V	**Input Service Distributor Related Suggestions**			
16	Section 20(3) and Rule 39(1)(i)	Distribution of IGST ITC as IGST or CGST/SGST?	Ease of Living: **Procedural Suggestion**	**Preamble** Section 20(3) provides that the credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed. However, Rule 39(1) (i) continues to provide that the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient.	Rule 39(1)(i) must be amended to provide that input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax or central tax and state tax/ UT tax to every recipient. While distributing such credit, 50% credit shall be distributed as central tax, and the balance shall be distributed as state tax/ UT tax.

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				Issue: There is thus a contradiction between Section 20(3), which permits distribution of IGST ITC as CGST / SGST, and Rule 39(1)(i), which permits distribution of IGST ITC only as IGST. This anomaly needs to be rectified immediately; otherwise, the ISD is forced to distribute such credit of IGST to the recipient located in the same state as CGST/SGST due to the GSTIN portal limitation while filing GSTR-6.	
17	Rule 54(1A)	Input Service Distributor	Ease of Living: **Procedural Suggestion**	**Preamble:** Rule 54(1A) of the CGST Rules permits a Regular Registration, having the same PAN and State code as an Input Service Distributor (ISD), to issue an invoice on such ISD to transfer the credit of common input services to ISD. Such an invoice is required to be reported in GSTR-1 of the Regular Registration so that ISD can get the Credit of such an invoice in GSTR-6A. However, there is nothing in rule 54(1A) permitting the registered person to change the type of tax on the invoice issued by the suppliers while transferring such credit to ISD. Thus, if the supplier has issued a tax invoice for common services on Regular Registration containing IGST	This anomaly must be corrected by making an appropriate amendment to Rule 54(1A), which would permit Regular Registration to transfer the ITC of IGST to ISD as CGST and SGST.

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				tax, the Regular Registration is required to transfer such credit to ISD as IGST Credit. **Issue:** Since Regular Registration and ISD are from the Same State, while reporting the invoices issued u/r 54(1A), the portal does not permit ITC of IGST tax to be transferred as IGST credit, and hence, Regular Registration is forced to report such invoices in its GSTR-1 as CGST/SGST. This is a classic example of a machine error that is beyond the control of the taxpayer.	
	VI	**Refund Related Suggestions.**			
18	Sec. 54(3) and Rule 89(4)	Inverted Duty Refund Formula Correction	Structural Reforms: **Procedural Suggestion**	**Preamble:** Proviso to Section 54(3) allows refund of unutilised Input Tax Credit in cases where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council.	The formula for computation of maximum refund amount should be amended as under: Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - {tax payable on such inverted rated supply of goods and services x (Net ITC/ **Total ITC**)}.

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				Rule 89(5) of the CGST Rules 2017 envisages that Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} -{tax payable on such inverted rated supply of goods and services x (Net ITC/ **ITC availed on inputs and input services**)}. **Issue:** Under Rule 89(5), Net ITC includes only ITC availed on inputs. Therefore the formula works as under: (i) The first part of the formula identifies how much Net ITC is attributable to Turnover of inverted rated supply of goods by applying the ratio of Turnover of inverted rated supply of goods and services to Adjusted Total Turnover on the Net ITC. (ii) From the ITC arrived as per (i) formula, the formula subtracts that portion of the tax paid on turnover of inverted rated supply which may have been paid using a portion of the Net ITC.	**Total ITC = ITC availed on inputs and input services and Capital Goods.** This will make the formula more logical and will also increase the maximum amount of refund without interfering in any way with the existing policy framework of not providing ITC in respect of input services and capital goods in respect of inverted rated duty structure.

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				(iii) While arriving at (ii) it applies ratio of Net ITC i.e. ITC availed on inputs to ITC availed on inputs and input services – **Here, it may be noted that the tax paid on turnover of inverted rated supply of goods may have been paid using overall ITC i.e. ITC of inputs, input services as well as capital goods.** Hence, while computing the ratio, the denominator should be Total ITC and not just ITC on inputs and input services. In other words, there is no rationale in excluding the ITC of capital goods from the denominator.	
19	Rule 96(10) and Rule 89(4)(B)	Refunds	Structural Reforms: **Substantive Suggestion**	These rules have been omitted w.e.f October 8, 2024. However, still notices are being issued stating the same are erroneous refunds even though courts have held that no proceeding can be initiated since the Rule stands Omitted and there is no saving clause.	It must be clarified that the omission of the rules is with retrospective effect, and all past proceedings shall stand abated.
	VII	**Other Suggestions**			
20	Sec. 6(2)(b)	Authorisations of officers	Ease of Living:	In many cases, a taxpayer is subjected to proceedings on the same issue by	It is therefore suggested that a detailed circular on section 6 (2) be

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			Procedural Suggestion	different wings. For instance, a taxpayer under SGST jurisdiction receives a SCN on an issue from the investigation wing when such issue is already covered in the scrutiny/audit proceedings. Similarly, an issue already covered by the jurisdictional SGST officer is again taken up by the investigation wing (anti-evasion/DGGI) of the CGST, or vice-versa. This is done despite the restriction prescribed u/s 6 (2).	issued explaining the scope of "subject matter" and instructions to field formation must be issued in light of the decision of Hon'ble Supreme Court in the case of M/s Armour Security (India) Ltd vs Commissioner, CGST Delhi and ors (SLP (C) No.6092 of 2025) dated14-08-2025 to abstain from violating the stated provisions of the law.
21	107	Appeals to Appellate Authority	Structural Reforms: **Substantive Suggestion**	A taxpayer intending to file an appeal u/s 107 against any Order must file the appeal within 3 months, which is further extendable by 1 month. On the other hand, the revenue has an option to file the appeal within six months, which is further extendable by 1 month. There are many cases where the taxpayers have missed out on filing appeals on the portal for reasons, such as non-availability of funds to make a pre-deposit, not being aware of the Order passed, etc.,	It is suggested that the period of filing the appeal for the taxpayer and department should be same. Alternatively, the outer time limit for filing the appeal may be further increased by increasing the pre-deposit limit, thus ensuring that the taxpayers are not precluded from applying for justice due to the limitation of time. For instance, if the appeal is not filed within the prescribed time, including the condonable period, the option to file an appeal by making a higher pre-deposit should be enabled to allow genuine taxpayers to exercise their right to justice.

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22	Sec. 128A	Amnesty – Waiver of Interest and Penalty	Ease of Living: **Substantive Suggestion**	Circular No 238/32/2024 clarified that the benefit of waiver of interest and penalty shall not be applicable in the cases where the interest has been demanded on account of delayed filing of returns, or delayed reporting of any supply in the return, as such interest is related to demand of interest on self-assessed liability and does not pertain to any demand of tax dues and is directly recoverable under sub-section (12) of section 75. However, the clarification is ultra vires the provisions of section 128A since it does not carve out an exception for self-assessed liability confirmed u/s 73.	It is therefore suggested that the circular no. 238/32/2024 be suitably amended, and it must be clarified that the benefit of section 128A shall be available in all such cases where the Order is passed u/s 128A, irrespective of the nature of the underlying demand. It may be clarified that when the amount of tax as per section 128A is paid, all proceedings, including towards demands of interest, penalties and late fees, shall be closed.
23	2 (6) of IGST Act, 2017	Export of services	Ease of Living: **Procedural; Suggestion**	One of the conditions for a supply to classify as export of service in (iv) is that the services is that the payment for such service has been received by the supplier of service in convertible foreign exchange [or in Indian rupees wherever permitted by the Reserve Bank of India]. In many cases, it is observed that the export benefits are being denied for flimsy grounds, such as the name of the remitter in FIRC is different than the service recipient, or that the payment	Necessary amendments must be made/ clarifications should be issued to clarify that in case payments are received through Vostro Accounts must be sufficient compliance of clause (iv) of section 2 (6). Instructions should be issued to field formations to the effect that refund claims should not be rejected on flimsy grounds.

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				should be received only from the service recipient and not a third party acting on behalf of the service recipient. Recently, the Reserve Bank of India has permitted banks to open vostro accounts without permission to encourage international trade in rupees. In such cases, the banks are unable to provide the FIRCs.	
24	Rule 47(2)	Late fee for annual returns.	Ease of Living: **Procedural Suggestion**	Currently, the late fee for annual returns is capped at Rs. 100 per day, subject to 0.25% of the state's turnover. At times, the late fees are substantially higher causing undue financial loss for the taxpayers	It is suggested that a lower upper cap be set for the late fee u/s 47 (2), in lines with the late fees u/s 47 (1) for other returns.

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