

**Analysis on GST On Corporate Guarantee;
Benefits of reduced GST on cartoons; GSTR2B
& 3B changes; GST Appeals new procedures:
53rd GST Council Meeting Notifications/
Circulars**



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RULE 28 of CGST Rules 2017 -

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

(1) Incase of distinct persons or related parties the value should be the open market value **or** value of like kind and quality goods or services **or** the value as determined by the application of rule 30 or rule 31, in that order:....

2nd Proviso - 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.

From 26.10.23 - (2) Notwithstanding anything contained in sub-rule (1), the value of supply of services to a related person ²**[located in India]**, by way of providing corporate guarantee on behalf of the said recipient, shall be deemed to be **1%** of the amount of such guarantee offered ²**[per annum]**, or the actual consideration, whichever is higher.

²[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.]

1. **Before 26th Oct 2023**, the value of services of Corporate Guarantee between related persons would be as per Rule 28(1). Hence it may be as per 2nd Proviso to Rule 28(1) which requires that invoice value would be the TRN Value
2. **After 26th Oct 2023**, the value of services of Corporate Guarantee between related persons would be as per proviso to Rule 28(2), which requires that invoice value would be the TRN Value
3. Value of Service of Corp guarantee would be on '**guaranteed amt.**' and not on "**loan amt.**"
4. **Full ITC** shall be eligible to recipient incase other conditions are satisfied
5. However incase of Companies which are providing **Non-GST supplies**, as per Rule 28(2) it will be a cost
6. Value of supply of corporate guarantee service to a related recipient shall be 1% of the amount guaranteed **per annum** or the actual consideration
7. **If loan of a bank is taken over by another bank**, 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

8. In case of **co-guarantee**, GST shall be payable by each co-guarantor **proportionately** on 1% of the amount guaranteed by them.
9. 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 **RCM**
10. The provisions of the said sub-rule shall not apply to the **export of the services** of providing corporate guarantee between related persons.

GSTR 3B – Negative Figures

Description	Tax payable	Adjustment of negative liability of previous tax period	Net Tax Payable (2-3)
1	2	3	4
(A) Other than (i) reverse charge and (ii) supplies made u/s 9(5)			
Integrated tax	<Auto>	<Auto>	<Auto>
Central tax	<Auto>	<Auto>	<Auto>
State/ UT tax	<Auto>	<Auto>	<Auto>
Cess	<Auto>	<Auto>	<Auto>
(B) Reverse charge and supplies made u/s 9(5)			
Integrated tax	<Auto>	<Auto>	<Auto>
Central tax	<Auto>	<Auto>	<Auto>
State/UT tax	<Auto>	<Auto>	<Auto>
Cess	<Auto>	<Auto>	<Auto>

GSTR 2B - ITC Reversal Summary (Rule 37A)

S. No.	Heading	GSTR-3B Table	Advisory
Credit which may be reversed under FORM GSTR-3B			
Part A	ITC Reversed - Others		
I	ITC Reversal on account of Rule 37A	4(B)(2)	Such credit shall be reversed and has to be reported in table 4(B)(2) of FORM GSTR-3B.
Details	B2B - Invoices		
	B2B - Debit notes		
	B2B - Invoices (Amendment)		
	B2B - Debit notes (Amendment)		

Benefits of reduction in rate of Cartoons/ boxes/Cases of corrugated/ non-corrugated paper

Effective 15th July 2024 vide N No 2/2024 CT (R): GST rate on 'carton, boxes and cases of both corrugated and non-corrugated paper or paper-board' (HS 4819 10; 4819 20) to be reduced from 18% to 12%

- ❑ Reducing the GST rate on cartons and boxes to 12% lowers packaging costs for businesses. Manufacturers of these paper products will benefit from a lower GST rate, which can reduce their overall tax liability.
- ❑ The reduced cost due to the lower GST rate can make these products more attractive to buyers, potentially leading to an increase in demand.
- ❑ Businesses may pass on the cost savings to consumers by reducing the prices of their products, which can enhance competitiveness and market share.
- ❑ The Anti-profiteering aspect needs to be looked into too. This recommendation will enhance competitiveness and profitability.

- 1A. Pay Pre-deposit through **Services >> Ledgers>> Payment towards demand>>Electronic Liability Register (ELL) Part-II>> select the order>>**
 - 1B. file an undertaking/ declaration
 - 1C. Automatic Stay would be granted
 - 1D. File Appeal within the timeline i.e. 3 months
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2. Where already such amount has been paid vide DRC-03 (for Sec 107/112), the same needs to be routed through Form DRC-03A
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3. DRC-03A cannot be done where proceedings have already been concluded
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4. Till the time DRC-03A is on GST Portal, intimate the Proper Officer accordingly; Once DRC-03A is made available then file immediately, otherwise recovery will be started

THANK YOU



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