

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)  
(Formerly Known as Kanchipuram District Branch)



E- Newsletter  
February 2025

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## **ARTICLES INVITED FROM MEMBERS**

Note: Articles are invited from members for publishing in newsletter. The articles shall be either on the specific subject or a general article. Members can send their articles with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our E-mail id mentioned below:

E-mail id: [chengalpattu@icai.org](mailto:chengalpattu@icai.org)

*Note: The views expressed in the articles published, are their own views and Chengalpattu District Branch does not endorse or take responsibility.*



### *From the Chairman's Desk*



Dear Professional Colleagues,

It is with great pride and immense pleasure that I address you today as the Chairman of our esteemed Chengalpattu District Branch (SIRC).

As I stand before you for the final time in my role as Chairman, I am filled with a profound sense of gratitude and pride. It has been an incredible journey, and I am deeply honored to have had the privilege of serving this prestigious institute and its remarkable members and students for nearly a decade.

Looking back on our journey together, it is important to acknowledge the significant milestones we've achieved as a team. Your expertise, integrity, and professionalism have been the bedrock of our success. Some key highlights include:

- Organizing approximately 200 CPE hours of programs for the benefit of our members.
- Hosting the Foundation Stone Laying Ceremony, graciously inaugurated by our President and Vice President.
- A collective contribution of Rs. 15.00 lakhs by our members to the CABF.
- The commencement of construction work during this year.
- Successfully conducting the Certificate Course on Artificial Intelligence Level 1, with plans for the second edition.
- The opening of a Library for the use of both members and students.
- The installation of smart boards in all classrooms.

These milestones reflect the collective efforts that have strengthened our profession, elevated our standards, and expanded our influence. We have embraced new challenges, adapted to evolving landscapes, and continued to uphold the highest levels of ethics and professionalism.

Ethics and integrity have always been the foundation of our profession, and I urge you all to continue upholding these core values. Our reputation as Chartered Accountants is built on trust, and it is our duty to maintain the highest standards of honesty and transparency in all our endeavors.



As the elections for the next Managing Committee have been completed, I am confident that the new team, which will take over this month, will continue to drive our profession forward with resilience and determination.

I leave this role with optimism, knowing that the leadership of our branch is in capable hands, and that each one of you will continue to contribute towards our collective success.

I take this opportunity to express my deepest thanks to all the members, students, and committee members for their unwavering support over the years. Together, we have accomplished so much, and I am truly grateful for the memories, experiences, and achievements we have shared.

As I pass the torch to the next generation of leaders, I have full confidence that our institute will continue to shine brightly and make a meaningful impact on society.

Jai Hind. Jai ICAI.

**With warm regards,**  
CA. Narasimma Raghavan R  
Chairman  
Chengalpattu District Branch (SIRC)

## CPE MEETING

**Topic :** S. Vaidyanath Aiyar Memorial Lecture “An Overview of Key Developments in the Indian GST Law”

**Speaker :** CA. Chirag Tibrewal

**Date :** 9th January 2025

**Time :** 5:30 PM to 7:30 PM

**Venue :** Our Branch Premises







**CPE MEETING**

**Topic :** Startup Ecosystem and Compliances & MSME Schemes

**Speaker :** CA. Ramesh R & Mr. Chandra Sekhar Gamidi

**Date :** 25 January 2025 (Saturday)

**Time :** 5:00 PM to 8:00 PM

**Venue :** Our Branch Premises





**Other program organised for Members in month of January 2025**

**Topic:** 76th Republic Day celebration

**Date:** 26th January 2025

**Time:** 8:30 AM

**Venue:** Branch Premises





**AN OVERVIEW OF KEY DEVELOPMENTS IN THE  
INDIAN GST LAW**



**By CA. Chirag Tibrewal**

**An Overview of Key  
Developments in the  
Indian GST Law**

January 2025

By CA. Chirag Tibrewal

**Key updates**





## Key GST Updates- Introduction of GSTR-1A

The Government of India, through notification No. 12/2024 – Central Tax dated 10th July 2024, has introduced FORM GSTR-1A as an optional facility for taxpayers. This form allows taxpayers to add or amend particulars of a supply for the current tax period that were either missed or incorrectly reported in FORM GSTR-1.

Sno.	Particulars	Remarks
1	<b>Availability</b>	<ul style="list-style-type: none"> <li>Available to all taxpayers from August 2024.</li> <li>Can be used to amend details furnished in FORM GSTR-01 for the month.</li> </ul>
2	<b>Salient Features</b>	<ul style="list-style-type: none"> <li>Optional and can be filed only once for a particular tax period.</li> <li>Changes made through FORM GSTR-1A will reflect in FORM GSTR-3B for the same tax period.</li> <li>ITC for supplies declared or amended through FORM GSTR-1A will be available to the recipient in FORM GSTR-2B for the next tax period.</li> </ul>
3	<b>For Monthly Filers</b>	<ul style="list-style-type: none"> <li>Available from the due date of filing FORM GSTR-1 or the actual date of filing, whichever is later, until the actual filing of FORM GSTR-3B for the same tax period.</li> <li>Net impact of particulars declared or amended through FORM GSTR-1A will be auto-populated in FORM GSTR-3B for the same tax period.</li> </ul>

## Key GST Updates- Introduction of GSTR-1A

Sno.	Particulars	Remarks
4	<b>For QRMP Taxpayers (Quarterly Filers)</b>	<ul style="list-style-type: none"> <li>Available quarterly after the actual filing of FORM GSTR-1 (Quarterly) or the due date, whichever is later, until the actual filing of FORM GSTR-3B for the same tax period.</li> <li>Supplies reported in FORM GSTR-1 of the current tax period can be amended through the corresponding Quarterly GSTR-1A.</li> <li>No separate amendment facility for records furnished through IFF for the first and second months of a quarter.</li> </ul>
5	<b>Amendments</b>	<ul style="list-style-type: none"> <li>Only records from the current tax period can be amended. Previous period records must be amended in subsequent GSTR-1 filings.</li> <li>Debit/Credit Notes can be added in the corresponding tables of GSTR-1A.</li> <li>Changes to the GSTIN of a recipient for a supply reported in FORM GSTR-1 can be rectified through FORM GSTR-1 for the subsequent tax period.</li> </ul>



## Invoice Management System



## Key GST Updates- Invoice Management System

The Invoice Management System (IMS) is a significant enhancement introduced within the Goods and Services Tax (GST) framework to streamline the process of managing invoices and claiming Input Tax Credit (ITC). Launched on October 14, 2024, IMS aims to improve the accuracy and efficiency of GST compliance for businesses.

Sno.	Particulars	Remarks
1	<b>Assessing IMS in GST Portal</b>	<ul style="list-style-type: none"> <li>IMS can be accessed via the GST Portal: Dashboard &gt; Services &gt; Returns &gt; Invoice Management System (IMS).</li> </ul>
2	<b>Records in IMS</b>	<ul style="list-style-type: none"> <li>IMS will display all saved or filed invoices/records and their amendments submitted by suppliers via GSTR 1/1A/IFF.</li> <li>Documents ineligible for ITC due to Place of Supply (POS) rules or Section 16(4) of the CGST Act will be directed to the 'ITC Not Available' section in GSTR 2B and will not be shown in IMS.</li> </ul>
3	<b>Actions to be taken on Records</b>	Accept, Reject, or Pending. <ul style="list-style-type: none"> <li>Records with "No Action" will be deemed accepted at the time of GSTR 2B generation.</li> <li>Taxpayers can take actions on multiple records at once using the check-box option available on the IMS dashboard. However, only one action can be taken on multiple records selected at a given time</li> </ul>
4	<b>Viewing and Downloading Data</b>	<ul style="list-style-type: none"> <li>Taxpayers can view records in IMS from both recipient and supplier perspectives.</li> <li>An Excel download facility is available to download IMS data.</li> </ul>

## Key GST Updates- Invoice Management System

Sno.	Particulars	Remarks
5	<b>Impact on GSTR 2B and GSTR 3B</b>	<ul style="list-style-type: none"> <li>Accepted records will become part of the 'ITC Available' section of GSTR 2B and auto-populate in GSTR 3B.</li> <li>Rejected records will be part of the 'ITC Rejected' section of GSTR 2B and will not auto-populate in GSTR 3B.</li> <li>Pending records will remain in IMS until the cut-off date as per Section 16(4) of the CGST Act, 2017 and will not be part of GSTR 2B or GSTR 3B until accepted or rejected.</li> <li>Action can be taken multiple times on a record before filing GSTR 3B, with the latest action overwriting the previous one.</li> </ul>
6	<b>Special Scenarios</b>	<ul style="list-style-type: none"> <li>Records not forming part of IMS Certain records, such as those from GSTR-5, GSTR-6, ICEGATE documents, and RCM records, will not be part of IMS but will flow directly to GSTR 2B.</li> <li>Pending Action Not allowed in following cases-               <ol style="list-style-type: none"> <li>Original Credit Notes;</li> <li>Upward/Downward amendments of Original Credit note irrespective of the action taken by recipient on the original credit note;</li> <li>Downward amendment of Invoice/ Debit note, where original Invoice/ Debit note was accepted by him and respective GSTR 3B has also been filed.</li> </ol> </li> </ul>

## Key GST Updates- Invoice Management System

Sno.	Particulars	Remarks
7	<b>Impact of Rejected records on Supplier</b>	<ul style="list-style-type: none"> <li>• Before filing of GSTR 1- Supplier can modify/rectify the records and file GSTR 1</li> <li>• After filing of GSTR 1- Supplier can modify/rectify the records in subsequent GSTR 1</li> <li>• If the recipient rejects a credit note and files GSTR 3B, the corresponding liability will be added to the supplier's liability in the subsequent tax period's GSTR 3B.</li> </ul>
8	<b>ITC reflected in GSTR 2B</b>	<ul style="list-style-type: none"> <li>• GSTR 2B will be generated on the 14th of each month, incorporating both accepted and rejected records</li> <li>• For Quarterly Taxpayers, GSTR 2B will cover the entire quarter and can be recalculated after the 14th of the following month until the filing of GSTR 3B.</li> <li>• If any changes is made on the IMS dashboard after draft GSTR 2B generated, it is mandatory to recompute GSTR 2B. Further there is no limit to the number of times GSTR 2B can be recomputed before filing of GSTR 3B</li> </ul>
9	<b>Impact of Amendments made by Supplier in GSTR 1</b>	<ul style="list-style-type: none"> <li>• Impact of edits made by supplier in GSTR 1- If a supplier edits a saved record before filing GSTR 1, the amended record will replace the original in IMS, and any action taken by the recipient will be reset</li> <li>• Amendments from FCM to RCM - Suppliers can also amend invoices from Forward Charge Mechanism (FCM) to RCM within the GST law's time limit, and the system will adjust the ITC accordingly</li> <li>• Place of Supply Changes - Suppliers are allowed to change the place of supply in GSTR 1 within the prescribed time limit. If this change renders ITC ineligible, the recipient must reverse the ITC in Table 4(B)(1)</li> </ul>

# Question



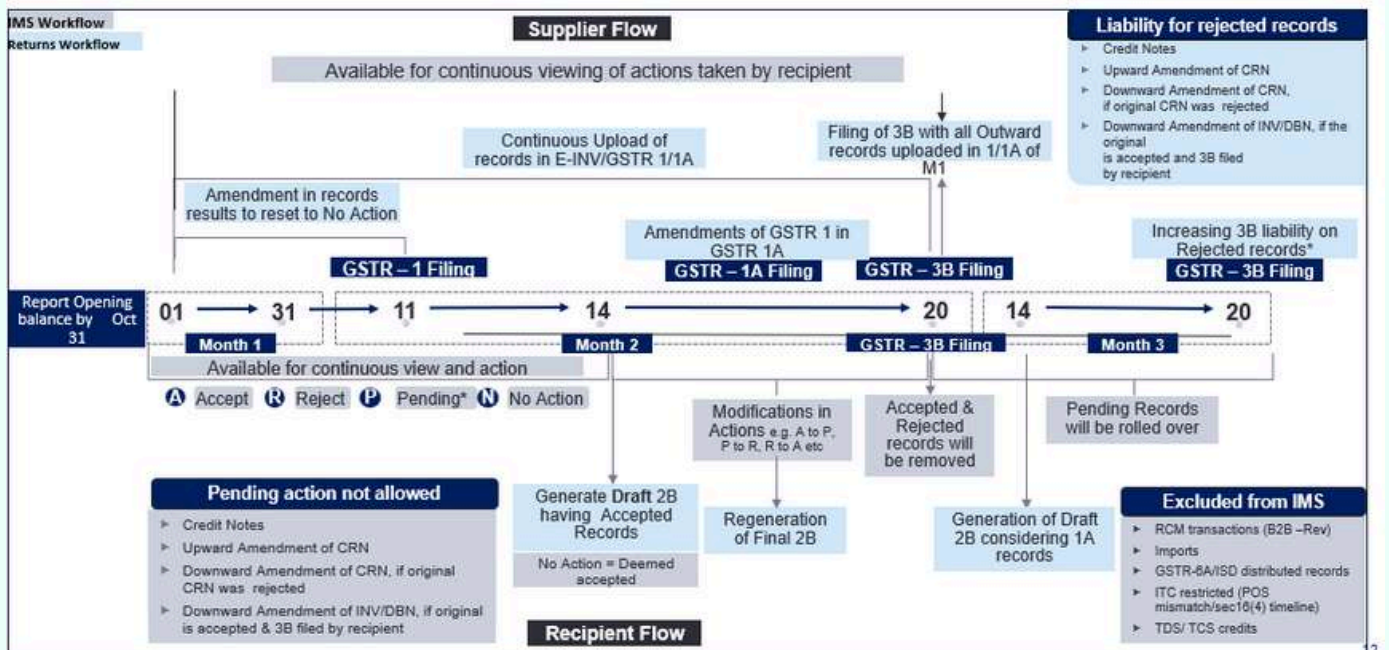


In case supplier has amended any invoice filed in GSTR-1 through GSTR-1A then: -

1. Flow of Data in IMS
2. Flow of Data in GSTR-2B



## Key GST Updates- Invoice Management System - Flow Chart





## Hard Locking of Auto-Populated Values in Form GSTR-3B

### Key GST Updates- Hard Locking of Auto-Populated Values in Form GSTR-3B

The Goods and Services Tax Network (GSTN) has issued an advisory on the hard-locking of auto-populated values in Form GSTR-3B.

Key Highlight	Details
Pre-Filled GSTR-3B Form	<ul style="list-style-type: none"><li>• GSTN provides a pre-filled GSTR-3B form with auto-populated tax liability from GSTR-1/1A/Invoice Furnishing Facility (IFF) and Input Tax Credit (ITC) from GSTR-2B.</li><li>• A detailed PDF report accompanies the pre-filled form.</li></ul>
Amendments to Outward Supplies	<ul style="list-style-type: none"><li>• Taxpayers can amend incorrect outward supplies in GSTR-1/IFF through GSTR-1A before filing GSTR-3B.</li><li>• Manage inward supplies for accurate ITC claims using the Invoice Management System (IMS).</li></ul>
Restriction on Changes	<ul style="list-style-type: none"><li>• Starting tentatively from January 2025, the GST Portal will restrict changes in auto-populated tax liability in pre-filled GSTR-3B to improve accuracy.</li><li>• Necessary changes should be made through GSTR-1A.</li></ul>



## Other Key Updates and Compliance Measures

### Key GST Updates and Compliance Measures

Sno.	Particulars	Remarks
1	<b>GSTR-2B Generation Linked to Previous GSTR-3B Filing</b>	<b>Requirement:</b> GSTR-2B will not be generated if the previous period's GSTR-3B return is not filed. <b>Impact:</b> High - Ensures sequential filing, mandates settling previous tax liabilities before claiming ITC for the current month, and enhances tax compliance discipline.
2	<b>RCM Liability and ITC Statement</b>	<b>Introduction:</b> New statement to track liabilities and ITC related to reverse charge transactions. <b>Benefits:</b> Medium - Reduces manual reconciliations, improves accuracy, and is beneficial for businesses involved in RCM transactions like importers and service recipients.
3	<b>Time Limit for Self-Invoicing under RCM</b>	<b>Rule 47A:</b> Requires businesses to issue self-invoices within 30 days of receiving goods/services from unregistered suppliers, effective November 1, 2024. <b>Impact:</b> High - Ensures timely compliance, accurate tax reporting, and seamless ITC claims. Non-compliance may result in penalties and loss of ITC eligibility.
4	<b>New E-Commerce Reporting in GSTR-1 and GSTR-3B</b>	<b>Disclosure:</b> Mandatory reporting of e-commerce transactions in new Tables 14 and 15 of GSTR-1 and separate reporting under Section 9(5) in GSTR-3B. <b>Impact:</b> Medium - Improves tax authorities' oversight, aids in plugging revenue leakages, but increases reporting complexity for e-commerce platforms and sellers.

## Key GST Updates and Compliance Measures

Sno.	Particulars	Remarks
5	<b>Lower Threshold for B2C Large Transactions</b>	<p><b>Threshold Reduction:</b> From ₹2.5 Lakh to ₹1 Lakh.</p> <p><b>Requirement:</b> More granular transaction details in Table 5 of Form GSTR-1 and Table 6 of GSTR-5.</p> <p><b>Impact:</b> Medium - Enhances tracking of high-value retail transactions, ensuring better compliance, but increases compliance burdens for businesses.</p>
6	<b>GSTR-9 Updates</b>	<p><b>Annual Return:</b> Updates related to e-commerce transactions with new fields in Tables 4 and 5, and Table 8A calculations aligned with GSTR-2B data.</p> <p><b>Benefits:</b> Low - Enhances accuracy of ITC reporting and reconciliation, minimizes mismatches, but requires better record-keeping.</p>
7	<b>More Validations in E-Way Bill</b>	<p><b>Stricter Validations:</b> Integration with Indian Railways FOIS for accurate entry of Railway Receipt (RR) numbers/eT-RRs.</p> <p><b>HSN Code Requirement:</b> From February 1, 2024, mandatory 6-digit HSN code for B2B and export transactions (AATO above ₹5 crore) and 4-digit HSN code (AATO below ₹5 crore).</p> <p><b>Impact:</b> Low - Businesses need to update systems and processes to ensure compliance.</p>
8	<b>Introduction of Form DRC-03A</b>	<p><b>Simplification:</b> Introduced on July 10, 2024, via GST Notification No. 12/2024.</p> <p><b>Impact:</b> Low - Ensures accurate allocation of voluntary payments against corresponding tax demands, eliminating risk of misallocated payments and discrepancies in tax records.</p>

## Other Key Updates during the Year



## Key GST Updates

Sno.	Particulars	Remarks
1	<b>Waiver of Interest and Penalties</b>	Section 128A of the CGST Act, 2017 provides a conditional waiver of interest or penalties for demands raised under Section 73 for FY 2017-18 to FY 2019-20, if the full tax amount is paid by 31.03.2025.
2	<b>Common Limitation period for issuing demand notices and Orders</b>	Section 74A of the CGST Act, 2017 provide a common time limit for issuance of demand notices and orders, irrespective of cases involving fraud or wilful misstatement or not.
3	<b>Pre-Deposit for Appeals</b>	Amendments in Sections 107 and 112 of the CGST Act reduce the pre-deposit amounts required for filing appeals. The maximum amount for filing an appeal with the appellate authority has been reduced from Rs. 25 crores CGST SGST to Rs. 20 crores CGST SGST. For the Appellate Tribunal, the pre-deposit has been reduced from 20% with a maximum of Rs. 50 crores CGST and SGST to 10% with a maximum of Rs. 20 crores CGST SGST.
4	<b>Relaxation of Input Tax Credit Time Limit</b>	Amendments in Section 16(4) of the CGST Act relax the time limit for availing input tax credit for FY 2017-18 to FY 2020-21. Taxpayers can avail input tax credit through any GSTR 3B return filed up to 30.11.2021.
5	<b>Summons</b>	Section 70 of the CGST Act Specifies the power of the Proper Officer to Summon any person. Sub-Section (1A) is inserted to state that the person summoned may appear either in person or through Authorized Representative, as the proper officer may direct, in compliance with the summon.

## Key GST Updates

Sno.	Particulars	Remarks
6	<b>Interest on Delayed Returns</b>	Amendment in Rule 88B of CGST Rules, 2017 reduces the interest burden on taxpayers for delayed filing of returns if the credit is available in the Electronic Cash Ledger on the due date.
7	<b>Power to Government to waive taxes on account of General Trade Practices</b>	Section 11A empowers the GST Council to regularize non-levy or short levy of GST, where tax was being short paid or not paid due to generally prevalent trade practice.
8	<b>Reduction in TCS Rate</b>	Notifications No. 15/2024-Central Tax, No. 01/2024-Union Territory Tax, and No. 01/2024-Integrated Tax reduce the TCS rate for supplies made through Electronic Commerce Operators (ECOs) from 1% to 0.5%.
9	<b>Reduction in Government Litigation</b>	Circular No. 207/01/2024-GST sets monetary limits for filing appeals in GST by the department before the GST Appellate Tribunal, High Court, and Supreme Court to reduce government litigation.
10	<b>Extended Due Date for GSTR-4</b>	Amendments in Rule 62 of CGST Rules, 2017 extend the due date for filing GSTR-4 for composition taxpayers from 30th April to 30th June, starting from FY 2024-25.



1. Levy of interest in case sufficient balance is maintained in ECL but GST liability reported in GSTR-1 in next month
2. Monetary Limit for Department to file appeal before GSTAT



## Amnesty Scheme Section 128A





## Key GST Updates- Amnesty Scheme

The CGST Rules, 2017, have been amended effective from November 1, 2024, with the introduction of Rule 164, which outlines the procedure and conditions for closing proceedings under Section 128A.

Section	Details
Application Process	<ul style="list-style-type: none"> <li>Eligible persons can file applications electronically using Form GST SPL-01 or SPL-02 on the common portal, depending on whether the application is in respect of a notice/statement or an order.</li> <li>Payments towards the demanded tax must be made through the electronic liability register.</li> </ul>
Specific Conditions	<ul style="list-style-type: none"> <li>Applications can only be filed after full payment of the demanded tax.</li> <li>There are specific timelines for filing applications and making payments.</li> <li>Applications must be accompanied by documents evidencing the withdrawal of any appeals or writ petitions.</li> </ul>
Proper Officer's Role	<ul style="list-style-type: none"> <li>The proper officer will review the applications and issue notices if the application is liable to be rejected.</li> <li>Applicants can respond to such notices.</li> <li>If the proper officer is satisfied, an order will be issued to conclude the proceedings.</li> </ul>
Forms and Documentation	<ul style="list-style-type: none"> <li>Several forms are prescribed for different stages of the application process, including GST SPL-01, SPL-02, SPL-03, SPL-04, SPL-05, SPL-06, SPL-07, and SPL-08.</li> </ul>
Advisory from GSTN	<ul style="list-style-type: none"> <li>GSTN has issued an advisory for the waiver scheme under Section 128A, advising taxpayers to pay the demanded tax by March 31, 2025, to benefit from the waiver.</li> </ul>

## Key GST Updates- Amnesty Scheme

Sno.	Step	Description	Forms	Timelines
1	Filing the Application	<ul style="list-style-type: none"> <li>For notices/statements u/s 128A(1)(a): Form GST SPL-01</li> <li>For orders u/s 128A(1)(b) or(c): Form GST SPL-02</li> <li>Applications filed electronically on the common portal</li> </ul>	<ul style="list-style-type: none"> <li>GST SPL-01</li> <li>GST SPL-02</li> </ul>	<ul style="list-style-type: none"> <li>Within three months from the specified date (from March 31, 2025) or</li> <li>Six months in case of redetermination</li> </ul>
2	Payment of Tax	<ul style="list-style-type: none"> <li>Payments made through the electronic liability register</li> <li>If paid via Form GST DRC-03, file Form GST DRC-03A before Form GST SPL-02</li> </ul>	<ul style="list-style-type: none"> <li>GST DRC-03</li> <li>GST DRC-03A</li> </ul>	<ul style="list-style-type: none"> <li>Before filing Form GST SPL-02</li> </ul>
3	Review by Proper Officer	<ul style="list-style-type: none"> <li>Proper officer reviews and may issue notice (Form GST SPL-03) if liable to be rejected</li> <li>Applicant replies within one month (Form GST SPL-04)</li> <li>Satisfied officer issues order (Form GST SPL-05) to conclude proceedings</li> </ul>	<ul style="list-style-type: none"> <li>GST SPL-03,</li> <li>GST SPL-04,</li> <li>GST SPL-05</li> </ul>	<ul style="list-style-type: none"> <li>Notice: Within three months of application</li> <li>Reply: Within one month of notice</li> <li>Order: within three months of reply or four months if no reply</li> </ul>
4	Rejection and Appeals	<ul style="list-style-type: none"> <li>Rejection order issued (Form GST SPL-07) if not satisfied</li> <li>Appeals may lead to order (Form GST SPL-06) or restoration of original appeal</li> </ul>	<ul style="list-style-type: none"> <li>GST SPL-06,</li> <li>GST SPL-07</li> </ul>	<ul style="list-style-type: none"> <li>Appeal: Within the time period specified in Section 107(1)</li> </ul>
5	Additional Payments	<ul style="list-style-type: none"> <li>Pay additional tax liability within specified time to avoid voiding waiver</li> <li>Pay interest/penalty for erroneous refunds or other periods within three months</li> </ul>	<ul style="list-style-type: none"> <li>GST SPL-05,</li> <li>GST SPL-06</li> </ul>	<ul style="list-style-type: none"> <li>Within three months of the order</li> </ul>

## New Section 74A - Finance (No. 2) Bill, 2024

### Key GST Updates- Section 74A

Aspect	Section 73	Section 74	Section 74A
<b>Issuance of Show Cause Notice</b>	3 months prior to issuance of Order	6 months prior to issuance of Order	Within 42 months from the due date for furnishing annual return or erroneous refund
<b>Time Limit for Passing Orders</b>	Within 3 years from the due date of furnishing return or erroneous refund	Within 5 years from the due date of furnishing return or erroneous refund	Within 12 months from the issuance of show cause notice, extendable by 6 months
<b>Threshold Limit</b>	None	None	₹1,000
<b>Penalty for Non-Fraud Cases</b>	10% of tax due or ₹10,000, whichever is higher	10% of tax due or ₹10,000, whichever is higher	10% of tax due or ₹10,000, whichever is higher
<b>Penalty for Fraud Cases</b>	100% of tax due	100% of tax due	100% of tax due
<b>Deemed Closure of Notice</b>	No penalty if tax and interest paid within 30 days of notice	50% of tax penalty if paid within 30 days of order	If tax and interest paid within 60 days of notice Non-fraud cases - No penalty Fraud cases - 25% of Penalty
<b>Further Notice</b>	Issued if amount paid falls short	Issued if amount paid falls short	Issued if amount paid falls short





1. In case of erroneous refund for the tax period January 2024 is granted in July 2024, whether the provisions of Section 73/74 will apply or will it be covered under new section 74A



## Recommendations of the 55th Meeting of the GST Council & Relevant Circulars





## Summary of Recommendations

GST Law, Compliances, and Procedures	
Proposal/Update	Details
Invoice Management System (IMS)	Legal framework for IMS functionality introduced on October 1, 2024. Changes proposed for FORM GSTR-2B generation and ITC availment.
Input Tax Credit (ITC) Adjustments	Specific reversal of ITC by the recipient to reduce supplier's output tax liability. New Rule 67B for adjusting supplier's output tax liability against credit notes.
GSTR-3B Filing Restrictions	Restrict filing of GSTR-3B until FORM GSTR-2B is generated for the concerned tax period.
Retrospective Amendment	Amendment to Section 17(5)(d) of CGST Act to replace "plant or machinery" with "plant and machinery."
Inter-State RCM Transactions	Inclusion of inter-state RCM transactions under the ISD mechanism from April 2025.
Pre-Deposit for Appeals	Reduction of pre-deposit to 10% for appeals involving only penalty demands.
Trade Facilitation Measures	
Proposal/Update	Details
Exclusion from 'Supply'	<ul style="list-style-type: none"> <li>Exclusion of goods warehoused in SEZ/FTWZ before clearance for exports or DTA from 'supply.'</li> </ul>
Taxability of Vouchers	<ul style="list-style-type: none"> <li>Clarifications and amendments regarding the taxability and treatment of vouchers. (Neither Supply of Goods nor Supply of Services)</li> </ul>

## Summary of Recommendations

Rate Rationalization	
Proposal/Update	Details
Sponsorship Services	<ul style="list-style-type: none"> <li>Taxable under forward charge mechanism.</li> </ul>
GST Rates for Goods	<ul style="list-style-type: none"> <li>Reduced GST rate of 0.1% for supplies to merchant exporters extended to GST Compensation Cess.</li> </ul>
Other Recommendations	
Proposal/Update	Details
Trade Facilitation	<ul style="list-style-type: none"> <li>Relaxation from ITC reversal for ECOs under Section 9(5) of CGST Act.</li> <li>ITC available at the time of delivery of goods to the transporter/recipient.</li> </ul>
Late Fee Waiver	<ul style="list-style-type: none"> <li>Waiver of late fee for delay in filing Form GSTR-9C, which is in excess of amount of late fee for filing of GSTR-9 for FY 2017-18 to FY 2022-23 if filed by March 31, 2025.</li> </ul>
GST on Used Vehicles	<ul style="list-style-type: none"> <li>Increase in GST from 12% to 18% on the sale of old and used vehicles, including EVs.</li> </ul>
Exemptions	<ul style="list-style-type: none"> <li>RBI-regulated Payment Aggregators exempt from GST as 'acquiring banks.'</li> </ul>
IGST Settlement	<ul style="list-style-type: none"> <li>Approval of recommendations for IGST settlement issues.</li> </ul>
GSTAT Procedural Rules	<ul style="list-style-type: none"> <li>Noting of procedural rules for GST Appellate Tribunal (GSTAT).</li> </ul>





## Summary of Circulars

Sl. No.	Circular No.	Issue	Clarification
1	240/34/202 4-GST	ECO's ITC Reversal	<ul style="list-style-type: none"><li>• ECO not required to reverse proportionate ITC for supplies under section 9(5).</li><li>• Full tax liability for supplies under section 9(5) to be paid through electronic cash ledger.</li><li>• ITC can be used for tax liability on own account services, not for section 9(5) liabilities.</li></ul>
2	241/35/202 4-GST	ITC under Ex-Works Contracts	<ul style="list-style-type: none"><li>• Goods deemed received by recipient when handed to transporter at supplier's factory gate.</li><li>• ITC can be availed at this point, subject to conditions under Sections 16 and 17.</li><li>• No ITC if goods diverted for non-business purposes.</li></ul>
3	242/36/202 4-GST	Place of Supply for Online Services	<ul style="list-style-type: none"><li>• Suppliers must record recipient's state name on tax invoice for online services to unregistered persons.</li><li>• Recipient's state name determines place of supply.</li><li>• Incorrect invoices may result in penal action.</li></ul>
4	243/37/202 4-GST	GST Treatment of Vouchers	<ul style="list-style-type: none"><li>• Vouchers as pre-paid instruments or actionable claims are not supply of goods/services.</li><li>• No GST on pure trading of vouchers.</li><li>• GST on commission/fee for voucher distribution.</li><li>• Additional services related to vouchers subject to GST.</li><li>• Unredeemed vouchers (breakage) not taxable.</li></ul>

## **STARTUP ECOSYSTEM AND COMPLIANCES**



**CA. Ramesh R**

### **Start up Eco System**

- **Start up Ecosystem – Bird’s eye view**
- **Valuation of Strat ups – Methods**
- **Funding of Start up**
- **Regulatory Environment and compliance**
- **Q & A**



## Start up Eco System – Bird’s eye view

### Journey of Start up

#### Why

- Large young population
- Tech Savy Individuals
- Growing population class with disposable income
- Employee seekers to Employment providers

#### Start up India

- Launched on 16<sup>th</sup> Jan 2016
- Supports entrepreneurs
- Builds a strong startup ecosystem
- Promotes innovation
- Creates jobs
- Improves the ease of doing business
- Provides funding support and incentives
- Fosters industry-academia partnership

#### Benefits

- India has become the third-largest startup ecosystem in the world (next to US and China)
- Startups are empowered to grow through innovation and design
- Startups can access funding and handholding support

#### Delta

- SME vs Entrepreneurs
- Product Market fit
- Funds utilization

### What is Start up (DPIIT – Department for Promotion of Industry and Internal Trade)

A Startup should be incorporated as a private limited company or registered as a partnership firm or a limited liability

An entity shall be considered as a startup up to 10 years from the date of its incorporation

Turnover should be less than INR 100 Crores in any of the previous financial years

The Startup should be working towards innovation/ improvement of existing products, services and processes and should have the potential to generate employment/ create wealth.

An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Startup"

#### Stages

- Idea Stage: The initial stage where the startup is still developing its idea.
- Prototype Stage: The stage where the startup has developed a prototype or a minimum viable product (MVP).
- Pilot Stage: The stage where the startup is testing its product or service in a small market.
- Scaling Stage: The stage where the startup is expanding its operations and customer base.

## What do you need to get start up

Incorporation/Registration certificate	
Director Details	
PAN	
Patent and Trade mark (optional)	

A proof of concept (website link/video/pitch deck) for startups in Validation stage. For Early Traction and Scaling stage, it is necessary to provide a video or pitch deck in addition to a company website. Ideation stage startups are not mandated to submit a proof of concept.

## Start up Ecosystem

### Start up

### Incubators

### Funding

### Valuation

Start up Events - Networking

Ideation Stage

Mentorship for Founders

DPIIT Registration and Incorporation

Boot Strapping – Self Funding (Pre Revenue)

PMF (Product Market Fit) – GTM (Go to Market Strategy)

External Funding (Early Revenue) – Venture Capital, Angel Investors, HNI

Methods of Valuation

Listing - IPO and Overseas

Synergies with Other start ups for Mergers



## Start up framework

### Media

- PR
- Digital Media

### Technology

- Development
- Cloud Infrastructure
- Cyber Security

### Legal

- MOU
- Trade marks & Patens

### Talent

- Recruitment
- Outsourcing

### Accounting

- Virtual CFO – End to End
- Audit and Taxation
- Financial Modelling
- Productivity Enhancement

### Start up Ecosystem – Bird’s eye view

As of December 2024 - 157,066 recognized start ups across 779 districts across India

Capital Invested \$ 12 Billion in 2024 with an incremental raise of 20% as compared to 2023

Indian Unicorns(\$ 1 Billion and above) > 117  
Top 5 -Zepto, Ola Electric, BYJU's, Paytm, and Udaan.

Survival Rate – 20% > 5 years, 8% > 10 years

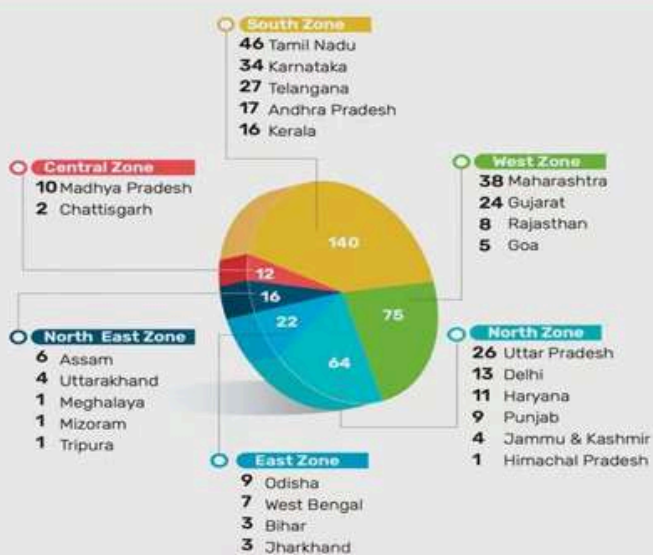
> 50% Start Ups in Tier 2 & Tier 3 Cities

Key Cities – Bengaluru, Delhi NCR, Hyderabad, Mumbai, Ahmedabad, Pune

### Start up incubators

## Startup Incubators In India

### Geographic Spread



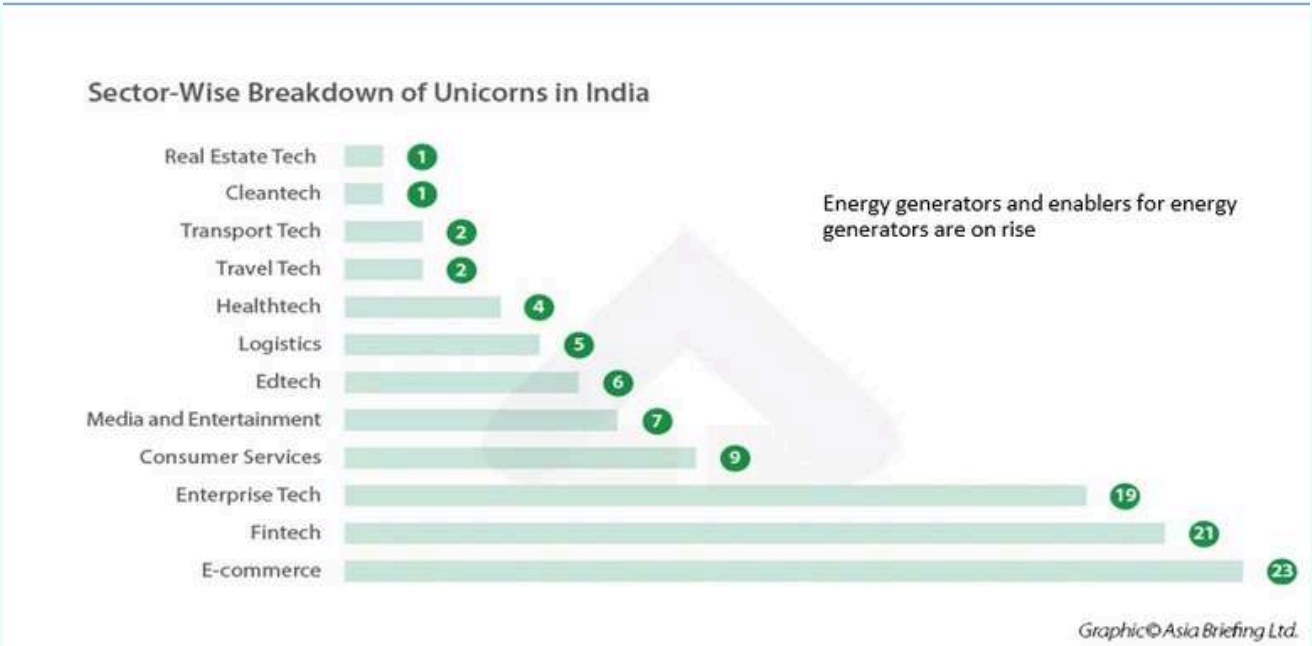
- Concentrated in Western and Southern Zone
- > 70% of Incubators in non-metro Cities

Source: Shifting Orbits: Decoding the Trajectory of the Indian Start-up Ecosystem

Bloomberg | Quint



## Sector wise spread



## Valuation and Funding

### Types of valuation

- Discounted Cash Flow Method
- Venture Capital Method (Risk Adjusted Return)
- BERKUS METHOD (Scorecard Approach)
- First Chicago Method
- Others
- Cost to Duplicate Method
- Valuation by Stage
- Book Value Method
- Comparable Method

### **Discounted Cash Flow Method**

- Projected Cash flows of the Company over years
  - Assume the growth rate at X% moderated over years
  - Terminal Value of Cash flows when Growth Moderates
  - Arrive at Current Value by discounting Cumulative Cash flows using WACC
  - WACC (Weighted Average Cost of Capital)
  - $WACC = ((E/V * Re) + (D/V * Rd)) * (1 - Tc)$
  - E = Market Value of Firm's Equity
  - D = Market Value of Debt
  - $V = E + D$
  - $Re$  = Cost of Equity
  - $Rd$  = Cost of Debt
- $Tc$  = Corporate Tax Rate

### **Venture Capital Method (Risk Adjusted Return)**

- Estimated PAT (Profit after Tax) of Company projected at the end of a specific year (Ex: 10 years)
- Determine PE (Price to Earning Multiple) at the end of the Period
- Arrive at Terminal Value (Exit Value) of Company at the given period
- $Exit Value = PAT * PE \text{ Multiple}$
- Arrive at Current Value) of Company by discounting Terminal at Anticipated ROI
- $Post \text{ Money Valuation} = Terminal \text{ Value} / Anticipated \text{ ROI (or)}$
- $Value = Exit \text{ Value} / (1 + Discount \text{ Rate})^n$



## **Berkus Method**

Key Criteria to be evaluated for every Start up and Weights to be assigned on

- Soundness of Idea (Basic Value)
- Prototype (Reduce Technology Risk)
- Quality Management Team ( Reduce Execution Risk)
- Strategic Relationship ( Reduce Market Risk)
- Product Rollout or Sales (Reduce Production Risk)

## Applicability

- Not in the Indian Context as it tends to Overvalue
- Indian market needs to mature further
- Need to segregate start ups as
  - Idea Stage
  - Pre Revenue
  - Early Revenue



## **First Chicago Method**

- Combines the best of Multiple based Valuation and DCF (Discounted Cash Flows)
- Defines Future Scenarios as
  - Best
  - Base
  - Worst
- Assign Multiples and Discounts to each of these scenarios
- Arrive at a Terminal Value based on each of these scenarios
- Cash flows and Exit price are then discounted using each of the scenarios
- Apply probability to each of the scenarios and assign weights
- Valuation is based on the Weighted sum of the scenarios put together

## **Other Methods**

- Cost Duplicate Method – Cost it will take to duplicate the business somewhere else
- Valuation By Stage Method – Valuation every stage of Development from Ideation to GTM
- Book Value Method – As the name suggests without considering Growth or Revenue
- Comparable Method – Valuation extrapolated for a similar successful start up based a particular factor like ex: No. of Users, No. of hits etc.





## Funding

### Bootstrapping

Self funding of the start up till it becomes profitable and Proof of concept is established

### Crowd funding

Raising small amounts from large investors mostly online through the internet

### Angel Investors

Mostly comprises of HNI's or successful entrepreneurs with surplus cash to fund new ventures , also offering mentorship or advice for the startup to succeed

### Venture Capital

Professionally managed funds investing mostly in Equity and exiting with an IPO

### Incubators and Accelerators

Early stage business funding to nurture and grow and later scale up successfully

## Regulatory and Compliance

## Funding

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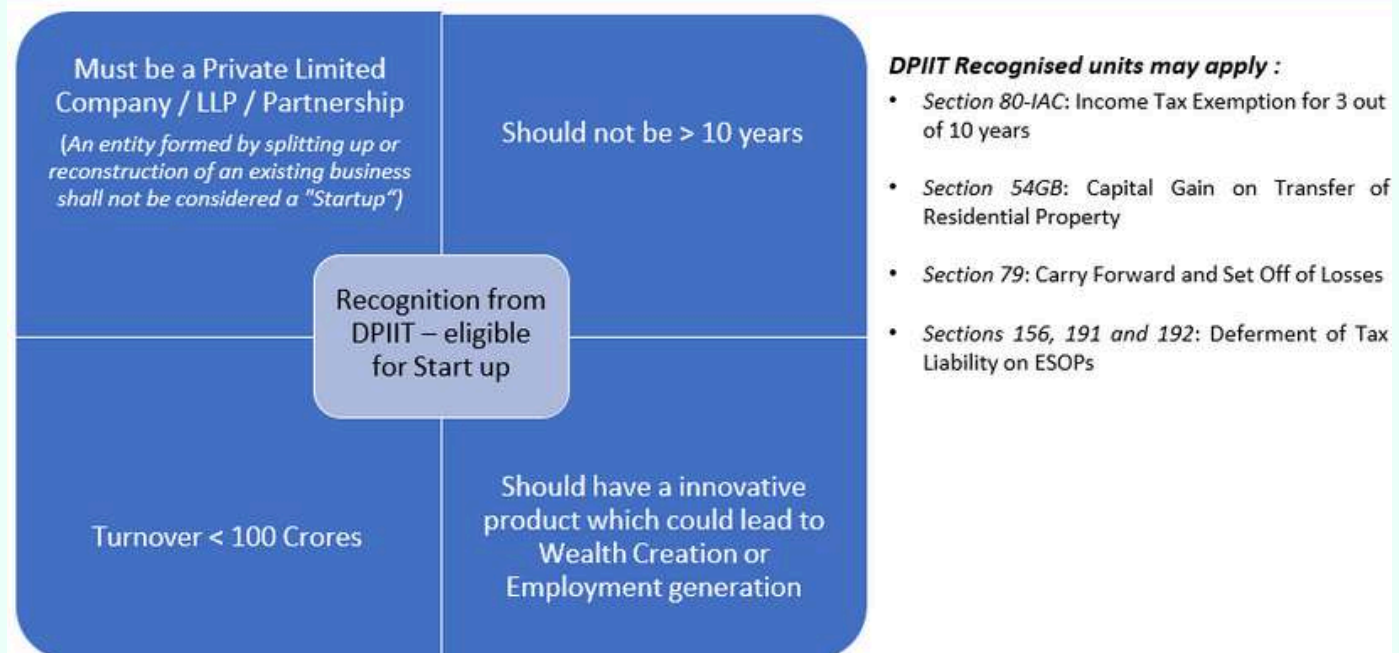
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### Incubators and Accelerators

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## Regulatory and Compliance

### Eligibility criteria for Start up



### Start up India Recognition - Benefits

<p><b>Intellectual Property Rights</b></p> <ul style="list-style-type: none"> <li>• Fast Tracking of Patent applications</li> <li>• Panel of Facilitators available on general advisory on different IPRs any technical guidance</li> <li>• Central Government bears the cost of Facilitators irrespective of the count of Patents</li> <li>• Only statutory fees to be paid by Start up</li> </ul>	<p><b>Relaxation in Public procurement norms</b></p> <ul style="list-style-type: none"> <li>• Gets enrolled as Sellers in GeM</li> <li>• Exemption on : (1) Prior Turnover (2) Prior Experience (3) Earnest Money Deposit</li> <li>• Preferred bidders in Central Public Procurement Portal</li> </ul>	<p><b>Self-Certification Under Labour &amp; Environment Laws</b></p> <ul style="list-style-type: none"> <li>• Reduce the compliance cost the units and focus on their core business, are allowed to do self certification</li> <li>• 9 Labour Laws/ 3 Environment Laws – 3-5 years from the date of incorporation</li> </ul>
<p><b>Faster Exit for Start ups</b></p> <ul style="list-style-type: none"> <li>• 90 days instead of 180 days</li> </ul>	<p><b>Tax Exemption</b></p> <ul style="list-style-type: none"> <li>• Exempted from Income Tax for a period of 3 consecutive years out of 10 years since incorporation</li> <li>• Exemption For The Purpose Of Clause (viib) Of Sub- Section (2) Of Section 56 of The Income Tax Act</li> <li>• Relief to Startups in Carrying forward &amp; setting Off of Losses for 10 years</li> </ul>	<p><b>Fund of Funds For Startups (FFS)</b></p> <ul style="list-style-type: none"> <li>• Central government – 10000 crores as corpus with SIDBI registered venture funds who invest twice in the start ups</li> </ul>



## **Upcoming Programs**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament )

CHENGALPATTU DISTRICT BRANCH (SIRC)

**Program : Discussion on Union Budget 2025,**

**Date & Day: 4th February 2025, Tuesday**

**Venue: Flat No.302, Third Floor, No.1A, Periyalwar Street, Sundaram Colony,  
East Tambaram Chennai- 600059.**

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**Program : Certificate Course on AI for Chartered Accountants (AICA)**

**Date & Day: 7th, 8th and 9th February 2025**

**Venue: Flat No.302, Third Floor, No.1A, Periyalwar Street, Sundaram Colony,  
East Tambaram Chennai- 600059.**

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**Program : Installation Function of the Managing Committee**

**Date & Day: 17th February 2025, Monday**

**Venue: PRC Residency No - 10B, Kakkan St, West Tambaram, Tambaram,  
Chennai.**