

**GST Circulars, Notifications etc.**

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## Regularisation of GST on Co-Insurance and Reinsurance Transactions

[Circular No. 244/01/2025-GST dated 28.01.2025](#)

Based on the recommendations of the 53<sup>rd</sup> GST Council meeting and in exercise of powers under Section 168(1) of the CGST Act, 2017, the following clarification is issued:

- **Inclusion in Schedule III:** The following transactions are now treated as neither a supply of goods nor a supply of services under Schedule III of the CGST Act, 2017:
  - a. Apportionment of co-insurance premium by the lead insurer to co-insurers in co-insurance agreements, provided the lead insurer pays GST on the full premium paid by the insured.
  - b. Services provided by an insurer to a reinsurer, where ceding/reinsurance commissions are deducted from the reinsurance premium, subject to the reinsurer paying GST on the gross premium, inclusive of the said ceding commission or the reinsurance commission.
- These changes were implemented through the Finance (No. 2) Act, 2024 and became effective from 01.11.2024 vide [Notification No. 17/2024-Central Tax, dated 27.09.2024](#).
- The payment of GST on the specified activities or transactions is regularized for the period 01.07.2017 to 31.10.2024 on an 'as is where is' basis.
- This clarification aims to streamline GST treatment for co-insurance and reinsurance activities, enhancing clarity and compliance.

## Clarifications regarding the applicability of GST on certain services

[Circular No. 245/02/2025-GST dated 28.01.2025](#)

CBIC has issued clarifications regarding the applicability of GST on specific services, along with regularisation for past periods on an 'as is where is' basis:

- **Penal Charges by Regulated Entities:** It has been clarified that no GST is payable on penal charges levied by Regulated Entities like banks and NBFCs, as per RBI instructions dated 18.08.2023, which mandate replacing penal interest with penal charges for loan term breaches. These charges are considered as penalty for breach of contract and not payment for tolerating non-compliance, aligning with the earlier clarification in [Circular No. 178/10/2022-GST dated 03.08.2022](#).
- **Payment Aggregators (PAs):** It has been clarified that GST exemption under Sl. No. 34 of [Notification No. 12/2017 dated 28.06.2017](#) applies to RBI-regulated PAs for transactions up to Rs.2,000 made through credit cards, debit cards, charge cards, or other payment card services. The exemption is applicable only to the payment settlement function, which involves the handling and transfer of funds. It does not apply to Payment Gateway (PG) services, which are limited to providing technological infrastructure for processing payments without managing the actual money flow.
- **Research & Development Services:** As per [Notification No. 08/2024-CT\(Rate\) dated 08.10.2024](#), GST is exempt on R&D services provided by government entities, research associations, universities, and institutions under Section 35 of the Income Tax Act, 1961, when funded through grants. GST payments made from 01.07.2017 to 09.10.2024 on such services are regularized on an 'as is where is' basis.
- **Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.:** It has been clarified that facility management services, including housekeeping, civil maintenance, furniture maintenance, and horticulture, provided to the MCD Headquarters are subject to GST. These services do not qualify for exemption as they are not related to functions entrusted to a Municipality under Article 243W of the Constitution of India.

- **Clarification on Delhi Development Authorities (DDA) Status as a Local Authority under GST Law:** It has been clarified that the DDA is not considered a 'local authority' under GST law. This is because DDA is not an elected self-governing body and does not manage municipal or local funds. Therefore, services provided by DDA to businesses are not subject to reverse charge mechanism (RCM).
- **Regularization of GST payment on RCM basis for renting commercial property by unregistered persons to registered composition levy taxpayers:** In the 54<sup>th</sup> GST Council meeting, it was recommended that renting of commercial properties by unregistered persons to registered persons would attract GST under the RCM from 10.10.2024, as per [Notification No. 09/2024 dated 08.10.2024](#). However, the 55<sup>th</sup> GST Council, recognising concerns from various sectors, recommended to exclude composition levy taxpayers from this RCM provision. This change was notified through [Notification No. 07/2025-CT\(Rate\) dated 16.01.2025](#). To address the intervening period (10.10.2024 to 15.01.2025), GST payments made under RCM are regularized on an 'as is where is' basis for composition levy taxpayers.
- **Exemption for Ancillary Electricity Services:** GST exemption is provided for services related to metering equipment rental, testing, and other ancillary services connected to electricity transmission and distribution, effective from 10.10.2024. This exemption has been regularised for the period 10.10.2024 to 15.01.2025.

## Clarification on applicability of late fee for delay in furnishing of FORM GSTR-9C

[Circular No. 246/03/2025-GST dated 30.01.2025](#)

- It has been clarified that late fees under Section 47 of the CGST Act 2017 apply to delays in filing the complete annual return under Section 44, which includes both FORM GSTR-9 and FORM GSTR-9C (where applicable). The late fee is calculated from the due date of filing annual return up to the date of filing the complete return.
- For Financial Years (FYs) 2017-18 to 2022-23, the late fee for the delayed filing of FORM GSTR-9C is waived if submitted by 31.03.2025, as per [Notification No. 08/2025-Central Tax dated 23.01.2025](#). CBIC has clarified that no refunds will be provided for any late fees already paid.

## Clarification on issues related to Section 128A of the CGST Act, 2017

[Circular No. 248/05/2025-GST dated 27.03.2025](#)

Pursuant to the recommendations of the 53<sup>rd</sup> and 54<sup>th</sup> GST Council meetings, Section 128A and Rule 164 were incorporated into the CGST Act, 2017, and CGST Rules, 2017, respectively, w.e.f. 01.11.2024. These provisions provide for the waiver of interest, penalty, or both concerning demands raised under Section 73 for the period 01.07.2017 to 31.03.2020.

In response to representations from trade and industry highlighting challenges in availing the benefits under Section 128A, clarifications have been issued to address key implementation issues which are as follows:

Issues	Clarifications
Are tax payments made through FORM GSTR-3B before 01.11.2024 eligible for benefits under Section 128A of the CGST Act?	<ul style="list-style-type: none"> <li>▪ Taxpayers who made payments through FORM GSTR-3B prior to 01.11.2024 are eligible to avail benefits under Section 128A, subject to verification by the proper officer.</li> <li>▪ Post 01.11.2024, payments must be made through FORM GST DRC-03 as per Rule 164 of the CGST Rules.</li> </ul>

Issues	Clarifications
Is it necessary to pay the full tax amount and withdraw appeals for the entire period when notices/orders cover both periods under Section 128A and outside it?	<ul style="list-style-type: none"> <li>For cases where notices/orders cover both periods under Section 128A and outside it, Rule 164(4) and Rule 164(7) allow taxpayers to file FORM SPL-01 or FORM SPL-02 after paying tax for the Section 128A period.</li> <li>The taxpayer must inform the Appellate Authority of their intent to avail the benefit for FY 2017-18 to 2019-20 and not pursue the appeal for that period.</li> <li>The Appellate Authority will then decide on the remaining period as deemed appropriate.</li> </ul>

## Notifications

### Waiver of late fees for the delayed filing of FORM GSTR-9C

[Notification No. 08/2025 - Central Tax dated 23.01.2025](#)

- CBIC has notified a waiver of excess late fees for the delayed filing of GSTR-9C for the FYs 2017-18 to 2022-23, provided the GSTR-9C is filed on or before 31.03.2025.
- Waiver applies to late fees exceeding the amount payable under Section 47 of the CGST Act, 2017.
- No waiver for late filing of GSTR-9 itself.
- No refund of late fees already paid.

### Effective Date of Amendments to CGST Rules, 2024

[Notification No. 09/2025 - Central Tax dated 11.02.2025](#)

The CBIC has notified amendments to the CGST Rules, 2024 under [Notification No. 12/2024-Central Tax dated 10.07.2024](#), effective from 11.02.2025 and 01.04.2025, aimed at enhancing GST compliance efficiency and clarity.

Rule	Amendment	Key Provisions	Effective Date
Rule 2	Aadhaar Authentication	Proviso to Rule 8(4A) for Aadhaar authentication. Applicants opting out must visit a Facilitation Centre for verification.	11.02.2025
Rule 24	E-way Bill for Unregistered Persons	Introduction of FORM GST ENR-03 for unregistered persons to generate e-way bills with a Unique Enrolment Number.	11.02.2025
Rule 27	New Form Introduction	Introduction of FORM GST ENR-03 for unregistered persons to facilitate e-way bill generation.	11.02.2025
Rule 32	Changes in GSTR-3B	Substitution of Table 6.1 and omission of Table 6.2 to streamline reporting of outward supplies and Input Tax Credit.	11.02.2025
Rule 8	Input Service Distributor (ISD) Amendments	Amendment to Rule 39, restricting ITC distribution to the available credit and introducing sub-rule (1A) for RCM credit distribution within the same PAN and State code.	01.04.2025

Rule	Amendment	Key Provisions	Effective Date
Rule 37	Amendments to GSTR-7	Revised format of Tables 3 and 4 to enhance the reporting of Tax Deducted at Source (TDS).	01.04.2025
Rule 38(ii)	Amendments to GSTR-8	Changes to Tables 3 and 4 for improved reporting of Tax Collected at Source (TCS).	01.04.2025

## Amendment to Rule 164 of CGST Rules, 2017 w.e.f. 27.03.2025

[Notification No. 11/2025 - Central Tax dated 27.03.2025](#)

- The CBIC has amended Rules 164(4) and 164(7) of the CGST Rules, 2017, w.e.f. 27.03.2025, to clarify the procedure and conditions for availing the Amnesty Scheme under Section 128A of the CGST Act, 2017.
- No refund shall be available for tax, interest, or penalty already paid before 27.03.2025 for periods covered and not covered under the Amnesty Scheme.
- The key features of the amendments are as follows:

Elements	Previous Provision	Amended Provision (Effective from 27.03.2025)
<b>Applicability</b>	Taxpayers were required to pay the full tax amount, including interest and penalties, for the entire period specified in the notice/order.	The amendment provides relief to taxpayers in cases where a notice or order covers both periods eligible under Section 128A (01.07.2017 – 31.03.2020) and periods not eligible (e.g., FY 2020-21 onwards), allowing them to apply under the scheme after paying only the demand for the eligible period.
<b>Scope of Disputes</b>	No distinction between the Amnesty Scheme period and the subsequent period, requiring resolution of both simultaneously.	Taxpayers may contest disputes related to the subsequent period(s) separately with the Appellate Authority or GST Appellate Tribunal (GSTAT).
<b>Appeal Process</b>	To avail the Amnesty Scheme, taxpayers were obligated to withdraw the entire appeal covering both amnesty and non-amnesty periods.	Taxpayers are required to notify the Appellate Authority/GSTAT that they do not wish to pursue the appeal for the amnesty period and continue the appeal for non-amnesty period.
<b>Appellate Authority/GSTAT's Role</b>	No specific provisions were in place for partial withdrawal of appeals.	The Appellate Authority/GSTAT will issue an order for the subsequent period(s) i.e. period not covered under amnesty, treating the appeal as withdrawn for the amnesty period.

## Instructions

Information received from Ministry of Civil Aviation (MoCA) with respect to Gazette notification No. 08/2024 - Integrated Tax (Rate) dated 08.10.2024 notified by Department of Revenue

[F. No. 190341/12/2025-TRU dated 31.01.2025](#)

- The Department of Revenue has circulated an Office Memorandum (**OM**) dated 20.01.2025 from the MoCA concerning [Notification No. 08/2024 - Integrated Tax \(Rate\) dated 08.10.2024](#). This notification, based on the



recommendations from the 54<sup>th</sup> GST Council meeting, provides an exemption for the import of services by foreign airline establishments from related entities outside India (when made without consideration), subject to the following conditions:

- a. **GST Compliance:** The Indian establishment of the foreign airline must discharge applicable GST on the transport of goods and passengers.
  - b. **Designation Certification:** MoCA must certify that the establishment is a designated airline under a bilateral air services agreement with India.
  - c. **Reciprocal Tax Exemption:** MoCA must certify that designated Indian airlines are not subject to equivalent taxes by the foreign government for the same services.
- MoCA has furnished a list of designated foreign airlines operating in India for the winter 2024-25 schedule (Annexure I) and shared feedback from Indian carriers, including Air India, IndiGo, and Akasa Air, regarding the third condition (Annexure II).
  - The OM and its annexures have been uploaded to the CBIC website for the guidance of field formations.

## Procedure to be followed in department appeal filed against interest and/or penalty only, related to Section 128A of the CGST Act, 2017

[Instruction No. 02/2025-GST dated 07.02.2025](#)

- Section 128A of the CGST Act, 2017, read with Rule 164 of the CGST Rules, provides waiver of interest or penalty or both, relating to demands under Section 73 of the CGST Act for FYs 2017-18, 2018-19 and 2019-20, subject to certain conditions.
- Further vide [Circular No. 238/32/2024-GST dated 15.10.2024](#), various doubts related to Section 128A were clarified. It is clarified that cases where the tax due has already been paid and the notice or demand orders under Section 73 pertain to only interest and/or penalty shall be considered for availing the benefit of Section 128A.
- Further, it is clarified that just because the department has gone in appeal or is in the process of filing an appeal, a taxpayer who is otherwise eligible for availing the benefit of Section 128A should not be denied the benefits.
- If the taxpayer has fully paid the tax and the appeal is solely due to incorrect interest or penalty issues under the CGST/IGST Act, the proper officer may withdraw the appeal or accept it if under review, provided other conditions of Section 128A are met.

## Amnesty Scheme by Maharashtra Government

### Maharashtra Settlement of Arrears of Tax, Interest, Penalty, or Late Fee (Payable by Public Sector Undertaking Companies) Act, 2025 - Key Highlights

Heading	Particulars
<b>Objective</b>	To facilitate the settlement of outstanding indirect tax disputes involving Public Sector Undertaking Companies ( <b>PSUs</b> ), thereby unblocking funds tied up in litigations.
<b>Introduced in</b>	Maharashtra State Budget 2025-26
<b>Eligibility criteria</b>	Applicable to PSUs registered under the Companies Act, 2013, with outstanding dues under pre-GST indirect tax laws.

Heading	Particulars
<b>Applicable legislation</b>	<ul style="list-style-type: none"> <li>- Central Sales Tax Act, 1956</li> <li>- Bombay Sales Tax Act, 1959</li> <li>- Maharashtra Value Added Tax Act, 2002</li> <li>- Maharashtra Entry Tax Act, 1987</li> <li>- Other relevant statutes</li> </ul>
<b>Application timeline</b>	Applications can be submitted from the commencement date of the Act until <b>31.12.2025</b> . An extension of up to 30 days may be granted upon justification of delay.
<b>Application process</b>	Separate applications required for each FY and class of arrears. A single application can cover multiple returns for the same FY.
<b>Payment terms &amp; waivers</b>	<ul style="list-style-type: none"> <li>- <u>For dues up to 31.03.2005</u>: 30% of the disputed amount payable (70% waiver)</li> <li>- <u>For dues from 01.04.2005 to 30.06.2017</u>: 50% of the disputed amount payable (50% waiver)</li> </ul>
<b>Waiver of interest &amp; penalties</b>	100% waiver on interest and penalties for specified periods. Late fees, where applicable, are also waived.
<b>Payment adjustment priority</b>	Payments will be adjusted in the following order: undisputed tax → disputed tax → interest → penalty/late fee.
<b>Refund adjustment</b>	Any unadjusted refund due to the applicant will be applied towards outstanding dues. Amnesty benefits are calculated on the net payable amount post-adjustments.
<b>Appeal requirements</b>	All pending appeals must be fully and unconditionally withdrawn to be eligible under the scheme. Appeals against settlement orders can be filed within 60 days.
<b>Rectification provisions</b>	The designated authority may rectify the settlement order within 6 months if an application is submitted within 60 days of receiving the order.
<b>Review mechanism</b>	The Commissioner has the authority to review settlement orders within 12 months of issuance.
<b>Finality of settlement orders</b>	Settlement orders are final and binding, except where fraud, misrepresentation, or concealment of material facts is discovered within two years, leading to revocation.
<b>Reinstatement post-revoke</b>	Upon revocation, all related assessments, re-assessments, corrections, revisions, and appeals will be reinstated as if the settlement order had not been issued.
<b>Non-refundable payments</b>	No refund will be granted for any payments made under the Amnesty Scheme. Payments will be treated as made under the relevant tax laws if the order is revoked.
<b>Previous amnesty schemes</b>	This scheme represents the 3 <sup>rd</sup> amnesty initiative, following those launched in 2016, 2019, 2022, and 2023, underscoring the government's continuous effort to resolve tax disputes.
<b>Strategic benefits for PSUs</b>	<ul style="list-style-type: none"> <li>- Resolution of long-standing tax disputes.</li> <li>- Enhanced liquidity through the waiver of interest, penalties, and late fees.</li> <li>- Focused resources on core business activities without litigation-related distractions.</li> </ul>

## KEY TAKE AWAYS

- The exclusion of composition levy taxpayers from RCM provisions, with retroactive regularisation, promotes ease of compliance while safeguarding the interests of small businesses under the composition scheme
- Classifying co-insurance premium apportionment and reinsurer services as neither goods nor services under Schedule III ensures GST neutrality, clarity, tax and compliance relief to the insurance industry.
- The Maharashtra Settlement of Arrears Act, 2025, offers PSUs a strategic opportunity to resolve longstanding indirect tax disputes with significant waivers on interest, penalties, and late fees, promoting financial health and reducing litigation burden.
- The GST Amnesty Scheme now offers appeal withdrawal benefit for amnesty periods in case the appeal covers both amnesty and non-amnesty periods. However, its late introduction in relation to the payment deadline defeats its very purpose as the time is short for the appellant to withdraw the appeal to take the benefit of amnesty.



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