LKS UPDATE

An e-update to clients from Lakshmikumaran & Sridharan

4 AUGUST 2023

INDIRECT TAX

GST Update on various recent developments

UPDATE NO. 32 OF 2023

Lakshmikumaran & Sridharan attorneys

exceeding expectations
SINCE 1985

THE UPDATE HAS BEEN DIVIDED INTO THE FOLLOWING PARTS:

A. **Notification of provisions of the Finance Act, 2023**
B. **Notification of provisions of the Finance Act, 2021**
C. **Notifications issued under various provisions of GST law**
D. **Circulars based on the recommendations of 50th GST Council meeting held on 11 July 2023**

A. Notification of provisions of the Finance Act, 2023

The Finance Act, 2023 (**"Finance Act"**) has received the presidential assent on 31 March 2023. It provides that various provisions including Sections 137 to 162 shall come into force on such date as the central Government may, by notification in the Official Gazette, appoint.

By virtue of Notification No. 28/2023-Central Tax dated 31 July 2023, Sections 137 to 162 (except sections 149 to 154) of the Finance Act have been notified from 1 October, 2023 whereas Sections 149 to Section 154 of the Finance Act, 2023 has been made effective from 1 August 2023. These are as follows:

1. **Amendments coming into force on 1 October 2023**
   Central Goods and Services Tax Act, 2017 (**"CGST Act"**)
   - Amendments in Section 10 of the CGST Act to extend composition levy to the suppliers making supply of goods through E-commerce operators [S-137 of Finance Act, 2023].
   - Amendments in Section 16 of the CGST Act to provide for levy of interest under Section 50 for non-payment of consideration within 180 days from the date of issuance of invoice by the supplier [S-138 of the Finance Act, 2023].
   - Amendments in Explanation to Section 17 of the CGST Act to include value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of Schedule III in the value of exempt supply [S-138 of the Finance Act, 2023].
   - Amendment in Section 17(5) by way of insertion of clause (fa) which provides that no ITC will be available on supplies used for activities / obligations under CSR [S-139 of the Finance Act, 2023].
   - Amendment of Section 23(2) of CGST Act which enables the Government to notify persons who may be exempted from taking registration notwithstanding anything to the contrary provided under Section 22 and Section 24 of the CGST Act w.e.f. 1 July 2017 [S-140 of the Finance Act, 2023].

- Amendment of Section 30 of CGST Act related to revocation of cancellation [S-141 of the Finance Act, 2023].
- Amendment by way of insertion of sub-section (5) in Section 37 of the CGST Act to provide a time limit of three years up to which the details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person [S-142 of the Finance Act, 2023].
- Amendment by way of insertion of sub-section (11) in Section 39 of the CGST Act to provide a time limit of three years up to which the return for a tax period can be furnished by a registered person [S- 143 of the Finance Act, 2023].
- Amendment by way of insertion of sub-section (2) in Section 44 of the CGST Act to provide a time limit of three years up to which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person [S-144 of the Finance Act, 2023].
- Amendment by way of insertion of sub-section (15) in Section 52 of the CGST Act to provide a time limit of three years up to which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator [S-145 of the Finance Act, 2023].
- Amendment of Section 54(6) of the CGST Act to provide for omission of the phrase 'excluding the amount of input tax credit provisionally accepted' [S-146 of the Finance Act, 2023].
- Amendment of Section 56 of the CGST Act related to interest on delayed refund [S-147 of the Finance Act, 2023].
- Amendment of Section 62 of the CGST Act to provide for extension of time limit to furnish a valid return from 30 days to 60 days from the service of assessment order [S- 148 of the Finance Act, 2023].
- Amendment by way of insertion of sub-section (1B) in Section 122 of the CGST Act to provide for levy of penalty for a set of offences committed by e-commerce operators [S-155 of the Finance Act, 2023].
- Amendment of Section 132 of the CGST Act related to decriminalization of offences [S- 156 of the Finance Act, 2023].
- Amendment of Section 138 related to compounding of offences [S- 157 of the Finance Act, 2023].
- Amendment by way of insertion of Section 158A related to consent-based sharing of information furnished by taxable person [S- 158 of the Finance Act, 2023].

Integrated Goods and Services Tax Act, 2017 (**"IGST Act"**)

- Amendment to provide retrospective operation of Paragraphs 7 and 8 and explanation 2 inserted in Schedule III covering supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home clearance to be treated neither as supply of goods nor supply of services w.e.f. 1 July 2017 [S-159 of the Finance Act, 2023].
- Amendment of Section 2(16) of the IGST Act regarding definition of 'non-taxable online recipient' [S- 160 of the Finance Act, 2023].
- Amendment by way of omission of proviso to Section 12(8) of the IGST Act which provided that the place of supply of services by way of transportation of goods destined to a place outside India shall be the place of destination of such goods [S- 161 of the Finance Act, 2023].
- Omission of Section 13(9) of the IGST Act which provided that the place of supply of services by way of transportation of goods, including by mail or courier shall be the place of destination of such goods [S- 162 of the Finance Act, 2023].

2. Amendments coming into force on 1 August 2023

CGST Act

- Amendment of Section 109 of the CGST Act related to constitution of GST Appellate Tribunal and Benches thereof [S- 149 of the Finance Act, 2023].
- Amendment of Section 110 of the CGST Act related to appointment of President and Members of Appellate Tribunal, their qualification, conditions of service, etc. [S- 150 of the Finance Act, 2023]
- Amendment of Section 114 of the CGST Act related to financial and administrative powers of the President over the Appellate Tribunal [S-151 of the Finance Act, 2023].
- Amendment of Section 117 of the CGST Act related to appeal to High Court from the order passed by state benches of the Appellate Tribunal [S- 152 of the Finance Act, 2023].
- Amendment of Section 118 of the CGST Act related to appeal to Supreme Court from the order passed by the principal bench of the Appellate Tribunal [S- 153 of the Finance Act, 2023].
- Amendment of Section 119 of the CGST Act related to payment of sum due to the Government on account of order passed by the Principal Bench of State Bench of the Appellate Tribunal.

B. NOTIFICATION OF PROVISIONS OF THE FINANCE ACT, 2021

1. Amendments in Section 16 of the IGST Act notified w.e.f. 1st October 2023

[Notification No. 27/2023-Central Tax dated 31 July 2023]

Amendments made to Section 16 of the IGST Act vide section 123 of the Finance Act 2021, have been made effective from 1 October 2023. The aforesaid amendment related to following:

a. Supply of goods and / or services to SEZ Unit or Developer for authorised operation to qualify as 'zero rated supply'.
b. The option of payment of integrated tax on zero rated supply of goods and / or services and claiming refund thereof to be exercised by notified class of persons/in respect of notified supply of goods and / or services.

2. Notification of class of goods and/or services which cannot be exported on payment of IGST

[Notification No. 01/2023-Integrated Tax dated 31 July 2023 (w.e.f. 1 October 2023)]

The Central Government in the exercise of power conferred by Section 16(4)(ii) of the IGST Act and on the recommendation of the Council, has notified that all goods and / or services can be exported on payment of integrated tax and refund of such tax can be claimed by the exported except the following goods:

S.No	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
1.	2106 90 20	Pan-masala
2	2401	Unmanufactured tobacco (without lime tube) – bearing a brand name
3.	2401	Unmanufactured tobacco (with lime tube) – bearing a brand name
4.	2401 30 00	Tobacco refuse, bearing a brand name
5.	2403 11 10	'Hookah' or 'gudaku' tobacco bearing a brand name
6.	2403 11 10	Tobacco used for smoking 'hookah' or 'chilam' commonly known as 'hookah' tobacco or 'gudaku' not bearing a brand name
7.	2403 11 90	Other water pipe smoking tobacco not bearing a brand name

8.	2403 19 10	Smoking mixtures for pipes and cigarettes
9.	2403 19 90	Other smoking tobacco bearing a brand name
10.	2403 19 90	Other smoking tobacco not bearing a brand name
11.	2403 91 00	"Homogenised" or "reconstituted" tobacco, bearing a brand name
12.	2403 99 10	Chewing tobacco (without lime tube)
13.	2403 99 10	Chewing tobacco (with lime tube)
14.	2403 99 10	Filter khaini
15.	2403 99 20	Preparations containing chewing tobacco
16.	2403 99 30	Jarda scented tobacco
17.	2403 99 40	Snuff
18.	2403 99 50	Preparations containing snuff
19.	2403 99 60	Tobacco extracts and essence bearing a brand name
20.	2403 99 60	Tobacco extracts and essence not bearing a brand Name
21.	2403 99 70	Cut tobacco
22.	2403 99 90	Pan masala containing tobacco 'Gutkha'
23.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name
24.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name
25.	3301 24 00 3301 25 10, 3301 25 20, 3301 25 30, 3301 25 40, 3301 25 90	Following essential oils other than those of citrus fruit namely: - a. Of peppermint (Mentha piperita); b. Of other mints : Spearmint oil (ex-mentha spicata), Water mint-oil (ex-mentha aquatic), Horsemint oil (ex-mentha sylvestries), Bergament oil (ex-mentha citrate), Mentha arvensis

LKS COMMENTS

- A registered person, making export of all goods and services (except the above-mentioned goods), can opt for any of the following options:

a. Pay IGST on outward supply and claim refund of such tax paid
b. Supply under LUT / Bond without payment of IGST and claim refund of unutilised ITC as per Section 54 of the CGST Act and rules made thereunder.

- However, the registered person exporting the above-mentioned goods will have the only option of effecting such supply under LUT / bond without payment of tax and claim refund of unutilised ITC.

C. NOTIFICATIONS ISSUED UNDER VARIOUS PROVISIONS OF GST LAW

1. Biometric based Aadhar Authentication of high-risk applicants along with physical verification of documents at the time of registration extended to the state of Puducherry.

[*Notification No. 31/2023-Central Tax dated 31 July 2023*
(w.e.f. 31 July 2023)]

- Proviso to sub-rule (4A) of Rule 8 of CGST Rules 2017 provides for biometric based Aadhar authentication of high-risk applicants along with taking photograph of applicants and verification of documents uploaded at the time of applying for registration under GST.
- Notification No. 31/2023-Central Tax dated 31 July 2023 brought amendment in Notification No. 27/2022-Central Tax dated 26 December 2022 by extending the application of proviso to sub-rule (4A) of Rule 8 of CGST Rules 2017 to the state of Puducherry.

LKS COMMENTS

Biometric based aadhar authentication of high-risk applicants along with verification of documents is being introduced in phase manner and gradually, it will be introduced in other states too.

2. Exemption from filing of annual return to small taxpayers

[*Notification No. 32/2023-Central Tax dated 31 July 2023*
(w.e.f. 31 July 2023)]

- Notification No. 32/2023-Central Tax dated 31 July 2023 exempts registered person having aggregate turnover upto INR 2 crores in FY 2022-23 from filing of annual return for FY 2022-23.

LKS COMMENTS

Relief has been granted to small taxpayers by providing an exemption from filing annual returns.

3. Consent based sharing of information furnished by taxable person with Account Aggregators.

[Notification No. 33/2023-Central Tax dated 31 July 2023
(w.e.f. 1 October 2023]

- Section 158A of CGST Rules 2017 provides for consent-based sharing of information by taxable person from Common portal with other systems as may be notified. Such system has been notified now vide Notification No. 33/2023-Central Tax dated 31 July 2023 as 'Account Aggregators'.
- "Account Aggregator" has been defined in the said Notification as a non-financial banking company which undertakes the business of an Account Aggregator in accordance with the policy directions issued by the Reserve Bank of India under section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and defined as such in the Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016.

LKS COMMENTS

The consent-based sharing of information furnished by taxpayer will be done with the 'Account Aggregators' which will be a regulated entity.

4. Certain registered persons have been exempted from obtaining registration under Section 23 of CGST Act 2017.

[Notification No. 34/2023-Central Tax dated 31 July 2023
(w.e.f. 1 October 2023]

- A person supplying goods through an ecommerce operator who is required to collect TCS, having an aggregate turnover in the preceding FY and current FY not exceeding the aggregate turnover specified under Section 22(1) of CGST Act 2017 for taking a registration, is exempted from obtaining the registration subject to the conditions specified in Notification No. 34/2023-Central Tax dated 31 July 2023.

- The conditions specified under the said notifications are as follows:
  (a) shall not make any interstate supply of goods.
  (b) shall not make supply of goods through electronic commerce operator in more than one State or Union territory.
  (c) Shall have a Permanent Account Number ('PAN') issued under the Income Tax Act, 1961.
  (d) Shall declare the PAN, address of their place of business along with the state in which supply will be undertaken on the common portal and validate the same before making a supply of goods through ecommerce operator.
  (e) Shall be granted an enrolment number on the common portal on successful validation of the PAN on common portal.
  (f) Shall not be granted more than one enrolment number in a State or Union Territory.
  (g) No supply of goods shall be made through the ecommerce operator unless enrolment number has been granted on the common portal.
  (h) The enrolment number granted will cease to be valid from the date of registration if registration has been granted under Section 25 of CGST Act 2017.

LKS COMMENTS

A relief from obtaining registration under GST is provided to supplier of goods who are otherwise not required to get registered under GST but had to get mandatorily registered under GST on account of supplying goods through ecommerce operator.

5. Special procedure prescribed for filing an appeal against an order w.r.t. transitional credit

[Notification No. 29/2023-Central Tax dated 31 July 2023]

- Special procedure has been notified to be followed by registered person or officer referred to in Section 107(2) of the CGST Act who intends to file an appeal against the order passed by the proper officer under Section 73 or 74 in accordance with Circular No. 182/14/2022-GST dated 10 November 2022 pursuant to directions of the Hon'ble Supreme Court in the case of ***Union of India vs. Filco Trade Centre Pvt. Ltd.*** SLP(C) No. 32709-32710 /2018.

The procedure is as follows:

1. Manual appeal in Annexure 1 & time limit to file an appeal
   - An appeal against the order shall be made in duplicate in Annexure-1 and shall be presented manually before the Appellate Authority.
   - Appeal is to be filed within 3 months from date of communication of decision or order [as per Section 107(1)] or within 6 months from date of communication of decision or order in case of review [under Section 107(2)], as the case may be.
   - Such time shall be computed from date of issuance of this notification or date of the said order (whichever later).

2. Appeals filed before issuance of notification
   - Appeal which has already been filed under Section 107 with Appellate Authority before the issuance of this notification, shall be deemed to be filed in accordance with this notification.

3. Pre-deposit
   - No requirement to deposit amount specified in Section 107(6) of the CGST Act as a pre-condition for filing an appeal against the said order. These include:
     [amount of tax, interest, fine, fee and penalty arising from impugned order, as admitted and sum equal to 10% of remaining amount of tax in dispute arising from said order, subject to a maximum of 25 crore rupees, in relation to which the appeal has been filed.]

4. Supporting documentation
   - Relevant documents to be accompanied including a self-certified copy of the order.
   - Such appeal and relevant documentation is to be signed by persons specified under Rule 26(2) of CGST Rules.

5. Acknowledgment
   - Upon receipt of appeal which fulfils all requirements as provided, an acknowledgement indicating the appeal number, shall be issued manually in Form GST APL-02 by the Appellate Authority (or authorized officer).
   - Appeal shall be treated as filed only when acknowledgment is issued.

6. Summary Order in Annexure 2 is to be issued along with the order by the Appellate Authority.

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LKS COMMENTS

The abovementioned special procedure has provided an appeal mechanism to both the registered person and officer to file appeals against the order by proper officer in relation to transitional credits.

6. Special reporting and record keeping for manufacturers of tobacco products

[Notification No. 30/2023-Central Tax dated 31 July 2023]

Special procedure for reporting and record keeping has been notified by virtue of the present notification to be followed by registered persons engaged in the manufacture of the following goods:

1.	2106 90 20	Pan-masala
2	2401	Unmanufactured tobacco (without lime tube) – bearing a brand name
3.	2401	Unmanufactured tobacco (with lime tube) – bearing a brand name
4.	2401 30 00	Tobacco refuse, bearing a brand name
5.	2403 11 10	'Hookah' or 'gudaku' tobacco bearing a brand name
6.	2403 11 10	Tobacco used for smoking 'hookah' or 'chilam' commonly known as 'hookah' tobacco or 'gudaku' not bearing a brand name
7.	2403 11 90	Other water pipe smoking tobacco not bearing a brand name
8.	2403 19 10	Smoking mixtures for pipes and cigarettes
9.	2403 19 90	Other smoking tobacco bearing a brand name
10.	2403 19 90	Other smoking tobacco not bearing a brand name
11.	2403 91 00	"Homogenised" or "reconstituted" tobacco, bearing a brand name
12.	2403 99 10	Chewing tobacco (without lime tube)
13.	2403 99 10	Chewing tobacco (with lime tube)
14.	2403 99 10	Filter khaini
15.	2403 99 20	Preparations containing chewing tobacco
16.	2403 99 30	Jarda scented tobacco

17.	2403 99 40	Snuff
18.	2403 99 50	Preparations containing snuff
19.	2403 99 60	Tobacco extracts and essence bearing a brand name
20.	2403 99 60	Tobacco extracts and essence not bearing a brand Name
21.	2403 99 70	Cut tobacco
22.	2403 99 90	Pan masala containing tobacco 'Gutkha'
23.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name
24.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name

1. Details of Packing Machines
    - Existing registered persons:
      to furnish details of packing machines used for filling and packing of pouches or containers (**'packing machines'**) in Form SRM-I, within 30 days of issuance of notification, electronically on common portal.
    - Persons to whom registration has been granted after issuance of this notification:
      to furnish details of packing machines in Form SRM-I on common portal within 15 days from grant of registration.
    - Details of additional packing machine installed: in the registered place of business shall be furnished electronically on the common portal, within 24 hours of installation in Form SRM-IIA.
    - Unique ID: shall be generated on common portal upon furnishing of such details in Form SRM-I or Form SRM-IIA.
    - Where registered person has submitted or disclosed production capacity to any other government department or any other agency or organization, the same is to be furnished in Form SRM-IA on common portal, within 15 days of filing the said declaration or submission. The said form shall be submitted within 30 days from issuance of this notification where such person has submitted or declared the production capacity before issuance of this notification.
    - Details of Machines removed from the registered place of business shall be furnished electronically on the common portal, by the said registered person within 24 hours of such removal in Form SRM-IIB.

2. Additional Records to be maintained by registered persons
    - Daily record of inputs being procured and utilized in quantity and value terms along with details of waste generated, daily record of reading of electricity meters and generator set meters in Form SRM-IIIA in each place of business.
    - Daily shift wise record of machine-wise production, product-wise and brand-wise details of clearance in quantity and value terms in Form SRM-IIIB in each place of business.

3. Special Monthly Statement is to be submitted for each month in Form SRM-IV on the common portal, on or before the tenth day of the month succeeding such month.

D. CIRCULARS BASED ON THE RECOMMENDATIONS OF 50TH GST COUNCIL MEETING HELD ON 11 JULY 2023

1. Clarification regarding GST rates and classification of certain goods

[Circular No. 200/12/2023-GST dated 1 August 2023 (w.e.f. 1 August 2023)]

- Basis the recommendations of GST Council in its 50th Meeting held on 11 July 2023, clarifications with reference to GST levy related to the following items are being issued through:

S No	Issue	Clarifications
1.	Applicability of GST on un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion	• It has been clarified that supply of uncooked / un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 will attract GST rate of 5% vide S. No. 99B of Schedule I of notification no. 1/2017-Central Tax (Rate), dated the 28 June 2017 with effect from 27July 2023. • Further, it has been clarified that Extruded snack pellets in ready- to eat form will continue to attract 18% GST under S. No. 16 of Schedule III of notification no. 1/2017-Central Tax(Rate), dated the 28 June 2017. • Regarding the prevailing genuine doubts about the applicability of GST rate on the un-fried or un-cooked snack pellets manufactured through process of extrusion, the issue for past period upto 27 July 2023 is regularized on "as is" basis.
2.	Applicability of GST on Fish Soluble Paste	• Fish soluble paste attracted 18% under the residual entry S No. 453 of Schedule III of notification no. 1/2017-Central Tax (Rate), dated the 28 June 2017. • Post recommendation of GST council, rate of 5% has been notified *vide* S. No. 108A with effect from 27 July 2023.

		• Regarding the prevailing genuine doubts about the applicability of GST rate on fish soluble paste, the issue for past period up to 27 July 2023 is regularized on "as is" basis.
3.	Regularization of the issue for past period	• The issue regarding applicability of GST rate on desiccated coconut and Biomass briquettes for past period from 1 July 2017 to 27 July 2017 and from 1 July 2017 to 12 October 2017 respectively is regularized on "as is" basis. • The issues relating to GST on plates and cups made from areca leaves are hereby regularized on "as is basis" for the period prior to 1 October 2019.
4.	Supply of raw cotton by agriculturist to cooperatives	• It is hereby clarified that supply of raw cotton, including kala cotton, from agriculturists to cooperatives is a taxable supply and such supply of raw cotton by agriculturist to the cooperatives (being a registered person) attracts 5% GST on reverse charge basis under notification no. 43/2017-Central Tax (Rate) dated 14 November 2017. • The issue for the past periods prior to issue of this clarification is hereby regularized on "as is basis.
5.	GST rate on Imitation Zari thread or yarn known by any name in trade parlance	• Based on the recommendation of the 28th GST Council, it was clarified that imitation zari thread or yarn known as "Kasab" or by any other name in trade parlance, would attract a uniform GST rate of 12% under tariff heading 5605. • Post recommendation of GST council in 50th meeting, the GST rate on imitation zari thread or yarn known by any name in trade parlance has been reduced from 12% to 5% *vide* S. No. 218AA with effect from 27 July 2023. • The issue regarding applicability of GST rate on these products for prior period upto 27 July 2023 is hereby regularized on "as is basis.

6.	GST rate on goods falling under HSN 9021	• Prior to 18 July 2022, two GST rates existed on the goods falling under HSN heading 9021 as per S. No. 257 of schedule I and S. No. 221 of schedule II of notification no. 01/2017-CT (Rate) dated 28 June 2017. • Post recommendation of GST council in 47th meeting, a single uniform rate of 5% was prescribed for such goods (except hearing aid, which continued to attract Nil under S.N. 142 of 02/2017-CT(Rate)) falling under HSN heading 9021 with effect from 18 July 2022. • In the 50th GST Council meeting, GST rate on all such goods falling under heading 9021 would attract a GST rate of 5% and in view of prevailing genuine doubts, the issue for the past periods is hereby regularized on "as is basis". • No refunds will be granted in cases where GST has already been paid at higher rate of 12%.

It is further clarified that no refunds will be granted where GST has already been paid in any of the above cases.

LKS COMMENTS

The above clarification relating to the doubts about the GST rate on goods has been made pursuant to the recommendations made by GST Council in its 50th meeting. The issue for the past period prior to changes in rate will be regularized on "as is basis i.e., for the past period, neither additional tax is payable by the persons supplying the above goods (where there is an increase in the rate of GST) nor will they have a right to claim refund in case excess GST has been paid for the said period (where there is a decrease in the rate of GST).

2. Clarification regarding applicability of GST on services supplied by a director of a company in his personal capacity and supply of food and beverages in cinema hall.

[Circular No. 201/13/2023-GST dated 1 August 2023]

I. Services supplied by a director of a company in his personal capacity

- The Circular clarifies that the services supplied by a director of a company or a body corporate to the company or body corporate, in his personal capacity such as renting of immovable property is not taxable under reverse charge.

LKS COMMENTS

This clarification has been issued in line with the recommendations made by the Council. However, this Circular has not thrown any light as to whether personal guarantee provided by the director can be said to be in the personal capacity so as to be excluded from reverse charge taxability in the hands of the company or the body corporate.

II. Supply of food or beverages at cinema hall

- The Circular has clarified that the term 'eating joint' used in the definition of restaurant services in Para 4 (xxxii) to Notification No. 11/2017-C.T.R. is wide enough to include refreshment or eating stalls / kiosks / counters or restaurant at a cinema also.
- Accordingly, it has been clarified that supply of food or beverages in a cinema hall is taxable as 'restaurant service' if it fulfills the following conditions:
    a. the food or beverages are supplied by way of or as part of a service, and
    b. supplied independent of the cinema exhibition service.
- The circular also clarifies that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

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