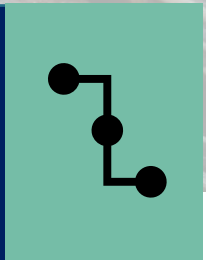
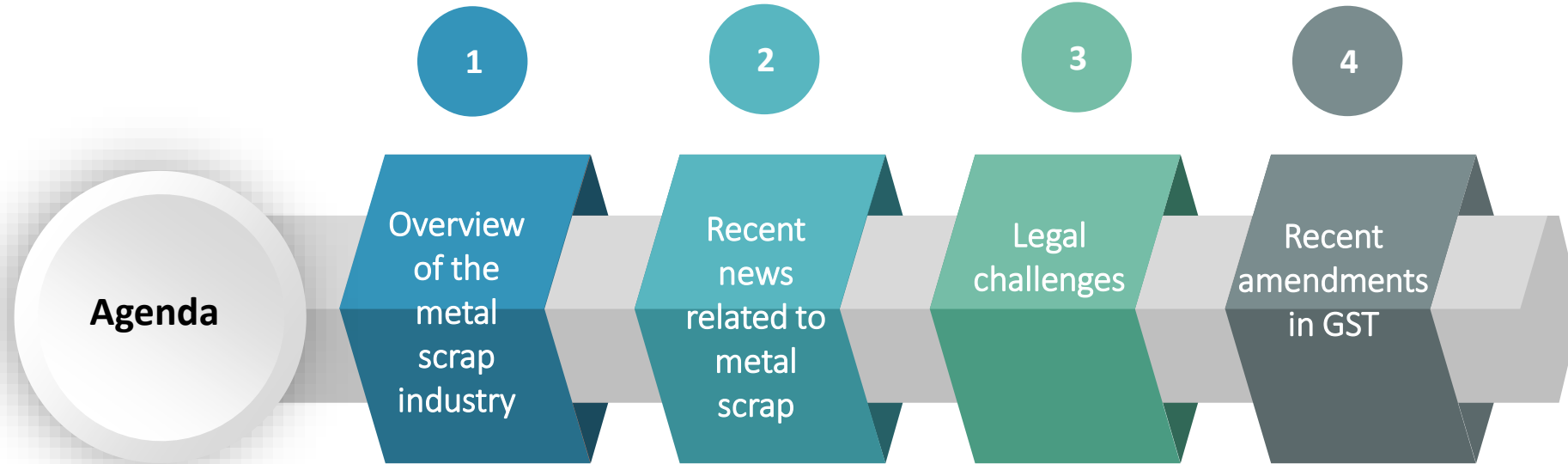




GST on Metal Scrap: Recent Amendments



Overview & Agenda



Overview of the metal scrap industry

1 India is the second largest producer of steel in the world after China. As a big producer and user, the country's manufacturing sector is accelerating with various new projects.

3 The global metal scrap recycling market is worth over USD 500 billion wherein India's share is USD 11 billion or 2.2 per cent of the industry.



2 With the increase in metal scrap production, it is necessary to recycle it and use it for a sustainable nature.

4 When compared to the process of producing new metal, metal recycling is relatively cheap. It also increases the likelihood of recovering various precious metals, which could eventually propel India to self-sufficiency

Recent news related to metal scrap

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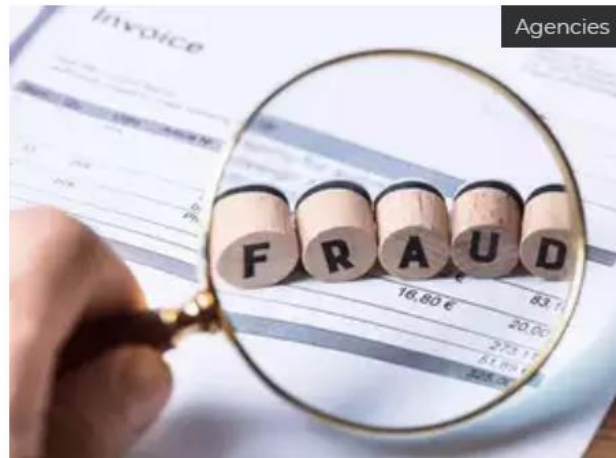
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Business News › News › India › ITC fraud: Proprietor of a metal scrap firm arrested

ITC fraud: Proprietor of a metal scrap firm arrested

ET Bureau • Last Updated: Feb 21, 2022, 10:08:00 AM IST

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Agencies

STORY OUTLINE

- The proprietor of Kalamoli-based Ashok Metal Scrap was arrested
- He availed & passed on fake GST input tax credit of Rs 12 cr by using bogus invoices of over Rs 64 cr
- Raigad Commissionerate has detected tax evasion of Rs 675 crore in FY22

Recent news related to metal scrap

“The two suspects are multimillionaires, owning metal and scrap factories. Over the last three years, they have caused huge loss to the government by availing of ITCs fraudulently. These businessmen, in order set-off their tax liability, used to claim ITC through bills in the name of bogus firms, which do not exist and were created only for this scam. The two were the end claimants of the input tax credit and had so far caused a loss of over ₹26 crore to the exchequer,” Avasthy said, adding that police have so far arrested 32 suspects in connection with the case.

Jindal is the owner and director of a Sonapat-registered firm called M/s Brownie Metal and Alloys Pvt Ltd which had taken bills from 20 shell firms and claimed a credit of ₹17 crore, he added.



The screenshot shows the top of a news article on the Hindustan Times website. The header includes the newspaper's name, a weather widget for Delhi (22°C), and a 100th anniversary logo. Below the header are several promotional banners for 'lections 2024', 'HT Photo Contest', 'Crickit', 'HT Premium', and 'HTCity'. A navigation bar lists various content categories like 'IPL Auction', 'Win iPhone 15', 'The Taste of Time', 'Photos', 'Web Stories', and 'Sports'. The main article title is 'Noida: Two 'masterminds' arrested in ₹10,000-crore GST fraud case'. The byline is 'By Ashni Dhaor', Noida. The date and time are 'Mar 21, 2024 05:56 AM IST'. There are social media sharing icons for Facebook, X, and LinkedIn, along with a 'Travel Credit Card' button. The article text is partially visible in a light blue box.

Noida: Two 'masterminds' arrested in ₹10,000-crore GST fraud case

By [Ashni Dhaor](#) , Noida

Mar 21, 2024 05:56 AM IST

The two suspects are multimillionaires, owning metal and scrap factories. Over the last three years, they have caused huge loss to the government by availing of ITCs fraudulently

Recent news related to metal scrap

TH India World Elections Technology e-Paper TH FREE TRIAL SU

State GST department unearths fake billing racket linked to metal scrap trade; ₹1,170 crore worth of tax evasion detected

Updated - May 23, 2024 10:45 pm IST - THIRUVANANTHAPURAM

THE HINDU BUREAU

 READ LATER  PRINT

The State Goods and Services Tax (GST) department has unearthed massive tax evasion in the metal scrap trade sector where fake GST invoices were created to illegally claim input tax credit.

A preliminary assessment pegged the fraudulent transactions at ₹1,170 crore, causing tax loss of ₹209 crore, the State GST Department said on Thursday.

The joint state-wide operation by the State GST Intelligence and Enforcement Divisions, which is still in progress, was christened 'Operation Palm Tree.' The department termed it the largest such operation in this sector in Kerala.

Recent news related to metal scrap



News / Cities / Bangalore / Fake invoice scam busted in Bengaluru after tax officials raid scrap dealers

Fake invoice scam busted in Bengaluru after tax officials raid scrap dealers

The vendors faked invoices of business transactions in excess of Rs 352 crore and used fake ITC claims worth Rs 64 crore to cheat the government.

Fraudsters GST numbers whose registration was either suspended or cancelled to generate fake invoices.

Listen to this article



An Input Tax Credit (ITC) scam making use of bogus invoices was busted by the Karnataka Commercial Taxes Department. According to officials, scrap dealers had allegedly committed tax fraud against the government.

Raids were carried out against 86 vendors by the [Karnataka](#) Commercial Taxes Department of Bengaluru South Zone and an organised network using fake invoices to avail ITC was busted.

Recent news related to metal scrap

Trending Topics

Bank Holiday Today

CIEL HR IPO

NTPC Green IPO

Zinka Logistics GMP

Gold Price Today

DGGI to soon issue tax notices to companies using metal scrap, agri inputs for claiming fake credit: Sources

So many fake invoicing cases have been detected wherein metal scrap and agricultural items have been used for industrial use.

Recent news related to metal scrap

करोड़ों के GST घोटाले में Jamshedpur के कारोबारी ज्ञानचंद जायसवाल गिरफ्तार

N7india Published 25 जून 2024

Last updated: 2024/06/25 at 6:29 अपराह्न

Jamshedpur: जीएसटी इंटेलिजेंस की टीम ने करोड़ों की टैक्स चोरी के मामले में जमशेदपुर से स्कैप कारोबारी ज्ञानचंद जायसवाल उर्फ बबलू जायसवाल को गिरफ्तार किया है। जायसवाल को जीएसटी इंटेलिजेंस की टीम ने अपने ऑफिस बुलाया और उनसे करीब तीन घंटे तक पूछताछ की। उनसे 150 करोड़ से भी अधिक की जीएसटी हेराफेरी के मामले में कई सवाल पूछे गए।

जायसवाल ज्यादातर सवालों के जवाब नहीं दे पाए। इसके बाद उन्हें गिरफ्तार कर लिया गया। उन्हें न्यायिक हिरासत में जेल भेज दिया गया है। ज्ञानचंद जायसवाल झारखंड के जाने-माने कारोबारी हैं। जांच में यह बात सामने आई है कि जीएसटी की हेराफेरी में जमशेदपुर से लेकर कोलकाता तक 100 से ज़्यादा फर्जी कंपनियां शामिल हैं और इनके जरिए 3,000 करोड़ रुपये से अधिक की लेनदेन की गई है। इस मामले में अब तक पांच लोगों को गिरफ्तार किया गया है। जायसवाल पहले से कई मामलों में इनकम टैक्स विभाग और जीएसटी के रडार पर थे। 16 फरवरी 2024 को उनके तीन ठिकानों पर छापेमारी की गई थी।

(IANS)

Sources of procurement of metal scrap

- Procurement from household is largely unorganised
- Represented by kabariwala and aggregator

Household



- This source is largely organised
- Smaller industries sell to aggregators

Industrial

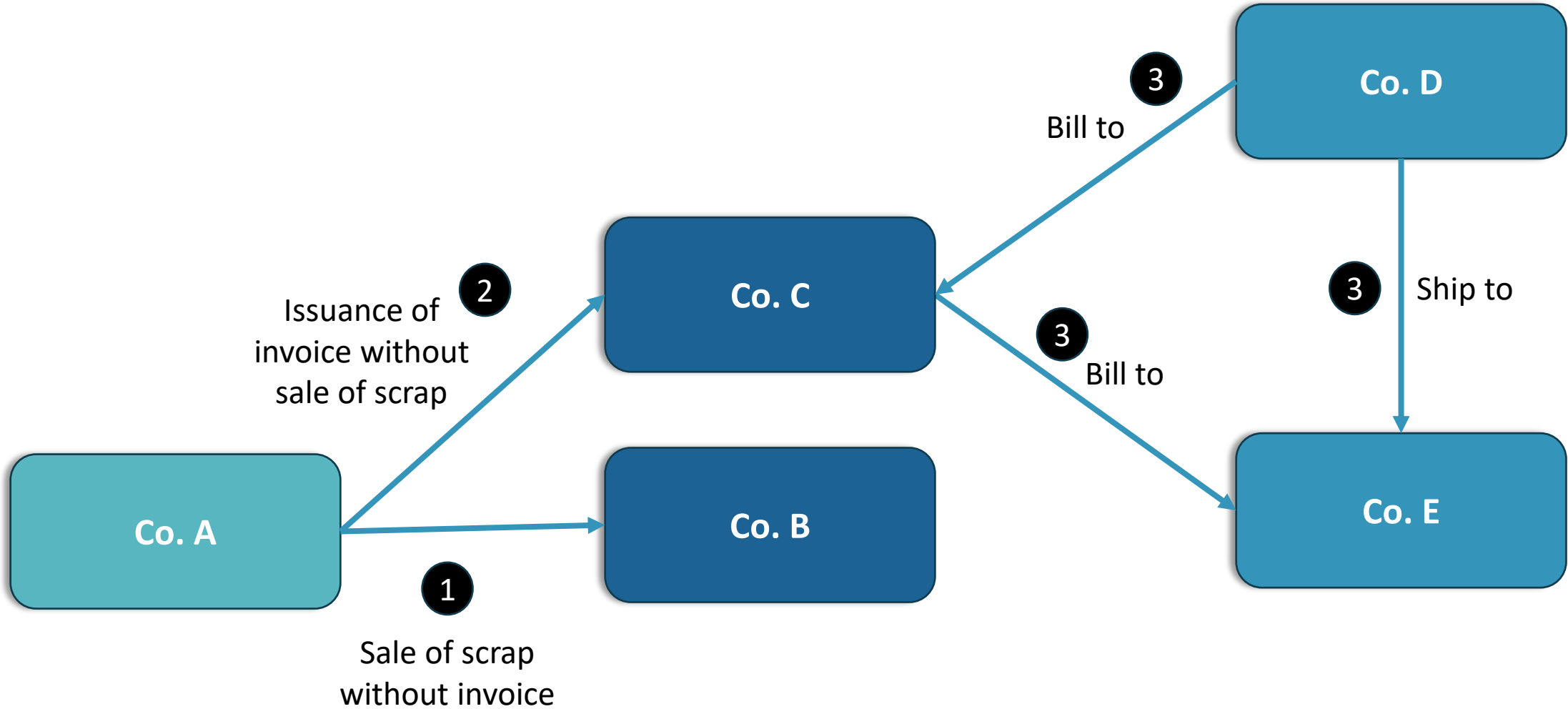


- This source is generally organised

Govt. authorised dealers



Understanding the supply chain



Statutory Provisions – Section 16(2)

Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;

(b) he has received the goods or services or both.

[Explanation.-For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person.

(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;

(c) subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and

(d) he has furnished the return under section 39:

Statutory Provisions – Section 41

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.

(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:

Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.

Statutory Provisions – Rule 37A

Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof.-

Where input tax credit has been availed by a registered person in the return in FORM GSTR-3B for a tax period in respect of such invoice or debit note, the details of which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1, as amended in FORM GSTR-1A if any, or using the invoice furnishing facility, but the return in FORM GSTR-3B for the tax period corresponding to the said statement of outward supplies has not been furnished by such supplier till the 30th day of September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed, the said amount of input tax credit shall be reversed by the said registered person, while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year:

Provided that where the said amount of input tax credit is not reversed by the registered person in a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year during which such input tax credit has been availed, such amount shall be payable by the said person along with interest thereon under section 50.

Provided further that where the said supplier subsequently furnishes the return in FORM GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in FORM GSTR-3B for a tax period thereafter.

Recent amendments in GST (1/3)

NOTIFICATION No. 06/2024-Central Tax (Rate) dated 08-10-2024 w.e.f. 10-10-2024

Amendment in RCM Notification

S. No.	Tariff item, sub-heading, heading or Chapter	Description of supply of Goods	Supplier of goods	Recipient of supply
(1)	(2)	(3)	(4)	(5)
8.	72, 73, 74, 75, 76, 77, 78, 79, 80 or 81	Metal scrap	Any unregistered person	Any registered person

Chapter 72	Iron and Steel
Chapter 73	Articles of iron or steel
Chapter 74	Copper and articles thereof
Chapter 75	Nickel and articles thereof
Chapter 76	Aluminium and articles thereof
Chapter 77	Blank
Chapter 78	Lead and articles thereof
Chapter 79	Zinc and articles thereof
Chapter 80	Tin and articles thereof
Chapter 81	Other base metals; cermets; articles thereof

Recent amendments in GST (2/3)

NOTIFICATION No. 24/2024-Central Tax dated 09-10-2024 w.e.f. 10-10-2024

Amendment in Notification 5/2017- Central Tax

specifies the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under sub-section (3) of section 9 of the said Act as the category of persons exempted from obtaining registration under the aforesaid Act.

“Provided that nothing contained in this notification shall apply to any person engaged in the supply of metal scrap, falling under Chapters 72 to 81 in the first schedule to the Customs Tariff Act, 1975 (51 of 1975).”

Recent amendments in GST (3/3)

NOTIFICATION No. 25/2024-Central Tax dated 09-10-2024 w.e.f. 10-10-2024

Amendment in Notification 50/2018 - Central Tax

RCM: any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person

Exception: Provided also that nothing in this notification shall apply to the supply of goods or services or both, which takes place between one person to another person specified under clauses (a), (b), (c) and (d) of sub-section (1) of Section 51 of the said Act, except the person referred to in clause (d) of this notification.

Notification No. 50/2018 – Central Tax

- (a) an authority or a board or any other body, -
- (i) set up by an Act of Parliament or a State Legislature; or
- (ii) established by any Government, with fifty-one per cent. or more participation by way of equity or control, to carry out any function;
- (b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- (c) public sector undertakings.
- (d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person

Section 51

Tax deduction at source.

51. (1) Notwithstanding anything to the contrary contained in this Act, the Government may mandate,—
- (a) a department or establishment of the Central Government or State Government; or
 - (b) local authority; or
 - (c) Governmental agencies; or
 - (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council,

(hereafter in this section referred to as "the deductor"), to deduct tax at the rate of one per cent. from the payment made or credited to the supplier (hereafter in this section referred to as "the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Advisory REG – 07 (Oct 22nd, 2024)

GSTN has introduced an update to facilitate the registration compliance for buyers of metal scrap through form GST REG-07. This update follows the new GST provisions for metal scrap buyers as outlined in the advisory issued on October 13.

Taxpayers in this category are required to select "Others" in Part B of Table 2 under the "Constitution of Business" section. A text box will appear where the taxpayer must enter "Metal Scrap Dealers." This entry is mandatory for those selecting the "Others" option. Once this is completed, the remaining details in form GST REG-07 should be filled and submitted on the common portal to meet the registration requirements as per Notification No. 25/2024 - Central Tax, dated October 9, 2024.

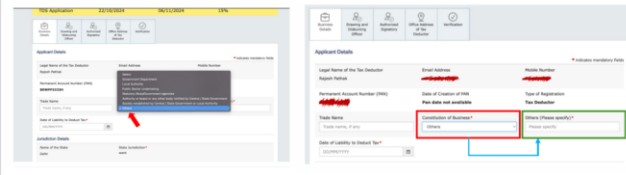
Please click [here](#) for more details.

In pursuance of the advisory issued on October 13 regarding the "New GST provision for metal scrap transactions," the GST portal has been updated to facilitate registration compliance for buyers of metal scrap through form GST REG-07.

Taxpayers in this category are required to select "Others" in Part B of Table 2 under the title "Constitution of Business" section.

This selection will open a text box where the taxpayer must enter "Metal Scrap Dealers". Please note that this entry is a mandatory field for those selecting "Others" in Table 2.

Once this is completed, the remaining details in the GST REG-07 form must be filled and submitted on the common portal to comply with registration requirements as per Notification No. 25/2024 - Central Tax, issued on October 9, 2024.



Presented by:
Sakshi Jhajharia, ACA
9163122692
sakshijhajharia97@gmail.com



Chapter 72	Iron and Steel
Chapter 73	Articles of iron or steel
Chapter 74	Copper and articles thereof
Chapter 75	Nickel and articles thereof
Chapter 76	Aluminium and articles thereof
Chapter 77	Blank
Chapter 78	Lead and articles thereof
Chapter 79	Zinc and articles thereof
Chapter 80	Tin and articles thereof
Chapter 81	Other base metals; cermets; articles thereof

Notification No. 50/2018 – Central Tax

(a) an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with fifty-one per cent. or more participation by way of equity or control, to carry out any function;

(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) public sector undertakings.

(d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person

Section 51

Tax deduction at source.

51. (1) Notwithstanding anything to the contrary contained in this Act, the Government may mandate,—
- (a) a department or establishment of the Central Government or State Government; or
 - (b) local authority; or
 - (c) Governmental agencies; or
 - (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council,

(hereafter in this section referred to as “the deductor”), to deduct tax at the rate of one per cent. from the payment made or credited to the supplier (hereafter in this section referred to as “the deductee”) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

In pursuance the advisory issued on October 13 regarding the "New GST provision for metal scrap transactions," the GST portal has been updated to facilitate registration compliance for buyers of metal scrap through form GST REG-07.

Taxpayers in this category are required to select "Others" in Part B of Table 2 under the title "Constitution of Business" section.

This selection will open a text box where the taxpayer must enter "Metal Scrap Dealers". Please note that this entry is a mandatory field for those selecting "Others" in Table 2.

Once this is completed, the remaining details in the GST REG-07 form must be filled and submitted on the common portal to comply with registration requirements as per Notification No. 25/2024 - Central Tax, issued on October 9, 2024.

The screenshot shows the GST REG-07 form with the following details:

- TDS Application:** 22/10/2024, 06/11/2024, 15%
- Navigation:** Business Details, Drawing and Disbursing Officer, Authorized Signatory, Office Address of Tax Deductor, Verification.
- Applicant Details:**
 - Legal Name of the Tax Deductor: Rajesh Pathak
 - Permanent Account Number (PAN): BEWPP3223H
 - Trade Name: Trade name, if any
 - Date of Liability to Deduct Tax: DD/MM/YYYY
 - Jurisdiction Details: Name of the State: Delhi, State Jurisdiction: ward
- Dropdown Menu:** A dropdown menu is open, showing options: Select, Government Department, Local Authority, Public Sector Undertaking, Statutory Body/Government agencies, Authority or board or any other body notified by Central / State Government, Society established by Central / State Government or Local Authority, and **Others** (highlighted in blue).

The screenshot shows the GST REG-07 form with the following details:

- Navigation:** Business Details, Drawing and Disbursing Officer, Authorized Signatory, Office Address of Tax Deductor, Verification.
- Applicant Details:**
 - Legal Name of the Tax Deductor: Rajesh Pathak
 - Permanent Account Number (PAN): [Redacted]
 - Trade Name: Trade name, if any
 - Date of Liability to Deduct Tax: DD/MM/YYYY
- Constitution of Business:** A dropdown menu is open, showing the option **Others** (highlighted in red).
- Others (Please specify):** A text box is highlighted in green, containing the text "Please specify".