

Preface

Before You Open the Pages

This book comes straight from my heart, with the hope that it will truly connect with you. Many of you may already know from my YouTube videos that I faced the disappointment of failing my CA exams twice. My biggest struggle each time was not being able to complete the syllabus before the exam day.

To save you from that struggle, I have carefully condensed this book into the minimum possible pages, yet ensured that every important point is covered. The idea is simple: on the last day, when confidence matters most, you should be able to revise quickly and effectively.

I've poured my heart and soul into this book, but being human, I may have overlooked a few things. If you spot any errors or have suggestions for improvement, I'd be grateful if you could share them with me at mahajanvirtual07@gmail.com.

For regular updates, notes, and guidance, I'd love for you to stay connected through my Telegram group, YouTube channel, LinkedIn, and Instagram.

- **Telegram:** Tax Notes and Guidance - CA Amit Mahajan
- **LinkedIn:** Amit Mahajan
- **YouTube:** CA Amit Mahajan

Wishing you all the best in your journey, may this book be a small support in your big success!

Warm regards,
CA Amit Mahajan
[Amit Bhaiya]

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Telegram Link



YouTube Link



Changes in Rapider and QB
will be updated here

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LIST OF SHORT FORMS

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ATF	Aviation Turbine Fuel
BC	Business Correspondent
BE	Business Entity
BF	Business Facilitator
BOA	Books of Accounts
BOE	Bills of Exchange
CENVAT	Central Value Added Tax
CG	Central Govt
CKD	Completely Knocked Down Condition
CST	Central Sales Tax
CTP	Casual Taxable Person
CY	Current Year
ECO	E Commerce Operator
FCM	Forward Charge Mechanism
FG	Finished Goods
FI	Financial Institution
FY	Financial Year
G/S	Goods / Services
GSTP	GST Practitioner
GTA	Goods Transportation Agency
IFF	Invoice Furnishing Facility
IIM	Indian Institute of Management
IPR	Intellectual Property Right
IT	Information Technology
ITI	Indian Training Institute

LA	Local Authority
Mnfg	Manufacturer
NCB	No Claim Bonus
NRTP	Non Resident Taxable Person
OIDAR	Online Information and Database Access or Retrieval
P&M	Plant and Machinery
P2P	Principle to Principle
PF	Provident Fund
PLC	Preferential Location Charge
POS	Place of Supply
PSU	Public Sector Undertaking
RCM	Reverse Charge Mechanism
RP	Registered Person
RP / DP	Related Party / Distinct Person
RSB	Recognized Sports Body
RTI	Right To Information
SCN	Show Cause Notice
SDK	Semi-Knocked Down Condition
SG	State Govt
TO	Turnover
TOS	Time Of Supply
URP	Unregistered Person
UT	Union Territory
VAT	Value Added Tax



1

BASICS OF GST

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Direct Taxes and Indirect Taxes

Direct Taxes	Indirect Taxes
Can the burden of direct tax be shifted by taxpayer?	
No	Yes
Who makes the payment of taxes to the government?	
Himself	Supplier (usually)
Progressive or Regressive	
Progressive	Regressive Mukesh Ambani and Amit Mahajan - both pay 18% of GST

Taxes subsumed under GST

Central Taxes

- ☐ Central Excise Duty & Additional Excise Duties
- ☐ Service Tax
- ☐ Excise Duty under Medicinal & Toilet Preparation Act
- ☐ CVD & Special CVD
- ☐ Central Sales Tax
- ☐ Central surcharges & Cesses in so far as they relate to supply of goods & services

State Taxes

- ☐ State surcharges and cesses in so far as they relate to supply of goods & services
- ☐ Entertainment Tax (except those levied by local bodies)
- ☐ Tax on lottery, betting and gambling
- ☐ Entry Tax (All Forms) & Purchase Tax
- ☐ VAT/ Sales tax
- ☐ Luxury Tax
- ☐ Taxes on advertisements

GST



Features of INDIRECT TAXES

1. An important source of revenue
2. Tax on commodities and services
3. Shifting of burden
4. No perception of direct pinch
5. Inflationary
6. Wider tax base
7. Promotes social welfare
8. Regressive in nature

Sat → Payt → 2

Sunday → off → ITC

M
T
W } stream

T Tax Inv → Concept

F Tax Inv → ITC

S → off →

S → Tax → ITC + Reg

M → QRMF

T → ITC + Ref + Tax.

1st country to introduce GST - France in 1954

GST model - Dual GST (Tax collected by both the Govts)

CONCEPT OF GST

- ❖ GST is a value added tax levy on sale or service or both
- ❖ Destination based consumption tax
- ❖ GST offers comprehensive and continuous chain of tax credit
- ❖ GST where burden borne by final consumer
- ❖ GST eliminate cascading effect of tax
- ❖ GST brings uniform tax structure all over India

CONCEPT OF GST

Deficiencies in the erstwhile value added taxation

has led to

GST

A cure for ills of erstwhile indirect tax regime



Manufacturer (₹)	Distributor (₹)	Retailer (₹)	Consumer (₹)
Cost: 1,00,000 GST @ 18% = 18,000	Cost: 1,00,000 Profit: 11,200 Sale Price: 1,11,200 GST @ 18% 20,016	Cost: 1,11,200 Profit: 24,640 Sale Price: 1,35,840 GST @ 18% 24,451.20	Cost: 1,60,291.2 (1,35,840+24,451.20)
Input Tax Credit = NIL	Input Tax Credit = 18,000	Input Tax Credit = Rs. 20,016	Input Tax Credit = NIL
Paid to Government GST = 18,000	Paid to Government GST = 2,016 (Output tax – Input tax)	Paid to Government GST = 4,435.20 (Output tax – Input tax)	Tax Borne by the Consumer 18,000+2,016+4,435.20 = 24,451.20
Value Addition = 1,00,000 GST @ 18% = 18,000	Value Addition = 11,200 GST @ 18% = 2,016	Value Addition = 24,640 GST @ 18% = 4,435.20	Value Addition = NIL

Deficiencies in the VAT

- ❖ **Double Taxation** – Double Taxation of a transaction as both goods & services. [Ex: Hotel Business, Softwares.] (VAT + ST)

Under earlier tax regime, software was subject to both service tax and VAT. This was so because both sale of goods and provision of service were involved and therefore taxable event under both the Statutes i.e. respective VAT law and service tax law got triggered. This aspect has been taken care of under GST law.

- ❖ **Set off of CENVAT & State VAT against the credit of one another was not possible** as CENVAT was a central levy & State-level VAT was a State levy

- ❖ **Several Local taxes in the states (Ex: Luxury tax, Entertainment tax)** were not subsumed in State VAT

- ❖ **Non-integration of VAT & Service Tax:** VAT on goods was not integrated with tax on services, at the state level, to remove cascading effect on Service Tax

- ❖ **When goods were manufactured & sold,** both Excise duty (CENVAT) & State-level VAT were levied

Assessable value under excise law	1000
Excise Duty @ 12.5%	<u>125</u>
Taxable Value for VAT	1125
VAT @14.3%	<u>160.88</u>
Total Invoice value	1285.88

**Destination based tax – GST is a destination based tax**

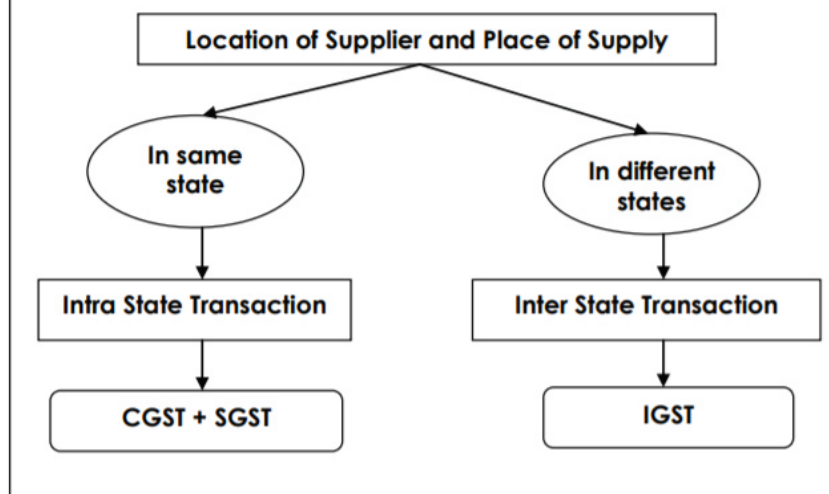
What is Intra-state transfer? (S8)

- i) **Location of supplier**
AND
i) **Place of supply**
Are in
1. Same state; or
 2. Same Union Territory

What is Inter-state transfer? (S7)

- i) **Location of supplier**
AND
i) **Place of supply**
Are in
- 1) Two different states
 - 2) Two different UTs
 - 3) A state and a UT

How to Decide IGST or CGST + SGST while raising invoices:



Import of G/S into India will be deemed to be inter-state

GST Common portal

- Goods and services tax network | Website - www.gst.gov.in.
- It is also known as GST Electronic Portal.
- It is managed by GSTN
- GSTN is set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
- Functions include Filing of registration application, filing return, creation of challan for tax payment etc.

GST Compensation Cess

- GST Compensation Cess at specified rate has been imposed under the Goods and Services Tax (Compensation to States) Cess Act, 2017
- **Applicability** - Specified luxury items or demerit goods, like pan masala, tobacco, aerated waters, motor cars etc., computed on value of taxable supply.
- **Purpose** - Compensation cess is leviable on intra-State supplies and inter-State supplies with a view to provide for compensation to the States for the loss of revenue arising on account of implementation of the GST.
- **Validity** - Compensation is to be provided to a State for a period of **5 years** from the date on which the State brings its SGST Act into force.



GST applicability

GST is levied on all goods and services, **except alcoholic liquor** for human consumption and **petroleum crude, diesel, petrol, ATF and natural gas**

Goods	Excise Duty	VAT / CST	GST
Alcoholic liquor for Human Consumption	YES	YES	NO
Petroleum crude, HSD, Motor Spirit, Natural Gas, ATF	YES	YES	NO
Tobacco & Tobacco Products	YES	NO	YES
Other Goods	NO	NO	YES

Special note

Opium, Indian hemp and other narcotic drugs and narcotics:

- ❖ **Within** the purview of GST
- ❖ However, Union Government has also **retained the power** to levy **excise duties**
- ❖ Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to **GST as well as State excise duties**

Benefits of GST

- ❖ **Boost to 'Make in India' initiative** - Since Lower cost due to reduced taxes
- ❖ **Enhanced investment, export and employment**, Ease of doing business
- ❖ Certainty in **tax administration**
- ❖ **Ease of doing business** - **Simpler tax regime**, reduction in multiple tax laws, procedures, rates of tax across the country
- ❖ **Benefits to small traders and entrepreneurs**: GST has increased the threshold for GST registration for small businesses. Further, single

registration is needed in one State

- ❖ **Automated procedures with greater use of IT**: There are simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction is through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration.
- ❖ **Reduction in compliance costs**: Less compliance cost is lesser under GST as multiple record-keeping for a variety of taxes is not needed.
- ❖ **Benefits to small traders** - GST has increased the threshold for GST registration for small businesses.
 - 1 registration in 1 state
 - Small businesses can opt for composition scheme

GST Council - Article 279A

- Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).
- The Union **Finance Minister** is the **Chairman** of this Council
- **Union Minister** of State in charge of Finance as a **member**
- Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members in GST council
- The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc



- GST Council shall recommend the date on which the GST be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel
- Every decision of the GST Council is taken by a majority of not less than 3/4th of the weighted votes of the members present and voting.
- Vote of the Centre has a weightage of 1/3rd of total votes cast and votes of all the State Governments taken together has a weightage of 2/3rd of the total votes cast, in that meeting
- Quorum – 1/2 of total number of members

GSPs and ASPs

- **GSPs – GST Suvidha Providers**
- GSPs have access to GST System and have the capability to develop applications to be used by taxpayers for interacting with the GSTN
- GSP develops applications having features like return filing, reconciliation of purchase register data with auto populated data for acceptance / rejection / modification, dashboards for taxpayers for quick monitoring of GST compliance activities
- GSP is an additional channel being made available for facilitating the taxpayers for performing some of the functions and use of their services is optional.
- GSPs may take the help of Application Service Providers (ASPs) who act as a link between taxpayers and GSPs.

Constitutional Provisions

- **Article 265** – It states that “no tax shall be levied or collected except by authority of law”
- **Article 246** – It gives the respective authority to Union and State Governments for levying tax
- **Article 246A:** Power to make laws with respect to Goods and Services Tax
 - Intra state – both parliament and state legislature has power to make laws
 - Inter state – Only parliament has power to make laws

Need for constitutional amendment

- ❖ Earlier constitutional provisions had given separate powers for the Centre and the States to impose various taxes.
- ❖ Whereas the Centre levied excise duty on all goods produced or manufactured in India, the States levied Value Added Tax once the goods entered the stream of trade upon completion of manufacture.
- ❖ In the case of inter-State sales, the Centre had the power to levy CST, but the tax was collected and retained entirely by the States (from where the movement of goods start).
- ❖ Services were exclusively taxed by the Centre together with applicable cesses, if any.
- ❖ Besides, there were State specific levies like entry tax, Octroi, luxury tax, entertainment tax, lottery and betting tax, local taxes levied by Panchayats etc.



- ## Student's notes

[illegible]



Overview of Chapter

Section 7	Meaning and scope of supply
Section 8	Taxability of composite and mixed supplies
Schedule I	Activities to be treated as supply even if made without consideration
Schedule II	Activities or transactions to be treated as supply of goods or as supply of services
Schedule III	Activities or transactions which shall be treated neither as supply of goods nor as supply of services

Definitions

Goods

- Every 'Movable Property' other than 'Money & Securities'
- Includes 'Actionable Claim', growing crops, grass & things attached to or forming part of the land which are agreed to be severed before supply or under contract of supply

Services

- Means anything other than goods, money & securities but includes
- Activities w.r.t. use of money or Conversion of Money by cash or by any other mode,
- Conversion of Money from one form/currency to another form / currency / denomination
- for which a separate consideration is charged

Actionable claim

- means a claim to any debt
- other than a secured debt by mortgage of immovable property or hypothecation or pledge of movable property; or
- to any beneficial interest in movable property not in (actual/constructive) possession of claimant, which civil courts recognise as affording grounds for relief
- Examples – lottery, gambling, betting, debentures, BOE etc

Taxable person

RP or Person liable to register

1. Even URP – liable to register = Taxable person
2. Not liable to register but taken voluntary registration = Taxable Person

Family

- The spouse and children of the person – Whether dependent or not
- The parents, grand-parents, brothers and sisters of the person – if they are wholly or mainly dependent on the said person

Business

- a. Any **trade, commerce, manufacture, profession, vocation, adventure, wager** or any other similar activity (whether or not it is for a pecuniary benefit);
- b. Any activity or transaction in connection with or **incidental or ancillary to (a)** above



- c. Any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- d. Supply or **acquisition of goods** including capital assets & services in connection with commencement or closure of business;
- e. Provision by a **club, association, society, or any such body** (for a subscription or any other consideration) of the facilities or benefits to its members;
- f. **Admission of persons** to any premises for a consideration;
- g. Services supplied by a person as the **holder of an office** which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- h. Activities of a **race club including by way of totalisator** or a license to book maker or activities of a licensed book maker in such club.
- i. Any activity or **transaction undertaken by the CG**, a SG or any LA in which they are engaged as public authorities.

Taxable Event

1. Supply of GOODS OR SERVICES OR BOTH
2. Definition of 'Supply' is inclusive
3. Parameters of scope of supply
 - Supply of **goods or services**. Supply of anything other than goods or services does not attract GST.
 - Supply should be made for a **consideration**.
 - Supply should be made **in the course or furtherance of business**.
 - Supply should be made by a **taxable person**.
 - Supply should be a **taxable supply**.
 - Supply should be made **within the taxable territory**



Meaning of supply – Section 7(1)(a)

Supply includes
sale, transfer,
barter, exchange,
licence, rental,
lease, disposal

for consideration

**in the course or
furtherance of
business**

Legal Provision

All forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business

Condition 1

Supply includes: [BEST L2DR]

- Barter
- Exchange
- Sale
- Transfer
- Lease
- License
- Disposal
- Rental

these are just the illustrative forms of supply

Condition 2

Consideration

- Need not always be in the form of money
- In money or in kind
- Subsidy received from CG / SG is not a consideration
- Deposit in respect of supply of goods / services = not a consideration

Exception is mentioned in Section 7(1)(c) read with Schedule I

Condition 3

GST is essentially a tax on commercial transactions
Any supplies made in his personal capacity do not come under the ambit of GST

Exception – Section 7(1)(b) – Importation of service

**Section 7(1)(aa) – transactions between a person other than individual and its members / constituents for consideration**

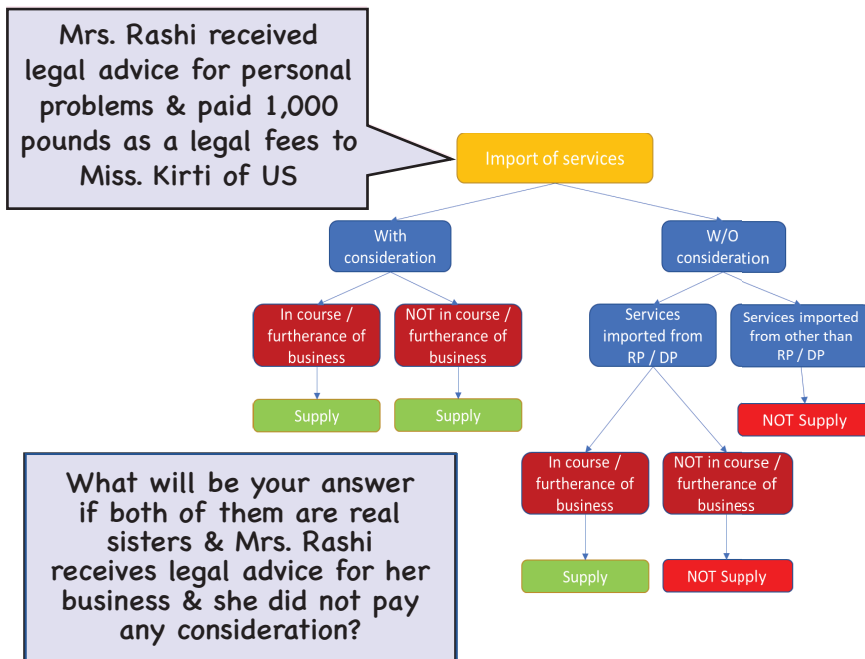
The activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment/other valuable consideration

Section 7(1)(b) – Importation of services without consideration

This section is applicable only to the services and not goods (as Customs Act is applicable on the goods)

Legal Language

Import of services, for a consideration whether or not in the course or furtherance of business

**Section 7(1)(c) read with schedule I – Deemed Supply****TRIP**

T – Transfer R – Related Party I – Importation P – Principal Agent

1. Permanent Transfer/Disposal of Business Assets on which ITC is availed (Para 1 of schedule I)

Conditions –

- There must be **disposal / transfer** of business assets
- Such disposal / transfer must be **permanent**
- ITC must have been availed on such business assets

Permanent transfer/disposal of following business assets will **not** be deemed as supply:

- Business assets on which ITC is **blocked/not available** under GST
- Business assets though eligible for ITC, but ITC has **not been availed** by such Registered Person

2. Supply between Related or Distinct Persons (if made in course or furtherance of business) (Para 2 of Schedule I)**a. Meaning of Related Party**

Such persons are officers/directors of one another's business
Such persons are legally recognised partners
Such persons are employer & employee
A third person controls/ owns/ holds (directly/ indirectly) $\geq$ 25% voting stock/shares of both of them
One of them controls (directly/indirectly) the other
A third person controls (directly/indirectly) both of them

Such persons together control (directly/indirectly) a third person

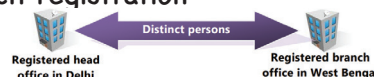
Such persons are members of the same family

One of them is the sole agent/sole distributor/sole concessionaire of the other

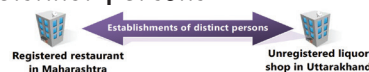
b. Meaning of Distinct Persons

Distinct person (Section 25)

- More than 1 registration** - A person who has obtained/ is required to obtain more than 1 registration, whether in 1 State/UT or more than 1 State/UT shall be treated as distinct persons, i.e. each such registration

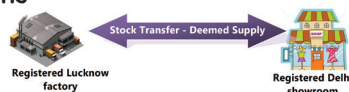


- 1 office in 1 state and 2nd in another state** - A person who has obtained or is required to obtain registration in a State/UT i.e. an establishment, has an establishment in another State/UT, then such establishments shall be treated as establishments of distinct persons



- Stock transfers / branch transfers**

If the transfers are undertaken between 2 offices which are registered - Distinct persons



- Transfer between two units with SAME REGISTRATION** - NOT considered as Distinct Persons

Whether the establishments have same PAN?

YES

YES

Whether separate registrations have been obtained for two places of business within same State?

NO

YES

Whether transfer between them will be considered as supply under GST?

NO

YES

- Importation of service without consideration (Para 4 of Schedule I)**
Legal Language - Import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply"

Example:

- Jhumroo Associates received legal consultancy services from its head office located in Malaysia. The head office has rendered such consultancy services free of cost to its branch office. Since Jhumroo Associates and the head office are related persons, services received by Jhumroo Associates will qualify as supply even though the head office has not charged anything from it.
- Chakmak, a proprietor registered in Delhi, has sought architect services from his son located in US, with respect to his newly constructed house in Delhi. Although services have been received by Chakmak without consideration from his son - a related person, yet it will not qualify as supply since the same has not been received in course or furtherance of business.



4. Principal Agent (Para 3 of schedule I)

Supply of goods between a principal and an agent can be treated as a supply even without consideration (without payment) in certain cases

1. What is the deciding factor? Whether invoice for supply of goods is being issued by the agent or not?

If raised by the agent on the customer – Principal to agent is deemed supply

If raised by the principal – Principal to agent is not a deemed supply (then refer section 7(1)(a) – satisfy 3 conditions)

2. Similarly, where the goods being procured by the agent on behalf of the principal are invoiced in the name of the agent then further provision of the said goods by the agent to the principal would be covered by para 3 above

In simple words – Even if the agent is only buying for the principal, if the bill/invoice comes in the **agent's own name**, GST law recognizes the movement of goods from **agent** → **principal** as a taxable supply.

Example –

- Amit Ltd. (Principal) asks Mahajan Traders (Agent) to buy raw material.
- Mahajan buys material from supplier.
- Supplier issues invoice in **Mahajan Traders' name**.
- Mahajan then passes goods to Amit Ltd.

→ This transfer from Mahajan Traders to Amit Ltd. is considered **supply under GST**

Del credere agent

- A **Del-Credere Agent (DCA)** is a special type of **selling agent** appointed by the principal to help sell goods/services and find buyers.
- Unlike a normal agent, a DCA guarantees payment to the supplier/principal

For better understanding:

- If the buyer does not pay on time, the DCA pays the principal.
- Later, the DCA recovers the money from the buyer.
- Because the DCA takes extra financial risk, it usually earns higher commission than a normal agent.
- Under GST, amount paid by the agent would be treated as short term loan extended by the agent to the customer and thus, interest is recoverable from the customer.
- Question arises whether such interest is includible in the value of supply?
 - o If agent is a schedule I agent (invoice raised by the agent on the customer) – Interest is to be added to value of supply
 - o If agent is **NOT** a schedule I agent (invoice raised by the agent on the customer) – Interest is **NOT** to be added to value of supply

MCQ for better understanding



Mr. Handsome, del-credere agent (DCA) of Charm Limited, agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited. In order to realize the payments from customers on time, he extends short-term transaction-based loans to them and charges interest for the same.

For the month of March, sale of goods by Mr. Handsome in his DCA capacity is ₹ 2,80,000 and interest earned from the said customers for short term credit facility provided for timely payment of dues is ₹ 20,000. Further, commission charged from Charm Limited in respect of DCA services provided is ₹ 30,000. The value of supply of goods to customers is and value of supply of agency services to Charm Limited is _____.

(a) ₹ 2,80,000;
₹ 30,000

(b) ₹ 20,000; Nil

(c) ₹ 3,00,000;
₹ 30,000

(d) ₹ 20,000;
₹ 30,000



Section 7(1A) read with schedule II – Activities to be considered as supply of goods or services

Transfer	Type	Supply
Transfer	Title in goods (Sale)	Goods
	Right to use goods without transfer of title in goods (Renting)	Services
	which stipulates that property shall pass at future date upon payment of full consideration as agreed. (Sale or return basis/HP basis)	Goods
Land / Building	Lease, tenancy, easement, licence to occupy Land	Services
	Lease/letting out of building including a commercial, industrial, residential complex (wholly/partly) for business	Services
Treatment/ Process	Applied to another person's goods (Job Work)	Services
	Temporary Transfer of Business Asset (for pvt use/other than business use) (with or without consideration)	Services
	Business Asset transferred by a person who ceases to be taxable person shall be deemed to be supplied by him, in the course/furtherance of his business, immediately before he ceases to be a taxable person. Example: Arun, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him	Goods

	Exception	
	(i) Business is transferred as going concern [Exempt] (ii) Business carried on by personal representative	
Renting of Immovable Property	- Renting of a commercial complex - Renting of precincts of a religious place. - Renting of property to an educational institution. - Permitting use of immovable property for placing vending/dispensing machines.	
Construction of	Complex, Building, Civil structure Except where entire consideration has been received after issuance of completion certificate or after its first occupation, whichever is earlier	Services
Intellectual Property Right	Temporary transfer or permitting use or enjoyment of any IPR (say patent)	Services
IT Software	Development, designing, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software	Services
Agreeing to	Obligation to refrain from an act, or to tolerate an act or situation, or to do an act. Non-compete agreement Late delivery charges recovered from supplier for non-fulfilment of contract within stipulated time	Services

Right to use	Transfer of right to use any goods for any Purpose (Example – machinery given on hire)	Services
Composite supply	a. Works contract b. Restaurant and Catering	Services

Section 7(2) read with schedule III – Negative list (neither goods nor services)

1. Services provided by Employee to Employer in course of or in relation to his employment
 - i. Service by Casual Workers (daily basis) who are employed by employer – Assume that it is covered under employment – **NO GST**
 - ii. **Casual workers are employed by a contractor**, like a building contractor or a security services agency, who deploys them for execution of a contract- or for provision of security services to a client, respectively are services in course of employment – **NO GST**
 - iii. Compensation for Premature Termination – In the course of employment – **GST Applicable x**
 - iv. Non-compete Fees – **GST Applicable**
 - v. Services provided on contract basis – **P2P – GST Applicable**
2. Services by any **Court or Tribunal** established under any law for the time being in force
 - Consumer Dispute Redressal commission → Treat like court.
3. Functions performed by **MPs**, MLAs, etc, – the duties performed by a person who holds any post in pursuance of the provisions of the Constitution in that capacity; – the duties performed by specified persons in a body established by the CG, SG or LA, not deemed as an employee



4. Services of **funeral**, burial, crematorium or mortuary including transportation of deceased
5. Sale of Land; & [subject to para 5(b) of Schedule II] Sale of building
 - Sale of Land – **NO GST**
 - Sale Building –
 - **Post construction** – If part / entire consideration is received before the following date – **GST Applicable**
Earlier of
 - First occupation; or
 - Issuance of completion certificate
 - **Under Construction** – GST Applicable
6. **Actionable claims (other than lottery, betting, gambling, online gaming, horse racing and casinos)**
7. **Co-Insurance Premium Apportionment by Lead Insurer**



Short explanation

When multiple insurance companies jointly insure one policy, it is called co-insurance.

- The total risk is shared among two or more insurers.
- One insurer is appointed as the Lead Insurer.
- The lead insurer manages the policy, customer communication, claims processing, and collects the full premium from the insured customer.

GST Treatment

When the lead insurer later distributes/apportions the premium share to the co-insurers:

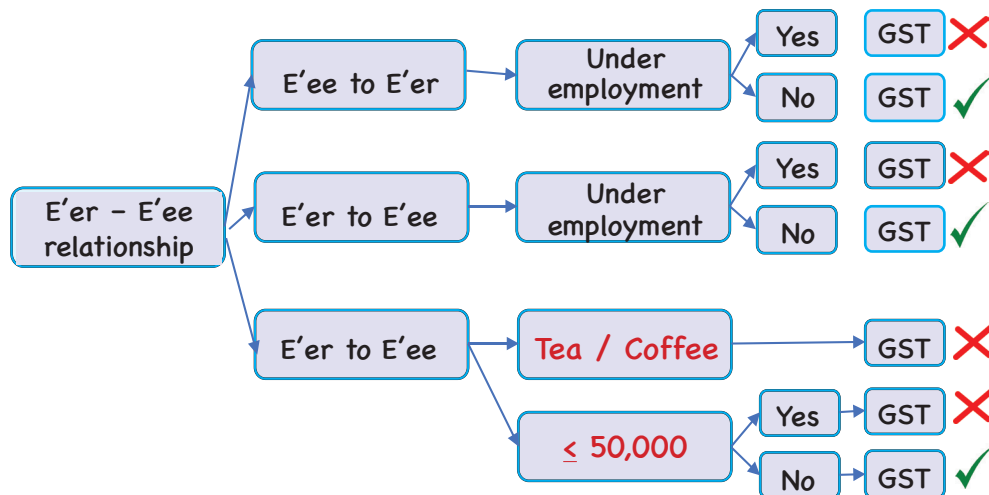
☐ This activity is exempt / not separately taxable, provided the lead insurer has already paid GST on the entire premium amount collected from the customer.

8. Services by Insurer to Reinsurer (Ceding Commission)

The service by insurer to reinsurer (for which ceding commission is paid) is not separately taxed / exempt, provided the reinsurer pays GST on the gross reinsurance premium, including the commission amount.

Crux

Premium paid by insurer to re-insurer = Exempt | Ceding commission = Not taxable



Sale promotion schemes

- Buy 1 get 1** – It is treated as supply of 2 goods for a price of one. Taxability will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate will be determined accordingly.
- Free samples** – Not a supply

Section 8 – Composite and Mixed Supply

Composite Supply

It comprises

- Two or more taxable supplies of G/&S or any combination thereof
- Naturally bundled & supplied in conjunction with each other in ordinary course of business
- one of which is a principal supply

Tax Treatment – treated as supply of such principal supply

GST rate – Rate applicable to Principal supply will be levied on whole supply

What is Principal supply?

Supply of G/&S which constitutes predominant element of a composite supply & to which other supply forming part of that composite supply is ancillary



Mixed supply

It comprises

- two or more individual supplies of G&S or any combination thereof, made in **conjunction with each other** by a taxable person
- for a single price
- where such supply does not constitute a composite supply

Individual supplies are independent of each other & are not naturally bundled

Tax Treatment - treated as supply of that particular supply that attracts **Highest Rate of Tax**

Important - sometimes in the exams they mention that ABC raises an invoice on the customer where independent prices are mentioned in the single invoice - this is NEITHER a mixed supply NOR a composite supply as the condition mentions that there has to be a **single price**



Circulars regarding principal supply

Printing of books, pamphlet	Supply of Services - Paper is ancillary supply
Printed envelop, cartons	Supply of goods - Printing is ancillary supply
Re-treading of tyres	Supply of service. Rubber is ancillary supply
Supply of re-treaded tyres	Supply of Goods

Important circulars and notifications

1. Grant of **alcoholic liquor** license by the state governments

1. grant of alcoholic liquor license by SG - **NO GST**
2. Other license to BE - **GST Applicable**



2. Inter-State movement of various modes of conveyance b/w distinct person Trains, Buses, trucks, tankers, trailers, vessels, containers, aircrafts for:

- a. carrying goods or passengers or both; or
- b. Repairs & Maintenance

(Unless the movement is for further supply of goods - i.e. sale of trucks / buses etc)

GST is applicable on the Repairs and Maintenance service

3. Inter-State movement of Rigs, Tools & Spares, & all goods on wheels - Same as point 2

4. **Display of names or placing of name plates of the donor in the premises of charitable organisations receiving donation or gifts from individual donors**

1. Individual donors provide financial help or any other support in the form of donation or gift to institutions such as religious institutions, charitable organizations, schools, hospitals, orphanages, old age homes etc.
2. The recipient institutions place a name plate or similar such acknowledgement in their premises to express the gratitude.
3. When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy

4. It is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business,
5. Then it can be said that there is no supply of service for a consideration (in the form of donation).
6. There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service).
7. Therefore, there is NO GST liability on such consideration.

5. Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists

1. If sold further – SUPPLY
2. If not sold further – NOT A SUPPLY

6. Cancellation charges

- Airline companies or hotels provide cancellation facilities along with a cancellation fees
- It is supplied as naturally bundled and in conjunction with the principal supply in the ordinary course of business
- Should be assessed at the same rate as applicable to the service contract

7. Forfeiture of earnest money for breach of 'agreement to sell'

In relation to sale of an immovable property, buyers provide some advances to the seller.

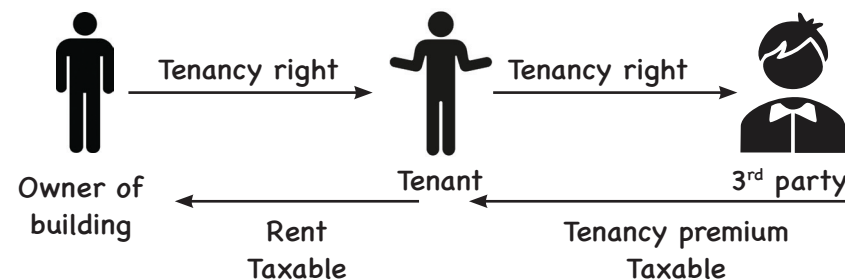
If such advance money is forfeited by the seller in case of breach of contract by the buyer – such forfeiture Not Taxable as it is mere flow of money.

8. Food and beverage supply in a cinema halls

- Supplied along with cinema ticket = Treat it like supply of cinema ticket
- NOT Supplied along with cinema ticket = Treat it independently as restaurant service

9. Taxability of tenancy right

Activity of transfer of tenancy right against consideration [tenancy premium] –covered under supply of service liable to GST



Sometimes – landlord pays to the tenant the prevailing tenancy premium to get the property vacated – **TAXABLE**

10. Agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act

Agreeing to the obligation refrain from an act

- Non compete agreement
- Additional floor not built by the builder against the compensation by the neighbours which want to protect its sunlight

Agreeing to the obligation tolerate an act or a situation

A shopkeeper allowing a hawker to operate from the common pavement in front of his shop against a monthly payment by the hawker

Agreeing to the obligation to do an act

An Industrial unit agrees to install equipment for zero emission/discharge residential complex against a consideration paid by such RWA, even though the emission/discharge from the industrial unit was within permissible limits and there was no legal obligation upon the individual unit to do so



11. No Claim Bonus

As per the practice prevailing in the insurance sector, the insurance companies deduct no claim bonus from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period.

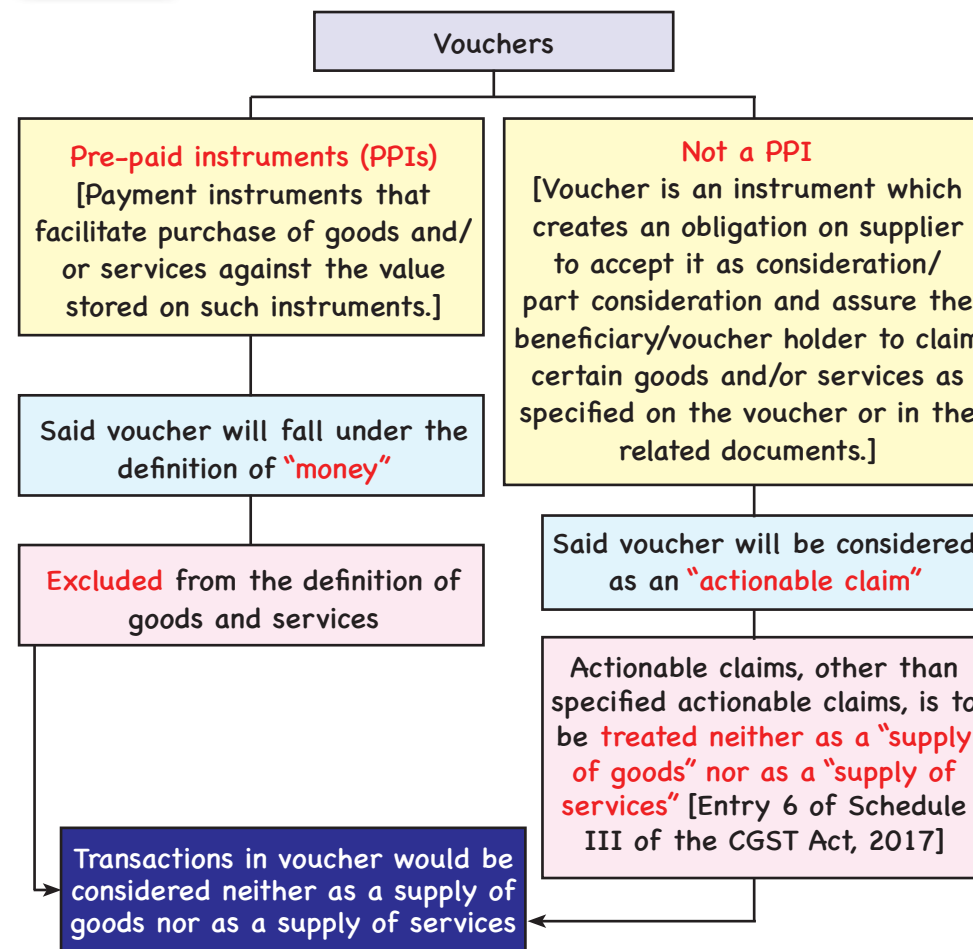
NCB cannot be considered as consideration for any supply provided by the insured to the insurance company

12. GST on Preferential Location Charges collected with Sale of Property

Preferential location charge is composite supply with main supply of construction service; hence it will get same tax treatment as of construction service.

13.

Clarification regarding transactions in vouchers



Thus, the transactions in voucher themselves cannot be considered either as a supply of goods or as a supply of services. However, supply of underlying goods and/or services, for which vouchers are used as consideration or part consideration, may be taxable under GST.



Transactions in vouchers by distributors/
sub-distributors/dealers/agents etc.

**Vouchers distributed on
Principal-to-Principal (P2P) basis**

[Distributors/sub-distributors/
dealers (DSDs) purchase
vouchers at discounted rate
and sold to sub-distributors,
corporates or end customers.
DSDs earn trading margin
[Selling price Acquisition cost].
Thus, DSDs own the vouchers,
retaining full ownership
and control of the vouchers
throughout the process.]

This amounts to trading of
vouchers.

**Not be leviable to GST as per
section 9(1)**

**Vouchers distributed on Principal-
Agent basis**

[Voucher issuer and the
Distributors/Sub-distributors/
Agents (DSAs) operate on a
principal-agency basis. DSAs do
not own vouchers, but act as
an agent of voucher issuer and
operate under specified obligations
set by him (e.g., marketing,
promotion, other support services).
DSAs earn commission/fees which
are treated as a supply of services
to the voucher issuer.]

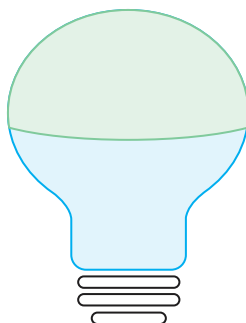
**GST applicable on the
commission/ fee or any other
amount by whatever name
called, charged for such
purpose as a supply of services
to the voucher issuer.**

Voucher Distribution Models



**Principal-to-
Principal Model**

DSDs purchase
and sell
vouchers,
retaining
ownership and
earning margin.



**Principal-Agent
Model**

DSAs act as
agents, earning
commission
for services
provided.

Vouchers

Additional services

[Ex., advertisement, co-
branding, customization services,
technology support services,
customer support services, etc.]

provided either the by
distributor/sub-distributor/by
another person to the voucher
issuer

against a service fee/service
charge/affiliate charge or any
other amount, by whatever name
called

Such service fee etc. **would be
liable to GST at the applicable
rate** in the hands of the said
service provider.

Unredeemed vouchers (breakage)

[Vouchers unused/unredeemed
at the end of the expiry
period.]

No supply of underlying goods
and/or services on account of
such unredeemed vouchers
(breakage)

Amount attributable to
unredeemed vouchers (breakage)
would not be leviable to GST
as per the provisions of section
9(1) of the CGST Act



Definitions

Exempt Supply

Supply which attracts NIL rate of tax or which may be wholly exempt from tax & includes non-taxable supply

Reverse charge

The liability to pay tax is on 'recipient' of supply of G/S instead of supplier of such Goods and Services

India

- Territory of India & its territorial waters (TWI);
- seabed & sub-soil underlying such waters,
- Continental shelf,
- Exclusive economic zone or any other maritime zone
- Air space above its territory & TWI

Extent & Commencement of GST Law

CGST Act:	It extends to whole of India including J&K.
SGST Act:	SGST Act of a State/UT with State Legislature extends to whole of that State/UT
IGST Act:	It extends to the whole of India including J&K.
UTGST Act	It extends to All UTs without state legislature.

UTs without state legislature are: Andaman & Nicobar, Dadra & Nagar Haveli and Daman & Diu; Lakshadweep; Chandigarh, Ladakh

UTs with state legislature are: Delhi, J&K, Puducherry

A hotel provided accommodation in Himachal Pradesh, through ECO Makemytrip.com. Hotel is not liable to get registered as per the provisions of Section 22 (1) of the CGST Act. Who is the person liable to pay GST in this case? Will your answer be different if ECO Makemytrip.com does not have a physical presence in India?

Levy & Collection of CGST & IGST [Sec 9 of CGST act & Sec 5 of IGST Act]

1. **Section 9(1):** Levy of **CGST** on Intra-State Supply on the value determined u/s 15 [Max@ 20%] on supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption
2. **Section 9(2):** No levy of GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel till recommended by the GST council
3. **Section 9(3):** Power of Government (on recommendation of GST council) to specify category of Supply on which RCM shall apply
4. **Section 9(4):** Tax under RCM is payable on Notified category of Inward Supplies of G/S received from any unregistered supplier by Notified class of registered persons
5. **Section 9(5):** **PAYMENT OF GST BY ELECTRONIC COMMERCE OPERATOR (ECO):** Govt to specify certain category of services where ECO would be required to pay GST

Situation	Person liable to pay tax
If ECO does not have a physical presence in TT	Person representing such ECO for any purpose in TT
If ECO does not have a physical presence in TT & also he does not have a representative	Person appointed by ECO in TT



- a. Services by way of **transportation of passengers** by a radio-taxi, motorcab, maxicab, motorcycle, or any other motor vehicle except omnibus (seating capacity > **6 passengers excluding driver**);

Supplier's responsibility - if the service is provided by the company by way of transportation of passengers by an omnibus

- b. Accommodation in **hotels, inn, guest house, campsite** meant for residential or lodging purposes

Supplier's responsibility - if the supplier is a registered person

- c. **House-keeping**, such as plumbing, carpentering etc

Supplier's responsibility - if the supplier is a registered person

- d. **Local delivery services**

Supplier's responsibility - if the supplier is a registered person

- e. **Supply of restaurant service** other than the services supplied by restaurant, eating joints etc. located at specified premises

Supplier's responsibility - if restaurant is located at specified premise

What is specified premise:

Specified premise means:

- a. Premises from where the supplier has provided in the preceding financial year, 'hotel accommodation' service having the value of supply of any unit of accommodation > **7500 per unit per day or equivalent**
- b. Premises for which a RP supplying 'Hotel Accommodation' service has filed a declaration, on or after the **1st of January and not later than 31st of March** of the **preceding financial year**, declaring the said premises to be a specified premises
- c. Premises for which a person applying for registration has filed a declaration, **within 15 days** of obtaining acknowledgement for the registration application, declaring the said premises to be a specified premises

Issues clarified on Restaurant Service

1. **ECOs not required to collect TCS**
Notified ECOs are no longer required to collect TCS and file GSTR-8 on which it pays tax u/s 9(5)
2. **ECOs are not required to take a separate registration for paying tax u/s 9(5)**
3. **Revenue from supply made by a restaurant through ECO** - shall be included in his turnover while computing his aggregate turnover.
4. **Not inward supplies for ECOs**
Even though ECOs are paying GST on such supply - such supply is not an inward supply for them
5. **Cannot Utilize the ITC**
ECOs are required to pay the GST in CASH - it cannot utilize their ITC
6. **Supplier providing supply through ECOs which are not NOTIFIED u/s 9(5)**
Such suppliers to pay the GST and NOT the ECOs
7. **Invoice w.r.t. restaurant service supplied through ECOs u/s 9(5) will be issued by ECOs**
8. **Billing of Restaurant Service and other goods in the same order**
ECO is responsible only for a billing of a Restaurant service Supplier to issue a separate bill for the other goods / services

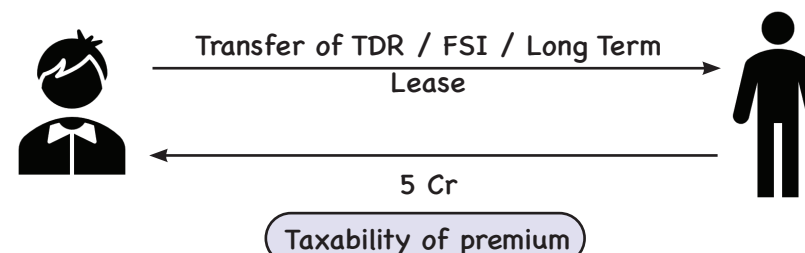


7. Services supplied by Insurance Agent	Insurance Agent	Insurance Company located in TT.
8. Services supplied by Recovery Agent	Recovery agent	Banking company or financial institution or NBFC located in TT.
9. Transfer/permitting use or enjoyment of copyright relating to original literary, dramatic, musical or artistic works	Author, Music composer, Photographer, Artist etc.	Publisher, Music company, Producer etc. located in taxable territory.
9A. Supplier of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher	Author	Publisher located in taxable territory

* Author can opt to pay tax as per FCM Conditions:

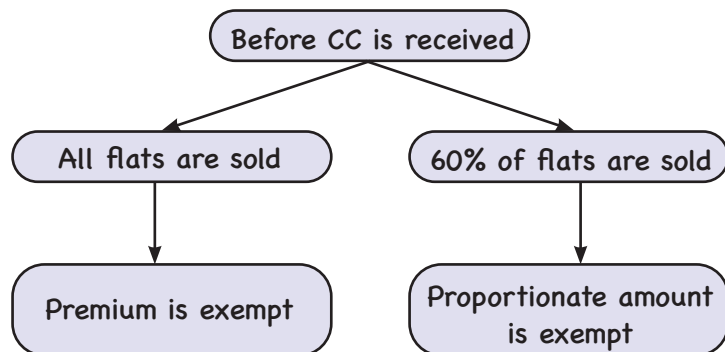
- 1) Take Registration under CGST Act
- 2) File declaration with Jurisdictional CGST/SGST Commissioner that he wants to opt for FCM
- 3) This option shall be exercised for 1 yr. from date of exercising such option.
- 4) Invoice to be issued by him to publisher

10. Supply of Services by Members of Overseeing Committee	Members of Overseeing Committee constituted by RBI	RBI
11. Services supplied by Individual Direct Selling Agents (DSAs)	Individual Direct Selling Agents other than BC, P'ship firm or LLP	Banking company or NBFC in TT.
12. Services provided by Business facilitator to a banking company	Business facilitator	Banking company, located in TT.
13. Services provided by Agent of Business Correspondent	Agent of Business Correspondent	Business correspondent, located in TT
14. Security Services (Services -Supply of security personnel) is applicable to Govt Dept (CG / SG / UT), LA, Govt agencies who has taken registrations for deducting TDS u/s 51 AND to Composite Dealers	Any person other than BC	Any Registered Person, located in TT

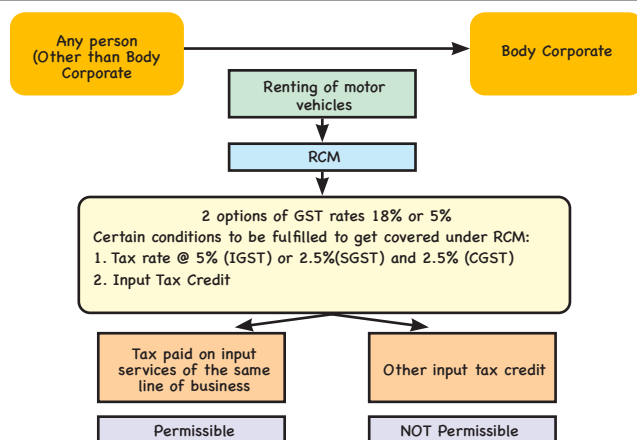


Exempt

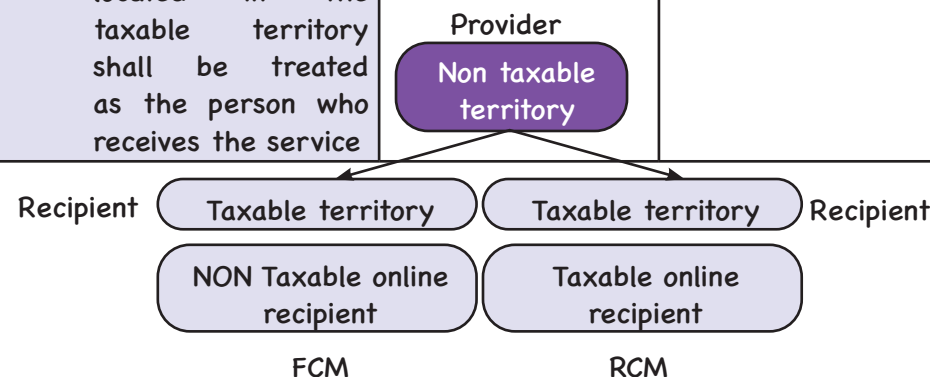
To the extent of the % of the flats are by the builder
Before completion of construction (before cc is received)



15. Renting of motor vehicles designed to carry passengers (NOT PASSENGER TRANSPORT SERVICES) here the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate	Any person (Other than body corporate who supplies service to a body corporate and doesn't issue an invoice charging CGST @ 9% to service recipient.)	Any BODY CORPORATE located in TT
--	---	----------------------------------



16. Services of lending of securities under Securities Lending Scheme 1997 of Securities and Exchange Board of India (SEBI)	Lender	Borrower
17. Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient	Any person located in non- taxable territory	Any person located in the taxable territory other than non-taxable online recipient





Clarification whether DDA (Delhi Development Authority) can be treated as local authority under GST law?

- Services supplied by local authority to a business entity are taxable under RCM
- **DDA IS NOT CONSIDERED AS LOCAL AUTHORITY**

For knowledge purpose - It has been clarified that DDA cannot be treated as local authority under GST law as DDA does not meet the requirement of local authority as per section 2(69) of the CGST Act, 2017

Rates under GST

1. Maximum rate (**IGST**) - 40%
2. Maximum **SGST / CGST** - 20%
 - Classification of the goods / services is the first step before identifying the rate of GST
 - GST rates = **5%, 18%, and 40%**
 - Services not covered under any specific heading are taxed at the rate of **18%** (CGST @ 9% and SGST @ 9% or IGST @ 18%)
 - Gambling, admission to amusement facilities like casinos, race club, sporting event - 40%

Section 9(4) of the CGST Act, 2017 (for reference)

Earlier, the effective rate of GST on real estate sector was 8%/12% with ITC. With effect from 01-04-2019, the effective rates of GST for the new projects have been brought down to a large extent.

However, the promoters/builders have been given a one-time option to continue to pay tax at the old rates on ongoing projects (buildings where construction and actual booking both have started before 01-04-2019) which have not been completed by 31-03-2019.

New effective rates of GST for the new projects by promoters are as follows:

- (i) New rate of 1% without ITC on construction of affordable houses (area 60 sqm in metros/90 sqm in non-metros and value upto 45 lakh).
- (ii) New rate of 5% without ITC shall be applicable on construction of:
 - (a) all houses other than affordable houses, and
 - (b) commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments

Conditions:

Above tax rates shall be available subject to following conditions:

- (a) Input tax credit shall not be available.
- (b) 80% of inputs and input services [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas), used in supplying the service shall be purchased from registered persons.

However, if value of inputs and input services purchased from registered supplier is less than 80%, **promoter has to pay GST on reverse charge basis, under section 9(4) of the CGST Act**, at the rate of 18% on all such inward supplies (to the extent short of 80% of the inward supplies from registered supplier).

Further, where cement is received from an unregistered person, the promoter shall pay tax on supply of such cement on reverse charge basis, under section 9(4) of the CGST Act, at the applicable rate which is 28% (CGST 14% + SGST 14%) at present.

Moreover, GST on capital goods shall be paid by the promoter on reverse charge basis, under section 9(4) of the CGST Act at the applicable rates.



Important Circular

Circular No 177/09/2022 dated 03/08/2022

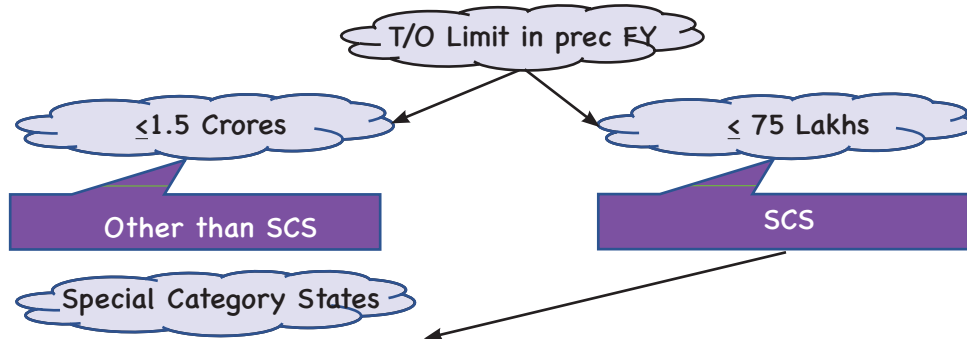
Service of transport of passengers is distinct from service of renting of a vehicle that is used for transport. Where the body corporate hires the motor vehicle for transport of employees for a period of time, during which the motor vehicle shall be at the disposal of the body corporate, it shall be liable to pay GST on the same under reverse charge mechanism

What is Renting of MV service? - Renter will decide how and when the vehicles will be operated, determining schedules, routes and other operational considerations

What is Passenger Transport service? - Routes are pre-determined.

Composition Scheme - Section 10(1) / (2)

- The composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to prescribed limit



Nagaland	Uttarakhand	Sikkim	Tripura
Arunachal Pradesh	Mizoram	Manipur	Meghalaya

- OBJECTIVE** - The objective of composition scheme is to bring simplicity and to reduce the compliance cost for the small taxpayers
- The composition scheme is available to the suppliers of goods and restaurant service

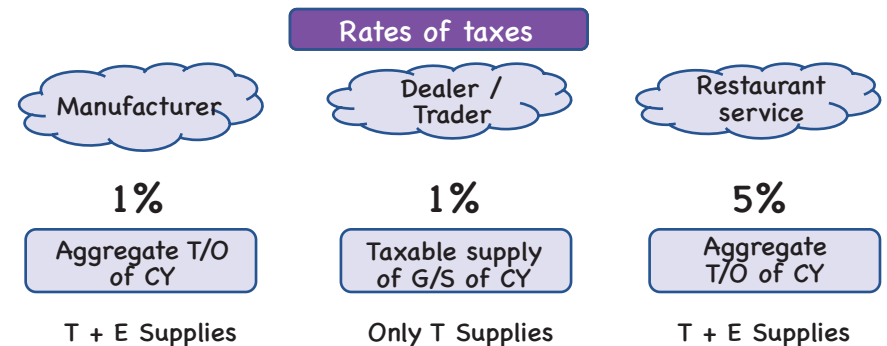
Limit for providing other service

As per second proviso to section 10(1), composition suppliers are permitted to supply other services upto

- 10% of turnover in the state or UT in the preceding FY or
- Rs.5,00,000

HIGHER

Eg. Mr Mahajan is engaged in supply of goods. His aggregate turnover in preceding FY is Rs. 60 lakh. Since his aggregate turnover in the preceding FY does not exceed Rs. 1.5 crore, he is eligible for composition scheme in current FY





Step 1 → Check whether Past Year Turnover $\leq 1.50 \text{ Cr} / 75 \text{ Lakhs}$

Step 2 → IF Yes, I am eligible for composition scheme for Current Year.

Step 3 → Once Turnover for the current year exceeds $1.50 \text{ Cr} / 75 \text{ Lakhs}$,
→ Composition scheme will be Revoked Automatically from that day itself.

& I will fall under Normal scheme

FY 19-20 TO = 90 Lakhs
FY 20-21 TO = 40L 80L 50L 30L 80L
↓
eligible for comp. scheme
< 1.50 Cr

Aggregate T/O - CURRENT YEAR - For payment of TAXES

	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✗	✗	✗	XX * 1%
Supplier or Dealer	✓	✗	✗	✗	✗	XX * 1%
Restaurant services	✓	✓	✗	✗	✗	XX * 5%
Sec 10(2A)	✓	✓	✗	✗	✗	XX * 6%

Aggregate T/O - PREVIOUS YEAR - For eligibility purpose

	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✓	✓	✗	This amount should be $\leq 1.5 \text{ Cr} / 75\text{L}/50\text{L}$ (Of ALL offices together regd under 1 PAN)
Supplier or Dealer	✓	✓	✓	✓	✗	
Restaurant services	✓	✓	✓	✓	✗	
Sec 10(2A)	✓	✓	✓	✓	✗	

Payment of TAXES

Quarterly CMP-08

Filing of RETURN

GSTR-4

Annually GSTR -4

Section 10(2A) Presumptive Scheme For Service Provider

For other service providers

Agg TO in the prec FY

6%

$\leq 50 \text{ Lakhs}$

**Conditions for Sec 10(1), 10(2), 10(2A)**

- (i) **Restricted from making supply of goods which are not liable to GST:** Certain goods are not liable to GST, e.g. petroleum, alcohol for human consumption, etc. – a person opting for composition scheme shall not be entitled to make any supply of non-GST goods.
- (ii) **Restricted from effecting inter-State outward supplies:** The taxable person should not affect any inter-State outward supplies. This means that even stock transfers to branches outside the State would not be permitted. **However, in so far as it relates to inter-State inward procurements / receipts, there is no restriction.**
- (iii) **Restricted from making supplies through an e-commerce operator:** A person opting for composition scheme is not allowed to affect any supply of goods through an ecommerce portal, unless such portal is owned by the same person
- (iv) **Restriction on manufacture of notified goods (no restriction on trader):** The person opting for the scheme should not be a manufacturer of certain goods as are notified in this regard. However, there is no restriction in case the person is engaged in trading of such goods.

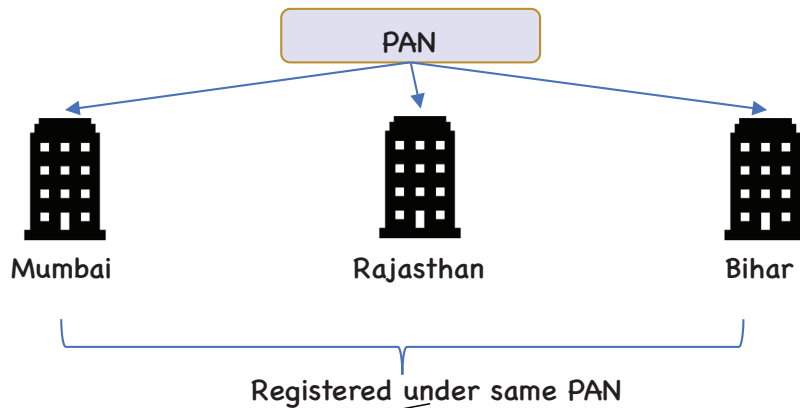
Notified goods – Ice cream and other edible ice, whether or not containing cocoa, Pan Masala, All goods i.e. Tobacco and manufactured tobacco substitutes, Aerated water, Fly ash bricks or fly ash; Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks, Earthen or roofing tiles
- (v) **Would be applicable for all transactions under the same PAN:** Composition scheme would become applicable for all the business verticals having separate registrations within the State and all other registrations outside the State which are held by the person with same PAN.

- (vi) **Shall not collect tax:** Taxable person opting to pay tax under the composition scheme is prohibited from collecting tax on the outward supplies
- (vii) **Not entitled to input tax credit:** Taxable person opting to pay tax under the composition scheme will not be eligible to claim any input tax credits
- (vii) Such supplier shall mention the words “**composition taxable person not eligible to collect tax on supplies**” at the top of the bill of supply. (not allowed to issue tax invoice)
- (ix) NRTP and CTP cannot opt for the composition scheme

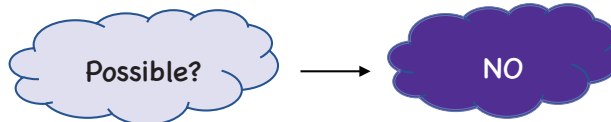
If Composition dealer supplies goods through ECO who is liable to collect TCS, its Composition levy shall not be withdrawn, Now restriction is only on supply of Services.

However Following Conditions Shall Be Fulfilled:

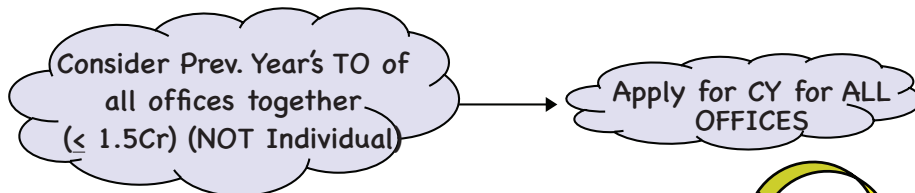
1. ECO shall not allow inter state supply
2. ECO shall Collect and Pay TCS
3. ECO shall furnish the details in GSTR-8
4. ECO shall make necessary checks & validations on their systems/ platforms.



I want to opt for composition only for Mumbai Office



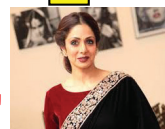
Opting for Composition scheme is PAN BASED and NOT location based



NO TAX



MH



TN



Memory technique to be discussed in the lecture

Additional points

- Where any registered person who has availed of ITC opts to pay tax under this notification, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger.
Said amount shall be equivalent to the ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as if the supply made under this notification attracts the provisions of section 18(4) of the CGST Act and the rules made thereunder.
- Tax on inward supplies on which he is liable to pay tax under section 9(3)/9(4) (reverse charge) at the Normal applicable rates

Additional points

Person providing exempted service is eligible for composition scheme

A person supplies restaurant service and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person **shall not be ineligible for the composition scheme**

Further, while computing aggregate turnover of such person in order to determine his eligibility for composition scheme, Value of Supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, **shall not be taken into account**



If any one office breaches any one of the conditions - all the offices would become INELIGIBLE

Rule 3

Registration - A person applying for registration may give option for composition scheme in part B of REG-01. Such intimation shall be considered only after the grant of registration to the applicant and his option to pay tax under composition levy shall be effective from the date from which registration is effective

Rule 4

WHICH INTIMATION AND EFFECTIVE FROM WHICH DATE?

1. **INTIMATION** - A registered person who opts to pay tax under composition levy scheme shall electronically file an intimation in Form CMP-02 form on the GST Common Portal, prior to the commencement of the FY for which said option is exercised.
2. **EFFECTIVE FROM WHICH DATE?** Option to pay tax under section 10 shall be effective from the beginning of the next FY but such person shall also furnish statement in ITC-03 for reversal of tax credit within a period of 60 days from the date of commencement of composition scheme

Rule 5

N RTP and CTP - Such person should be neither casual taxable person nor non - resident taxable person

Rule 6

WITHDRAWAL OF SCHEME

If turnover exceeds **Rs. 1.5Cr** he will be shifted to normal scheme with immediate effect and he will give an intimation in **CMP-04 within 7 days** of exceeding the limit.

Any person who is in the composition scheme may opt out of the scheme at any time and shall file an application in CMP-04 and he will get shifted to normal scheme with immediate effect. He shall be required to submit **ITC-01** for availing ITC **within 30 days** from the date of withdrawal. Such withdrawal shall be applicable to all the places in all the states/Uts

Denial of option to pay tax under the composition scheme by tax authorities.

Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under composition scheme or has contravened the provisions of the CGST Act, he may issue a show cause notice (SCN) to such person



4

PLACE OF SUPPLY

CA Amit Mahajan

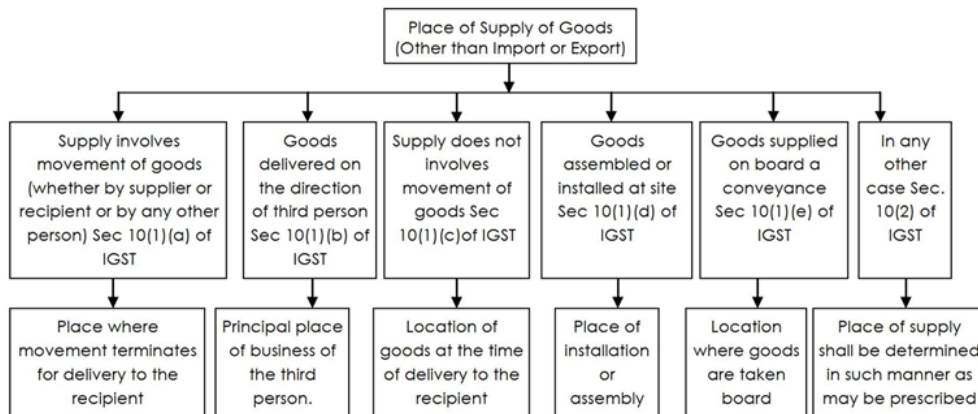
Introduction

- The Place of Supply determines the place that is a taxable jurisdiction where the tax should reach.
- The place of supply and the location of the supplier are the two determinates to ascertain the nature of supply - whether the supply is a Interstate or Intrastate supply.
- In other words, these two factors are required to determine whether a supply is subject to SGST/UTGST plus CGST in a given state/union territory or else would attract IGST if it is an inter-state supply.

While determining the levy of taxes based on Place of Supply, two things are considered namely:

1. **Location of Supplier:** It is the registered place of business of the supplier.
2. **Place of Supply:** It is the registered place of business of the recipient

Place of supply of Goods



Supply involving movement of goods [Sec 10(1)(a)]

Example

- (1) MA Pvt. Ltd. of Nasik, Maharashtra sells 10 refrigerators to MB Pvt. Ltd. of Pune, Maharashtra for delivery at place of business of MB Pvt. Ltd. in Pune. The place of supply is Pune in Maharashtra.
- (2) MA Pvt. Ltd. of Nasik, Maharashtra sells 20 refrigerators to MC Pvt. Ltd. of Ahmedabad, Gujarat for delivery at place of business of MC Pvt. Ltd. in Ahmedabad. The place of supply is Ahmedabad.

Bill to Ship to [Sec 10(1)(b)]

Example

- (3) X & Co. (a supplier registered in Uttar Pradesh having principal place of business at Noida) asks Y & Co. of Ahmedabad, Gujarat to deliver 50 washing machines to its buyer Z & Co. at Jaipur, Rajasthan. In this case, two supplies are involved, one between X & Co. and Z & Co. and other between Y & Co. and X & Co.

While the former supply is covered under clause (a) of section 10(1), the latter one, i.e. between Y & Co. and X & Co. is covered under clause (b) of section 10(1). Accordingly, in this case, the place of supply of goods is not the location of delivery of such goods (Jaipur) but the principal place of business of third person, i.e. principal place of business of X & Co. located at Noida.

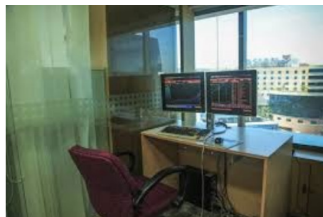
Supply NOT involving movement of goods [Sec 10(1)(c)]

Example

- (4) MA Pvt. Ltd. (New Delhi) has leased its machine (cost ₹ 8,00,000) to MB Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of 40,000. After 14 months MB Pvt. Ltd. requested MA Pvt. Ltd. to sell the machine to it for 4,00,000, which is agreed to by MA Pvt. Ltd. In this case, there will be no movement of goods and the same

will be sold on as is where is basis. Thus, the location of the machine at the time of such sale will be the place of supply, i.e. Noida.

- (5) XZ Ltd. (Mumbai, Maharashtra) opens a new branch office at Gurugram, Haryana. It purchases a building for office from KTS Builders (Gurugram). It also enters into a separate contract with KTS Builders for purchase of pre-installed office furniture and fixtures in the building.



Though there will be no GST liability on purchase of building (as sale of building is covered under Schedule III to CGST Act), office furniture and fixtures will be liable to GST. Since there is no movement of office furniture and fixtures, the place of supply of such goods is their location at the time of delivery to the recipient (XZ Ltd.), i.e. Gurugram.

Supply involving installation / assembly [Sec 10(1)(d)]

Example

- (6) MA Pvt. Ltd. (New Delhi) purchases a machine from MB Pvt. Ltd. (New Delhi) for being installed in its factory at Noida, Uttar Pradesh. The place of supply is the site at which the machine is installed, i.e. Noida.
- (7) Pure Refineries (Mumbai, Maharashtra) gives a contract to PQ Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. The place of supply is the site of assembly of machine, i.e. Kutch even though Pure refineries is located in Maharashtra.

Goods supplied on-board a conveyance [Sec 10(1)(e)]

Example

- (8) Mr. X (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey. The place of supply of goods is the location

at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.

Section 10(1)(ca) – supply made to an unregistered person

Where the **address** of the unregistered person **is recorded** in the invoice

- Place of supply is location as per address of unregistered person recorded in the invoice**

Where the **address** of the unregistered person **is not recorded** in the invoice.

- Place of supply is location of the supplier

**Simply mentioning the State of unregistered person instead of complete address would be sufficient.

Clarification

- Issue:** Mr. A (an **unregistered person**) orders a **mobile phone** from an **e-commerce platform**. The **billing address** is in **State X**, and the **delivery address** is in **State Y**. What is the **place of supply** for this transaction-**State X** (billing address) or **State Y** (delivery address)?
- Clarification: Place of Supply Determination** In cases where the delivery address differs from the **billing address**, the place of supply for the **goods** will be the **address of delivery** recorded on the invoice. Therefore, for the given scenario, the place of supply is **State Y**, where the mobile phone is delivered.

Place of supply of Goods Imported into or Exported from India

Section	Nature of Supply	Place of Supply
11(a)	Import	Location of Importer
11(b)	Export	Location outside India

Place supply of Services

Section 12 – Place of Supply of Services where location of supplier and recipient is in India

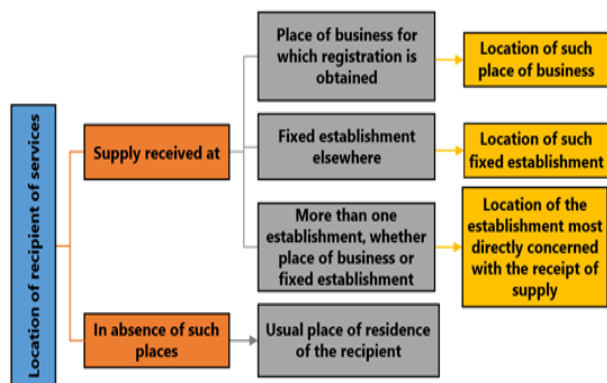
Section 13 – Place of Supply of Services where location of supplier OR recipient is outside India

NOTE

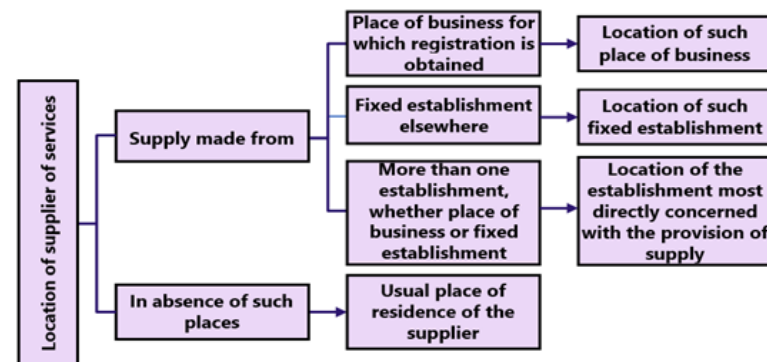
To know the Place of Supply for Services the following two concepts are very important

1. Location of the recipient of services.
2. Location of the supplier of services

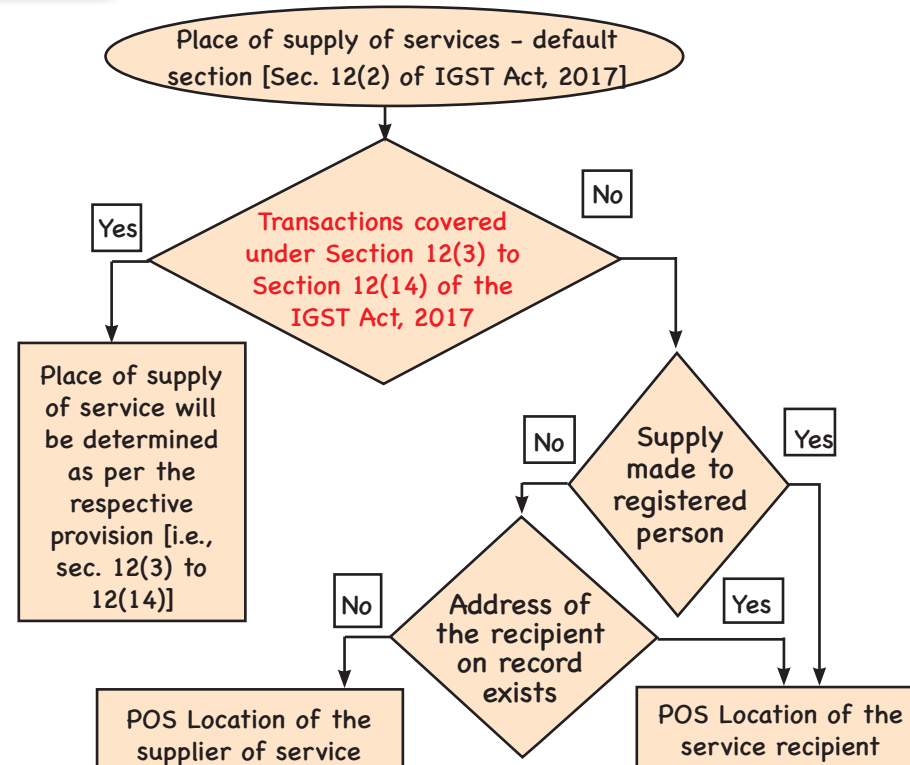
1. Location of the recipient of service



2. Location of the supplier of services



Place of supply of services – Default Section





Place of supply of services directly in relation to an immovable property [Sec. 12(3)(a)]

S. No.	Nature of service		Place of supply of service
1	Architects	Any services ancillary to these services [Sec. 12(3)(d)]	Immovable property located or intended to be located in India: • Location of Immoveable property Outside India: • Location of the recipient.
2	Interior decorator		
3	Surveyors		
4	Engineers and other related exports or estate agents		
5	Any service provided by way of grant of rights to use immovable property		
6	for carrying out or co-ordination of construction work		

Immovable property/Boat/Vessel located in more than one State/Union territory POS – Each respective state

- Sometimes immovable property may extend to more than one location, for example, a railway line, a national highway or a bridge on a river may originate in one State and end in the other State or a house boat stay may traverse more than one State.
- In such cases, i.e. where the immovable property or boat or vessel is located in more than one State/Union territory, the service is deemed to have been supplied **in each of the respective States/Union territories**, in proportion to the value for the services determined in terms of the contract or agreement entered into in this regard.
- Manner of determining proportionate value of service in the absence of a contract or agreement
In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services supplied in different States/Union territories (where the immovable property or boat or vessel is located) is computed in accordance with rule 4 of the IGST Rules as under:

Sr No	Type of service in relation to immovable property	Factor which determines the proportionate value of service supplied in different States/Union territories
1	Services provided by way of lodging accommodation by hotel, inn, guest house, etc and its ancillary service (other than the cases where such property is a single property located in 2 or more states / UTs	No of nights stayed in each property
2	All other services provided in relation to immovable property including services by way of accommodation in any immovable property for organising any marriage or reception etc. and in cases of supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called where such property is a single property located in 2 or more contiguous States or/ and Union territories Services ancillary to services mentioned above	Area of the immovable property lying in each State/ Union territories
3	Services by way of lodging accommodation by a house boat or vessel and its ancillary services	Time spent by the boat or vessel in each such State/ Union territories, to be determined on the basis of declaration made by the service provider



Place of supply of services by way of lodging accommodation by a [Sec. 12(3)(b)]

S. No.	Nature of service		Place of supply of service
1	Hotel	Any services ancillary to these services [Sec. 12(3)(d)]	Property located or intended to be located in India: • Location of immovable property or boat or vessel. Outside India: • Location of the recipient.
2	Inn		
3	Guest house		
4	Home stay		
5	Club or campsite by whatever name called and including a house boat or any other vessel		

Place of supply of services by way of accommodation in any immovable property for organizing [Sec. 12(3)(c)]

S. No.	Nature of service		Place of supply of service
1	Any marriage or reception or matters related thereto,	any services ancillary to these services [Sec. 12(3)(d)]	Property located or intended to be located in India: • Location of immovable property Outside India: • Location of the recipient.
2	Official, social, cultural, religious or business function including services provided in relation to such function at such property		

Place of supply of services in relation to [Sec. 12(4)]

Sr No	Nature of service	Place of supply of service
1	Restaurant	Location where the services are actually performed.
2	Catering services	
3	Personal grooming	
4	Fitness services	
5	Beauty treatment services	
6	Health services including cosmetic and plastic surgery	

Note

- Restaurants within hotels (room tariff < 7,500) @5% without ITC
- Restaurants within hotels (room tariff > 7,500) still 18% with ITC
- Outdoor catering 18% with ITC

Place of supply of services in relation to training and performance appraisal [Sec. 12(5)]

Sr No	Nature of service	Place of supply of service
1	Services in relation to training and performance appraisal.	• Location of recipient of Service Provided to a un-registered person: • Location where the services are actually performed.



Example

Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for receiving training on English speaking at their New Delhi Centre. Since the recipient is unregistered, the place of supply is the location where services are provided, i.e. New Delhi.

Place of supply of services provided by way of admission to a [Sec. 12(6)]

S. No.	Nature of service		Place of supply of service
1	Cultural	Services ancillary thereto	Where the event is actually held or where the park or such other place is located.
2	Artistic		
3	Sporting		
4	Scientific		
5	Educational		
6	Entertainment event or Amusement part or any other place.		

Example

Virubhai Virani, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi. The place of supply is the location where the circus is held, i.e. Gurugram.

Example

Manasvi of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh. The place of the supply is the location where the park is located, i.e. Noida.

Place of supply of services provided by way of organization of a [Sec. 12(7)]

S. No.	Nature of service		Place of supply of service
1	Cultural	Services ancillary thereto or assigning of sponsorship to such events.	Provided to a registered person:
2	Artistic		
3	Sporting		
4	Scientific		
5	Educational		
6	Entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events		Provided to an un-registered person: • Location of recipient of Service • Location where the event is actually held and • if the event is held outside India, the place of supply shall be the location of the recipient.

Example

Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai.

Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.

Example

Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), in Mauritius. Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.

**Event held in more than one State/Union territory**

POS = deemed to be in each of the respective States/Union territories in proportion to the value for services determined in terms of the contract or agreement entered into in this regard

The above provision is applicable only when the recipient is unregistered, as for a registered recipient, the place of supply is the location of such recipient.

Example

An event management company - Moonlight Events Private Limited - has to organize some promotional events in States S1 and S2 for a recipient Mr. Atmaram (unregistered). 3 events are to be organized in S1 and 2 in S2. They charge a consolidated amount of Rs 10,00,000 from Mr. Atmaram. The place of supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3:2. The service shall be deemed to have been provided in the ratio 3:2 in S1 and S2 respectively. The value of services provided will thus be apportioned as Rs 6,00,000/- in S1 and Rs 4,00,000/- in S2.

Place of supply of services by way of transportation of goods including by mail or courier [Sec.12(8)]

Sr No	Nature of service	Place of supply of service
1	Services by way of Transportation of goods including by mail or courier	Provided to a registered person: • Location of recipient of Service. Provided to a un-registered person: • Location at which such goods are handed over for their transportation.

Example

1. M/s Sukhram Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service. The recipient being registered person, the place of supply is the location of recipient, i.e. New Delhi.
2. Mr. Bindisaar, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab. The recipient being unregistered person, the place of supply is the location where goods are handed over for their transportation, i.e. New Delhi.
3. Pinelaps Pvt. Ltd., a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hezal Enterprises (registered supplier in Kanpur) to transport its consignment of goods to a buyer in New Delhi. The recipient being registered, the place of supply is the location of recipient, i.e. Kanpur.
4. Sukhwinder Transports Pvt. Ltd., a Goods Transportation Agency based in Noida, Uttar Pradesh, is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, Uttar Pradesh. The recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.



Place of supply of passenger transportation service to [Sec 12(9)]

Sr No	Nature of service	Place of supply of service
1	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc.	Provided to a registered person: • Location of recipient of Service. Provided to a un-registered person: • Place where the passenger embarks on the continuous journey.
Sr No	Nature of service	Place of supply of service [refer to Sec 12(2) of IGST]
2	Right to passage is given for future use and point of embarkation is not known at the time of issue of such right	Provided to a registered person: • Location of recipient of Service. Provided to a un-registered person: • Location of recipient when address on record is available. • Location of supplier in other cases

Note - The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time

What is continuous journey?

Means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.

Explanation: For the purpose of this clause, the term 'stopover' means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time.

Example -

Mr. Ram working in Ramsay Company having office in Bengaluru is registered under GST.

Mr. Ram purchased the ticket from Hyderabad for transportation of passenger by Air from Hyderabad to Chennai. Mr. Ram discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad.

Find the following

- Place of supply of service and GST liability.
- Whether your answer will be different if Mr. Ram is not disclosed the name of the organization and its registration number?

Answer:

- POS = Bengaluru (i.e. location of recipient of service)
GST = IGST is liable to be paid by Air Travel Operator
- POS = Hyderabad (i.e. Place where the passenger embarks on the continuous journey) GST = CGST & SGST is liable to be paid by Air Travel Operator.

Example -

Agni Air registered under GST and located in Mumbai operates flight from Delhi-Dubai-London- Dubai-Delhi. Mr. TYN who is unregistered person, purchase air ticket for Delhi-London. Two tickets are issued to him showing Delhi-Dubai with a halt at Dubai for 5 hours and Dubai-London.

Find the Place of supply of service and GST liability.

Answer:

POS = Delhi (i.e. place of embark)

GST = Jet Air is liable to pay IGST for the entire value of air fair.



Note: since, it is continuous journey, place of embarking of passenger who is unregistered person is relevant.

Misc Example –

Mr. Amar (registered person in New Delhi) travels from Mumbai to Bangalore in Airjet flight. Mr. Amar has bought the tickets for the journey from Airjet's office registered in New Delhi. The place of supply is the location of recipient, i.e. New Delhi.

Mr. Subramanian (unregistered person in Chennai) has come to Delhi on a vacation. He buys pre-paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region. Recipient being unregistered person, the place of supply is the address of Mr. Subramanian, i.e. Chennai. If address of Mr. Subramanian is not available with the Delhi Metro, the place of supply will be the location of the supplier of services, i.e. New Delhi.

Mr. Shyam, an unregistered person, based in Gurugram, Haryana books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He leaves New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and lands in New Delhi the same day. The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time. Thus, being an unregistered person, the place of supply for the outward and return journeys are the locations where the unregistered person embarks on the conveyance for the continuous journey, i.e. New Delhi and Mumbai respectively.

Examples of issue of right to passage for future use-point of boarding not known at the time of issue of right

1. An airline may issue seasonal tickets, containing say 10 vouchers which could be used for travel between any two locations in the country.

2. The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment

Place of Supply of service on board a conveyance [Sec 12(10)]

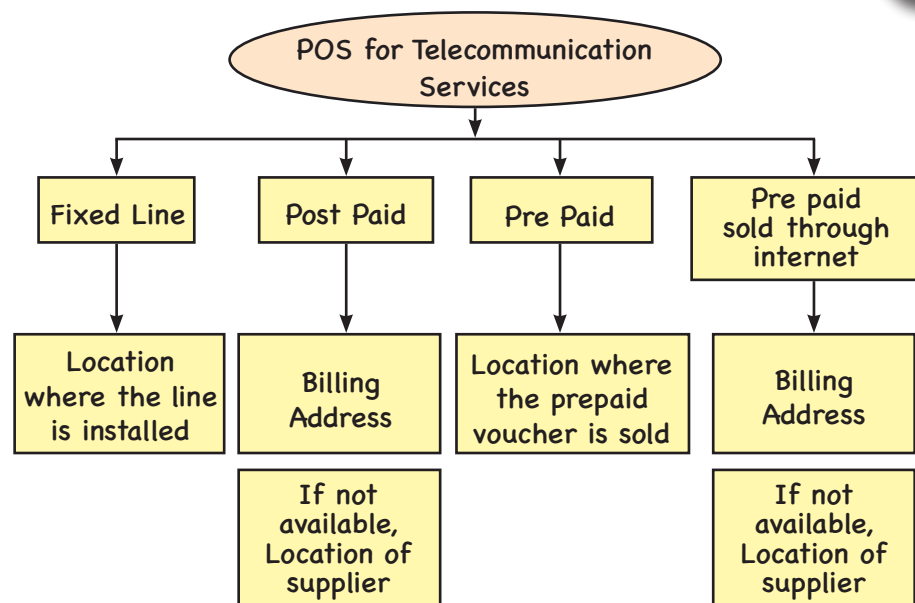
Sr No	Nature of service	Place of supply of service
1	Vessel	Location of the first scheduled point of departure of that conveyance for the journey.
2	Aircraft	
3	Train	
4	Motor vehicle	

Example

Mr. Raidhan is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during the journey by making the necessary payment. The place of supply of such service of showing 'movie on demand' is the first scheduled point of departure of the conveyance for the journey i.e. Delhi.

Place of supply of telecommunication services [Sec 12(11)]

Sr No	Nature of service
1	including • data transfer, broadcasting, • cable and • direct to home television services.



Examples

1. Mr. Samudragupta (Kolkata) gets a landline phone installed at his home in Kolkata from Skybel Ltd. The place of supply is the location where the telecommunication line is installed i.e. Kolkata
2. Mr. Rajkumar (Mumbai) gets a DTH installed at his home in his village in Uttar Pradesh from RT Ltd. The place of supply is the location where the DTH is installed, i.e. Uttar Pradesh.
3. Mr. Shastri (Mumbai) takes a post-paid mobile connection in Mumbai from Blubel Ltd. and gives his residence address at Mumbai as the address for billing with supplier. The place of supply is the location of billing address of the recipient, i.e. Mumbai.
4. Mr. George (New Delhi) gets his post-paid mobile bill (billing address New Delhi) paid online from Goa. The place of supply is the location of the billing address of the recipient, i.e. New Delhi.
5. Mr. Jhumroo (Pune) purchases a pre-paid card from a selling agent in Mumbai. The place of supply is the address of the selling agent or re-seller,

6. i.e. Mumbai.
7. Mr. Freddy (Puducherry) gets a pre-paid mobile recharged from a grocery shop in Chennai. The place of supply is the location where such pre-payment is received, i.e. Chennai.

Place of supply of banking and NBFC service including stock broking services [Sec 12(12)]

Sr No	Nature of service	Place of supply of service
1	Banking and NBFC service including stock broking services	- Location of recipient of service on the records of the supplier of service. Otherwise: - Location of supplier of service.

Examples

1. Mr. Debdas (Chennai) buys shares from a broker in BSE (Mumbai). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Chennai.
2. Mr. Arihant (New Delhi) withdraws money from Best Bank's ATM in Amritsar. Mr. Arihant has crossed his limit of free ATM withdrawals. The place of supply is the location of the recipient of services in the records of the supplier, i.e. New Delhi.
3. Mr. Rishabh from Varanasi, Uttar Pradesh, visits a bank registered in New Delhi to get a demand draft made. Mr. Rishabh does not have any account with the said bank. Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. New Delhi.

**Place of supply of insurance services [Sec 12(13)]**

Sr No	Nature of service	Place of supply of service
1	Insurance services	To a registered person • Location of recipient of Service. To a person other than registered person • Location of the recipient of services on the records of the supplier of service.

Examples

1. Mr. Shantaram, CEO of Shaurya Ltd., Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company's factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu). The place of supply is the location of the registered recipient, i.e. Mumbai.
2. Ms. Barbie (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.

Place of supply of advertisement services to specified persons [Sec12(14)]

Sr No	Nature of service	Place of supply of service
1	Advertisement services to • Central Government • State Government • Statutory Body • Local Authority	Located in each of such states and the value of such supplies specific to each state shall be in proportion to amount attributable to service provided by way of dissemination in the respective states.

Clarification regarding place of supply in case of supply of services in respect of advertising sector

Issue 1 – Right to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure

Clarification:

- The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth
- Section 12(3) will be applicable

Issue 2 advertising company wants to display its advertisement on hoardings/billboards at a specific location availing the services of a vendor.

The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the advertisement company at the said location.

During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

Clarification:

- Service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property.



- Thus, **Section 12(3)** will **not** be applicable
- Such services are purely in the nature of advertisement service and thus, **Section 12(2)** will be applicable

Circular No, 242/36/2024 dated 31.12.2024

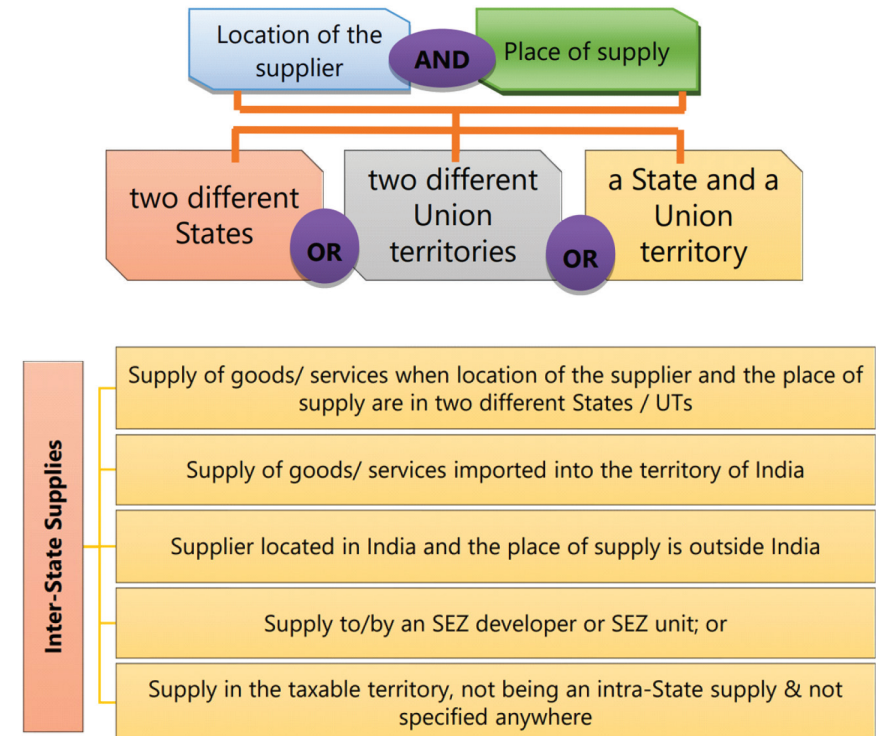
Place of supply of online services supplied by the suppliers of services to unregistered recipients

Recipient is REGISTERED	Recipient is UNREGISTERED
Tax Invoice to contain	- Value of Supply is equal to or more than Rs 50,000
1. Name of recipient	- Address of delivery
2. Address of recipient	- Name of state and state code
3. GSTIN of the recipient	
	<u>Value of Supply is less than Rs 50,000</u>
	Not mandatory to insert these details (Only if requested by the recipient)
Mandatory requirement of recording name of the state of the unregistered recipient irrespective of the value of supply 1. OIDAR 2. Online money gaming 3. Supply of any online / digital services	
POS Location of the recipient	

Important Concepts

I. What is intra-state and inter-state supply?

- Inter-state supply



In case of import of services into India -

Supplier - Outside India

Recipient - In India

POS - In India

Nature - Inter-state and IGST will be applicable

Intra-state supply - Other cases



5

EXEMPTIONS UNDER GST

CA Amit Mahajan

Introduction

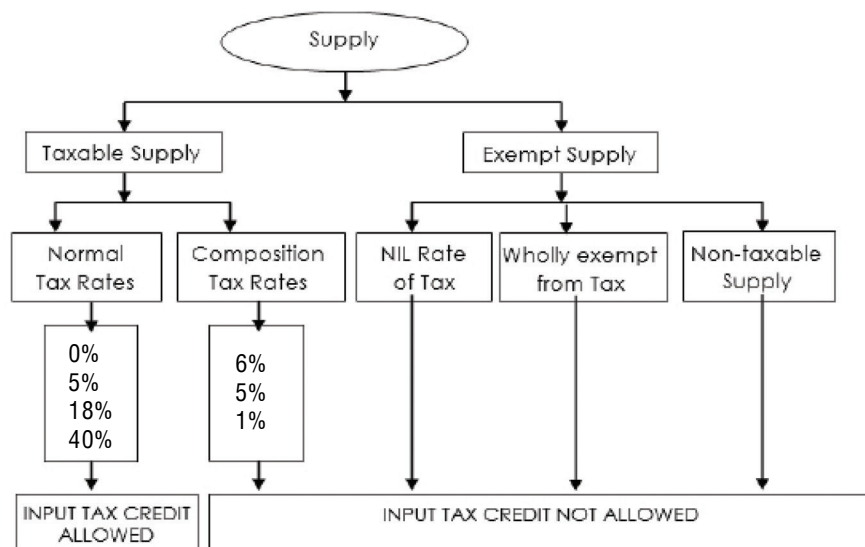
When a supply of goods and/or services falls within the purview of charging section, such supply is chargeable to GST.

However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax

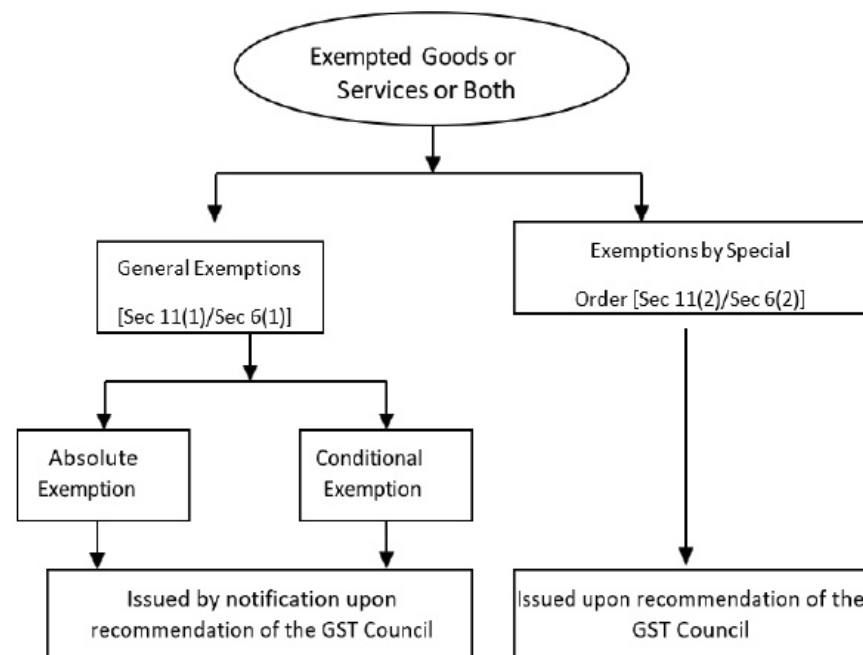
Definition

Exempt supply has been defined as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply

What is non-taxable supply? - Non-taxable supply means a supply of goods or services or both which is not leviable to tax under CGST Act or under the IGST Act



Exempted supply	Zero rated supply
Nil Rate	0% Rate
Applicable by Notification to Domestic Tariff Area supplies	Applicable by section to export of goods or services or both
Not eligible for Input Tax Credit	Eligible for Input Tax Credit
Not eligible for refund	Eligible for refund



AM Note

Please note that the portion highlighted is that portion where the student usually makes mistakes in the exams.

Category A – Services related to charitable and religious activities

1. Services by entity registered u/s 12AA/12AB of Income-tax Act, 1961 by way of charitable activities. 'Charitable Activities' mean activities relating to

'Charitable Activities' mean activities relating to:

I. **PUBLIC HEALTH** by way of:

A. Care or counselling of



terminally ill/severely **disabled** (physical/mental)

persons;

persons afflicted with **HIV/AIDS**;

persons **addicted** to dependence-forming substance (**Drugs/alcohol**);

B. Public awareness of preventive health, **family planning** or prevention of HIV;

II. **ADVANCEMENT OF RELIGION**, spirituality or yoga



III. **ADVANCEMENT OF EDUCATIONAL PROGRAM/SKILL DEVELOPMENT** related to

abandoned, orphaned or homeless children;

physically or mentally abused and traumatized persons;

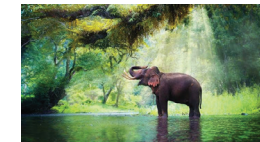
prisoners; or

persons over the age of 65 years residing in a rural area;

Note: Schools, colleges or any other educational institutions run by charitable

trusts by way of education or skill development of above mentioned persons = Charitable activities & income from such supplies will be wholly **exempt from GST**.

IV. **PRESERVATION OF ENVIRONMENT** including watershed, forests & wildlife.



1. **Grant of Advertising rights on premises** of charitable/religious trust or on publications of trust; Admission to events, functions, celebrations, shows against admission tickets – **GST chargeable**.

2. Hostel services provided by trusts to students – **NOT a Charitable activity**

3. Arranging **yoga & meditation camp** by charitable trusts → **Exempt from GST**.
Yoga + Acc + Food
E.

4. **Residential programmes or camps** [Fee charged includes cost of lodging & boarding] → **Exempt** If primary purpose of such residential programmes is advancement of religion, spirituality or yoga. However, if charitable or religious trusts **primarily provide accommodation or serve food & drinks** against consideration in any form including donation, such activities will be **taxable**.

5. Activities such as **holding of fitness camps/classes** in aerobics, dance, music – **GST chargeable**.

6. i. **Recreational activities in relation to Arts / Culture** – Exempt when given by **INDIVIDUAL**

ii. Given by any person other than individual – **Taxable**

iii. Training / coaching in sports – Exempt only when given by entities registered u/s 12AA / AB of the Income Tax Act.

I Urban Age → 64 T	II Urban Age → 66 T	III Urban Age → 65 T
IV Rural Age → 64 T	V Rural Age → 66 E	VI (*) Rural Age → 65 T
Amit Mahajan		

SL SL SL SL

~~Any Person~~
Individual.

R.A. → Any Person.
↓
Exempt.

7. Religious Yatras/pilgrimage organised by any charitable or religious trust are **not exempt** (Kumaon Mandal Vikas Nigam Limited and 'Haj Committee of India' or 'State Haj Committee including Joint State Committee') - For these trust - **Exempt**

8. Services provided TO charitable trust - **Taxable**

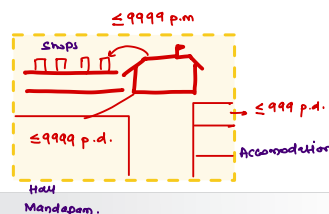
2. Services by a person by way of
 - a. Conduct of any Religious ceremony; (Pujari)
 - b. **Renting of Precincts of a religious place** meant for general public (Temple) owned/managed by registered charitable/religious trust or a trust/institution registered u/s 10(23C) (v) of Income-tax Act or a body or an authority covered u/s 10(23BBA)

However, GST will be payable in following cases:

- (i) Renting of Rooms if charges are $\geq$ Rs. 1,000 per day;
- (ii) Renting of Premises/Halls/mandapam/open area if charges are $\geq$ Rs. 10,000 per day;
- (iii) Renting of Shops/other spaces for business if charges are $\geq$ Rs. 10,000 per month

AM Note → For exemption value should be 999/9999 or less.

- Donation for hosting advertisement promoting business of the donor - **GST chargeable.**
- But if donation is received without such instructions or without a quid pro quo - **NO GST**



Category B – Agricultural related activities

1. Services by way of loading, unloading, packing storage or warehousing of Rice

2. Services by way of Warehousing of minor Forest Produce

3. ~~Services by way of fumigation in a warehouse of agricultural produce~~ - **GST APPLICABLE** Services by way of fumigation in a farm of agricultural produce - **EXEMPT**

4. Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits & vegetables which **do not** alter essential characteristics

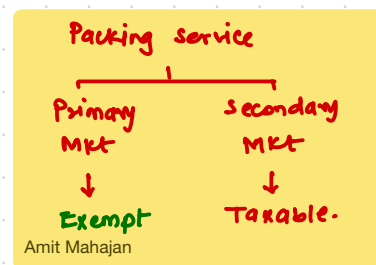
5. Services by **National Centre for Cold Chain Development** of cold chain knowledge dissemination

6. Services relating to cultivation of plants & rearing of all life forms of animals (except horses) for food, fibre, fuel, raw material or other similar products/agricultural produce by way of:

(a) **Agricultural operations** directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;

(b) Supply of **farm labour**;

(c) Processes carried at agricultural farm including **tending, cutting, harvesting, drying, cleaning**, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging & like operations which **do not** alter **essential characteristics** of agricultural produce but only make it marketable for primary market;



(d) Renting/leasing of agro machinery or vacant land with/without structure for being use in agriculture or related activities;

(e) Loading, unloading, packing, storage or warehousing of Agricultural Produce;

(f) Agricultural Extension Services [Application of scientific research & knowledge to agriculture] Ex: Training courses, kisan call centres, farm visits, on farm trials, kisan melas, kisan clubs, advisory bulletins and the like.



Agricultural Produce Marketing Committee.

(g) Services by any APMC or Board related to selling/marketing of agricultural produce. However, Renting of shops/other property by APMC – GST applicable (since not directly related)



(h) Services provided by Commission Agent for Sale/Purchase of Agricultural Produce.

Note → Services by way of storage /warehousing of cereals, pulses fruit & vegetables

IMP

- Breeding of fish (pisciculture), rearing of silk worms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry, etc. → NO GST.
- Agricultural produce means any produce out of cultivation of plants & rearing of animals (except horses) on which
 - No further processing is done or
 - Processing which is usually done by a cultivator or producer & which does not alter its Essential Characteristics, but makes it Marketable for Primary Market

Example: Cultivation, harvesting, threshing, testing, Tending, pruning, cutting, drying, cleaning, trimming

Following processes are liable to GST:

1. Process which Alters the Essential Characteristics of Agricultural Produce. Example – Potato chips or tomato ketchup are manufactured through processes which alter the essential characteristic of farm produce (potatoes and tomatoes).



2. Process which makes agricultural produce marketable in retail market

Processes of grinding, sterilizing, extraction packaging in retail packs of agricultural products, which make agricultural products marketable in retail market is liable to GST

7. Carrying out an Intermediate Production Process as Job Work in relation to Cultivation of Plants & Rearing of all life forms of Animals (except rearing of horses) for food, fibre, fuel, raw material or other similar products or agricultural produce

8. Services by way of Artificial Insemination of Livestock (other than horses)

Note

- Processed products such as tea, coffee beans or powder, pulses (dehusked or split), jaggery, spices, dry fruits, cashewnuts etc. fall outside the definition of agricultural produce & therefore exemption from GST is not available to their loading, packing, warehousing etc & thus GST will be levied

Important Note

Milling of paddy into rice: Milling of paddy into rice changes its essential characteristics. Therefore, milling of paddy into rice cannot be considered as an intermediate production process. Thus, milling of paddy into rice is not eligible for exemption & thus GST will be levied



**Confusion on pulses!!**

Warehousing of agricultural produce is exempt - are pulses agricultural produce?

1. Whole pulse grains such as whole gram, rajma etc. are covered in the definition of agricultural produce
2. Pulses commonly known as dal are obtained after dehusking or splitting or both. The process of dehusking or splitting is usually not carried out by farmers or at farm level but by the pulse millers. Therefore, pulses (dehusked or split) are also **not** agricultural produce

Category C - Education

1. a. Services provided by Educational institution to its students, faculty & Staff;
b. Services provided by Educational institution by way of conduct of Entrance Examination against consideration in the form of entrance fee;

Note: Canteen, maintenance etc. provided by Private Players to Educational Institutions - GST chargeable.

2. Services provided TO educational institution by way of
 - (i) **Transportation** of students, faculty & staff;
 - (ii) **Catering**, including any mid-day meals scheme sponsored by CG, SG, UT; **INCLUDING Aanganwadi**
 - (iii) **Security or cleaning or house-keeping** services performed in such educational institution;
 - (iv) Services relating to **admission** to, or conduct of examination by, such institution [Exempt to ALL] - **including entrance exams held by NATIONAL BOARD OF EXAMINATION**
 - (v) Supply of **online Educational Journals** or Periodicals.

Refer Mega Chart discussed in the lecture

Note: Exemption in (i), (ii), (iii) is available only to schools upto HSC or equivalent. **[College ✗]**

Exemption in (v) is available only to College. **[Schools upto HSC/approved vocational courses ✗]**

Educational institution means an institution providing services by way of:

- (i) **Pre-school education & education upto HSC** or equivalent; [School upto 12th]
- (ii) Education as a part of a curriculum for obtaining qualification recognised by any law in India;
[Degree courses by colleges, universities or institutions - GST ✗; Private coaching - GST Applicable]
- (iii) Education as a part of an **approved vocational education course**.

Note - Educational Institutions include Maritime Training Institutes

Private ITIs

- If education provided by Private Industrial Training Institute is approved as vocational educational course - **GST ✗**.
- Conduct of entrance examination by private ITIs for designated trades - **GST ✗**.
- Admission to or conduct of examination services provided by private ITIs to educational institutions i.r.o such designated trades - **GST ✗**.
[Services in other than designated trades - GST chargeable]



Government ITIs

Services provided by Government ITI to trainees/students - **GST** ☒ [as provided by CG/SG]

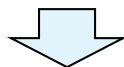
This would cover both vocational training & examinations conducted by Government ITIs.

Note: Central & State Boards are treated as 'Educational Institution' for conducting examination

College/Hostel Mess services

Mess run by educational institution / students - **Exempt** from GST

Mess is **outsourced** to a third person [Catering services given to educational institution]



It is **taxable** - [Note: Exempt if given to school upto HSC]

Fees for recruitment through campus interviews taken from companies - **GST applicable**

Boarding Schools [Education + Residence + Food] - NO GST on the entire consideration

- This is composite supply if charges for education & lodging & boarding are inseparable
- Such services are naturally bundled & supplied in ordinary course of business
- Thus, principal supply being "education", entire consideration for the supply will be exempt.

Dual Degree in a college [only one of which is recognized by law]

Provision of dual qualifications is in nature of two separate services as curriculum & fees for each of such qualifications are prescribed separately.

Service in respect of each qualification would, therefore, be assessed separately.

If an artificial bundle of service is created by clubbing two courses together (only one of which leads to a qualification recognized by law), it shall be treated as a mixed supply.

Note: Incidental auxiliary courses provided by way of hobby classes or extra-curricular activities will be an example of naturally bundled course, and therefore treated as composite supply.

Governing Principle for distinguishing between composite supply & mixed supply:

Amount of extra billing being done for unrecognized component viz-a-viz the recognized course.

If extra billing is being done, it may be a case of artificial bundling of two different supplies, not supplied together in ordinary course of business, and therefore will be treated as a mixed supply, attracting the rate of higher taxed component for entire consideration.

Note: If output services are exempted, educational institutions may not be able to avail ITC on input services.

IIMs

- IIMs fall under purview of 'educational institutions'
- IIMs provide various long duration programs (1 year or more) - **NO GST**
- IIMs also provide various short duration/ short term programs (less than 1 year) for which they award participation certificate - **GST applicable @ 18%**

Important clarification

- Any authority set up by the central government or state government for conduct of entrance examination for admission to educational institution shall be treated as educational institution. This, exempt. Example services by national board examination
- It is clarified that GST is exempt on services provided by Central or state boards including the boards such as NBE by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution. Therefore GST shall not apply to any fee or any amount charged by such boards for conduct of such examinations including entrance examinations
- GST is also exempt on input services relating to admission to or conduct of examination such as online testing service, result publication, printing of notification for examination, admit card and a question papers et cetera, when provided to such boards.
- GST is applicable to other services provided by such boards namely of providing a accreditation to an institution
- Services supplied by an educational institution by way of issuance of migration certificate to the leaving or ex-students are also covered by the exemption. Accordingly, such activities of educational institutions are also exempt

Entry 66A

Affiliation services

Affiliation services by Central / State Educational Board or council → To

Schools established or controlled by CG / SG / UT / LA / Govt Auth / Govt Entity

Exempt

Other schools

Taxable

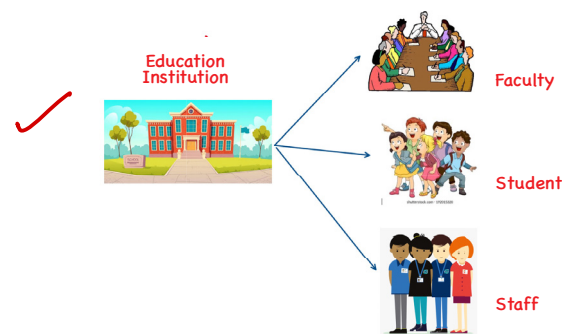
Very Important Note - Security and Housekeeping services provided to schools are exempt only if these are given within the school premises. If provided outside the premises - it is T

What is educational institution?

- Pre-school education and Education upto 12th standard - covers Anganwadi
- Other qualifications recognized by law in India
- Industrial Training Institute / Industrial Training Centre affiliated to the National Council for Vocational Education and Training (NCVT) or State Council for Vocational Training (SCVT)
- Indian Institutes of Management

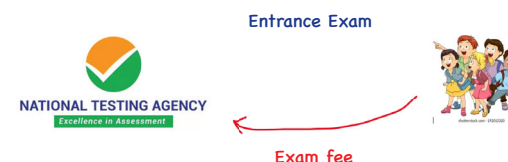
I. Service provided by educational institution to its students, faculty and staff

I, II, III, IV



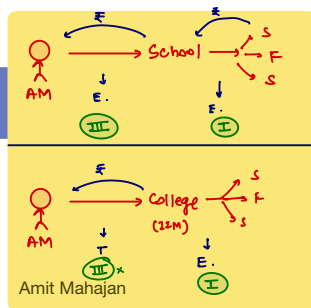
II. Conduct of entrance examination by authority/board/body set up by CG/SG

I, II, III, IV

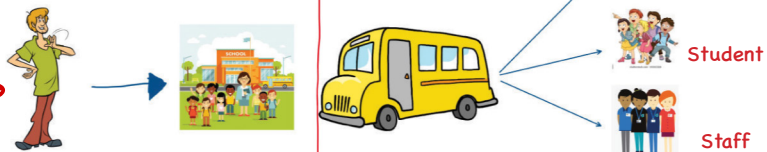


III.

I



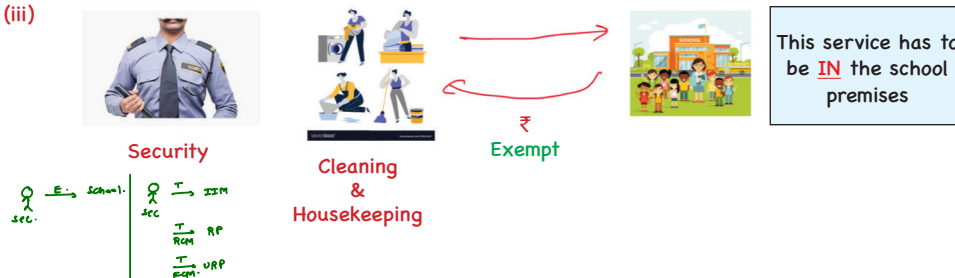
(i)



(ii) Catering

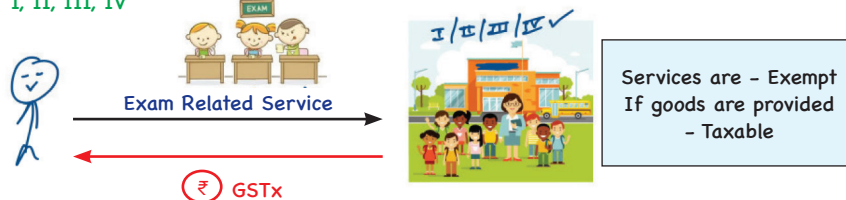


(iii)

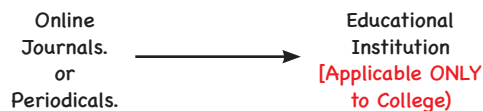


IV.

I, II, III, IV



V.



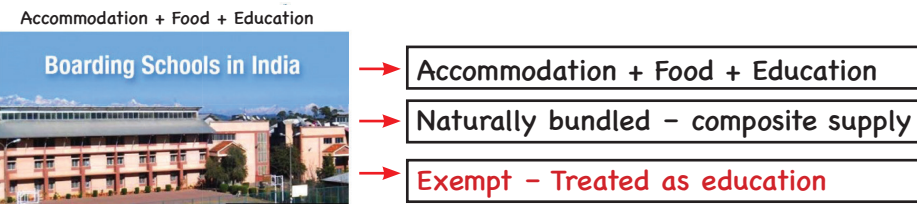
VI.



VII.



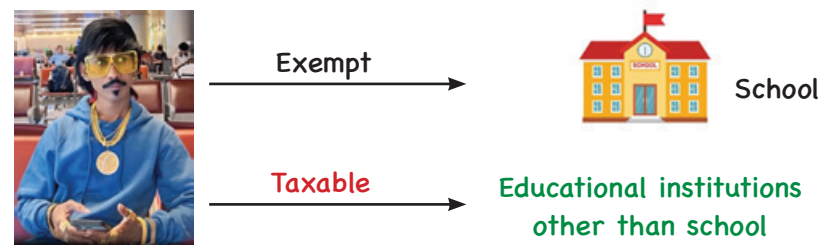
VIII.



IX.

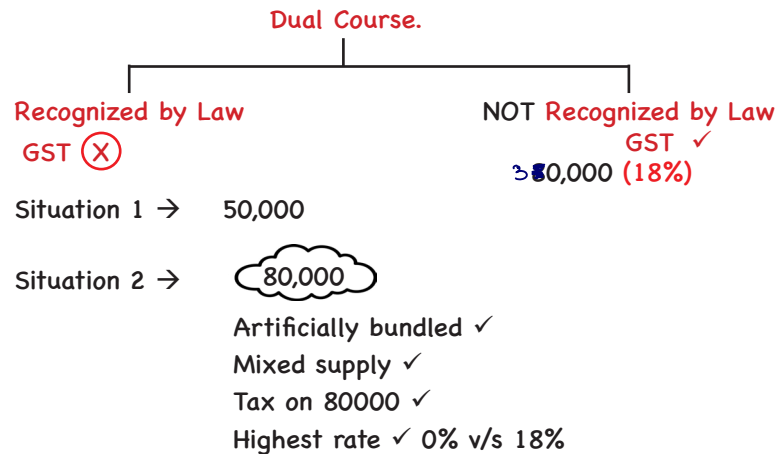
Mess service -

- Such facility is either run by the institution/ students themselves - **ALWAYS EXEMPT**
- outsourced to a third person contractor





X.



Category D – Medical services

1. Services by a veterinary clinic in relation to health care of animals or birds.
2. Health care services by a clinical establishment, an authorised medical practitioner or **para-medics** are exempt from GST
 What is Paramedics? – Trained health care professionals [Nurse, physiotherapists, lab assistants]
3. Room rent > Rs 5,000 = Taxable but this limit is not applicable **Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)**
4. Food supplied to **in-patients** = Exempt (In patient – only when such patient is admitted)
 Explanation – Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable

5. Services of public conveniences [Facilities of washrooms, lavatories, urinal or toilets] – **Exempt**
6. Transportation of patients – **Exempt** | of Deceased – **negative list**
7. Services other than health care services in clinical establishment's premises – **Taxable** (Example – renting of shops, auditoriums etc)
8. Hair transplant or cosmetic or plastic surgery – **Taxable**

Exception – when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma – **Exempt**

Services provided by such senior doctors / consultants / technicians, whether employees or not, are health care services which are exempt from GST

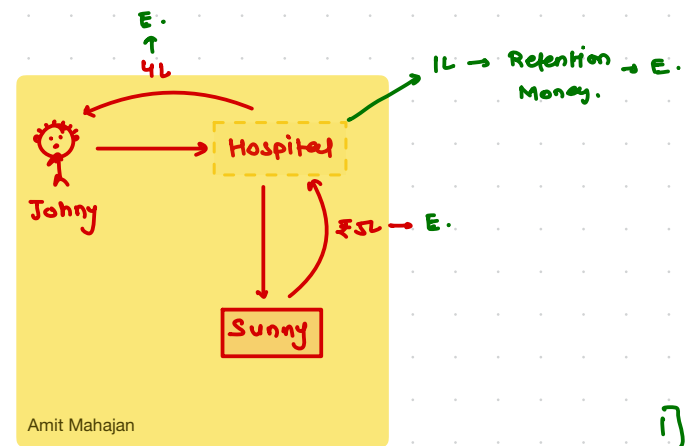
Entire amount charged by hospitals from the patients including the retention money and the fee / payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is **exempt**

Example – Hospitals charged Rs 1,00,000 from patients and paid 60,000 to the doctors, entire 1,00,000 would be exempt

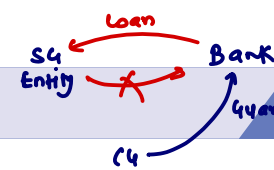
What is health care service?

Health care Services means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India (Does not Include **Reiki**) & includes transportation of patients to and from clinical establishment

Imp → Preservation of stem cells by Cord Blood Bank
 ↓
Taxable



- 1] Ch.
- 2] Agr.
- 3] Educⁿ
- 4] Medical.
- 5] BCBF.
- 6] Artist
- 7] Transpⁿ.



Category E – Services provided by Government – REFER MASTER CHART

1. Services provided by CG, SG, UT, LA EXCLUDING the following services by/in relation to:

AM
change

- Services provided by the Department of Posts And Ministry of Railways

Post Card

Inland letter

Book post

Ordinary post – envelopes weighing < 10 gms
- Aircraft/vessel, inside or outside the precincts of port or airport;
- Transport of Goods or Passengers; or
- Any service other than (a) to (c) provided to Business Entities.

2. Services provided by CG, SG, UT, LA to BE with aggregate TO **upto 20 lacs / 10L (SCS) / 40L** in preceding FY – Note: This entry shall not be applicable to following services: (a), (b) & (c) of above Entry. & Renting of immovable property

3. Services provided by CG, SG, UT, LA to CG, SG, UT or LA. Note: Nothing contained in this entry shall apply to 1. (a), (b) & (c).

4. Services provided by CG, SG, UT, LA if consideration for such services **≤ Rs. 5,000**. Continuous supply of service – Exemption is available only if consideration charged for such service **≤ Rs. 5,000** in a FY. Note: Nothing contained in this entry shall apply to 1. (a), (b) & (c).

5. Supply of service by a Government Entity to

- CG, SG, UT, LA or
- Any person specified by CG, SG, UT, LA for which consideration is received from CG, SG, UT, LA in form of grants.

6. Services supplied by CG, SG, UT to their undertakings or PSUs by way of guaranteeing the loans taken by such undertakings or PSUs from Banking Co / FIs

7. Services by old age home run by CG, SG, registered charitable trust to its resident

(**> 60 yrs**)

- Against consideration **upto Rs. 25,000 per month per member,**
- Provided that consideration is inclusive of charges for boarding, lodging & maintenance.



8. Services provided by CG, SG, UT, LA by way of: Registration required under any law for the time being in force; **Testing, calibration, safety check** or certification relating to protection or safety of workers, consumers or public at large, **including fire license**, required under any law.

Issuance of **passport**, visa, driving license, birth certificate or death certificate.

Tolerating non-performance of a contract for which consideration in form of fines or liquidated damages is payable to CG, SG, UT, LA under such contract. [Treated as supply of service] – Non performance of contract

Assignment of **right to use natural resources** to **individual farmer** for cultivation & **rearing all forms of life forms except rearing of horses**.

Note– this exemption is available only for individuals

9. Services by CG, SG, UT by deputing officers after **office hours** or on **holidays for inspection or container stuffing for import export cargo** on payment of **Merchant Overtime charges**

10. Services provided by recognised rehabilitation professionals by way of rehabilitation, therapy or counselling at medical establishments, educational institutions, rehabilitation centers established by CG/SG/UT/registered charitable trust.



11. Services supplied by SG to Excess Royalty Collection Contractor (ERCC) by way of assigning right to collect royalty on behalf of SG on mineral dispatched by mining leaseholders.

- At end of contract period, ERCC shall submit an account to SG & certify that GST deposited by mining leaseholders on royalty > GST exempted on service provided by SG to ERCC of assignment of right to collect royalty;
- If GST paid by mining leaseholders < GST exempted, exemption shall be restricted to amount = amount of GST paid by mining leaseholders &
- ERCC shall pay difference b/w GST exempted on service provided by SG to ERCC of assignment of right to collect royalty & GST paid by mining leaseholders on royalty.

Services provided by Ministry of Railways (Indian Railways) to individuals by way of-

- (1) (a) sale of platform tickets;
(b) facility of retiring rooms/waiting rooms;
(c) cloak room services;
(d) battery operated car services.
- (2) Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways)
- (3) Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways

Services provided by SPV to MoR by way of

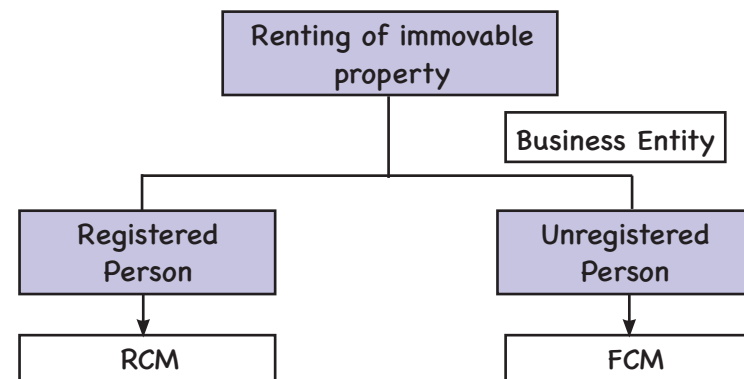
-Allowing MoR to use the infrastructure built and owned by SPV for a consideration

Services provided by MoR to SPV

Services of maintenance in relation to the said infrastructure built and owned by the SPVs for a consideration

(4) Statutory collections made by the Real Estate Regulatory Authority (RERA) are exempt from tax

(5) Renting of Immovable Property



Important note

Renting of immovable property provided by Ministry of Railways - Always taxable under FCM

Category F – Services TO Government

1. Service by Fair Price Shops to CG, SG or UT by way of sale of food grains, kerosene, sugar, edible oil, under Public Distribution System (consideration being commission/ margin)



Ins. Co → Govt E'ce.

Premium 100% Govt

Ins. Co → Govt E'ce.

Premium 99% Govt

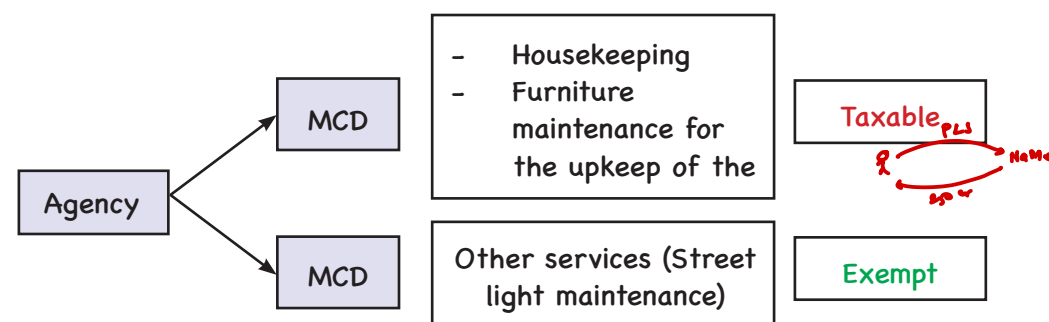
2. To CG, SG, UT under any insurance scheme for which total premium is paid by CG, SG, UT.
3. To CG, SG, UT under any training programme where 75% or more all expenditure is borne by CG, SG, UT
4. Services provided by GSTN to CG, SG, UT for implementation of GST
5. Pure services (except works contract or other composite supplies involving supply of goods)
 - provided to CG, SG, UT, LA ~~or Governmental authority or Government Entity~~
 - by way of any activity:
 - in relation to any function entrusted to a Panchayat under article 243G.
 - in relation to any function entrusted to a Municipality under article 243W
6. Composite supply of G&S (in which value of goods ≤ 25% of total value of composite supply)
 - provided to CG, SG, UT, LA ~~or Governmental authority or Government Entity~~
 - by way of any activity:
 - in relation to any function entrusted to a Panchayat under article 243G.
 - in relation to any function entrusted to a Municipality under article 243W.

It is clarified that free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where 75% or more of the expenditure is borne by the Government to coaching institutions by way of grant in aid is covered under this entry and hence is exempt from GST.

7. Services provided to a Governmental Authority by way of -

- (a) water supply;
- (b) public health;
- (c) sanitation conservancy;
- (d) solid waste management; and
- (e) slum improvement and upgradation.

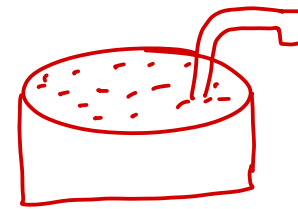
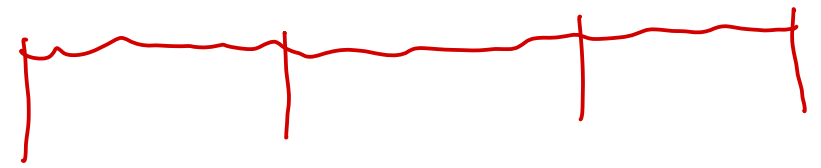
8. Services provided to Municipal Corporation of Delhi (MCD)



Category G – Construction service

1. Construction & related services by way of Pure Labour Contracts of a civil structure or any other original works (newly built) pertaining to beneficiary-led individual house construction/ enhancement under 'Housing for All (Urban) Mission' or Pradhan Mantri Awas Yojana.
2. Construction & related services by way of pure labour contracts of original works pertaining to 'Single Residential unit' otherwise than as a part of residential complex (> 1 residential unit).
3. Construction & related services supplied by Electricity Distribution Utilities for extending electricity distribution network upto tubewell of farmer or agriculturalist.

* In case pure labour service is provided towards repairs of single residential unit → Taxable.



Note

The term 'single residential unit' means:
A self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family



Category H – Transportation of passengers

- Transport of passengers (with or without accompanied belongings)
 - By Air (Economy) [Starting or ending in airport located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Bagdogra located in West Bengal]
 - Non-AC contract carriage (other than radio taxi) excluding tourism, tour, charter or hire – usage should be decided by the employer (not employee) on a pre-determined route
 - Non-AC Stage carriage.

Note – no exemption if point 2 and 3 are supplied through an ECO

- Transportation of passengers by

- Railway other than
 - 1st class; or
 - AC coach;



- Metro, monorail or tramway

- Inland waterways

- Public transport in vessel b/w places in India (other than predominantly for tourism)

Note: Transportation of passengers in normal public ships or other vessels that sail between places located in India would be exempt even if some of the passengers on board are using the service for tourism because predominantly, such service is not for tourism purpose.

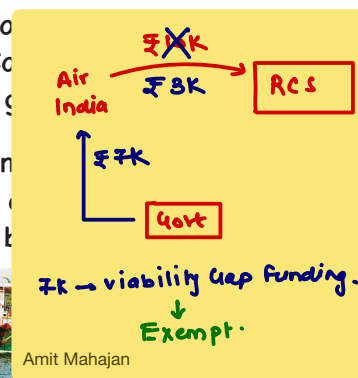
However, services provided by leisure/charter vessels/a cruise, predominant purpose of which is tourism, would be liable to GST even if some of the passengers in such vessels are not tourists.

- Metered cabs or Auto rickshaws (including e-rickshaws power $\leq 4,000$ watts)

- No exemption if service is provided through an ECO

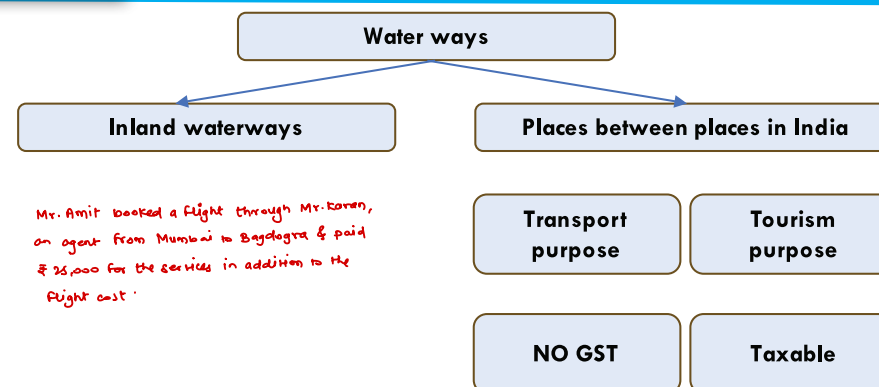
- Transportation of passengers (with or without accompanied belongings) starting or ending at a RCS (Regional Civil Airport) against consideration in form of viability cap funding.

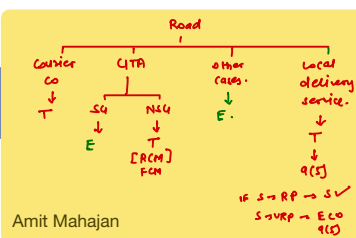
Note: Nothing shall apply on/after expiry of 3 years from the date of commencement of operations of the RCS airport as notified by the Government.



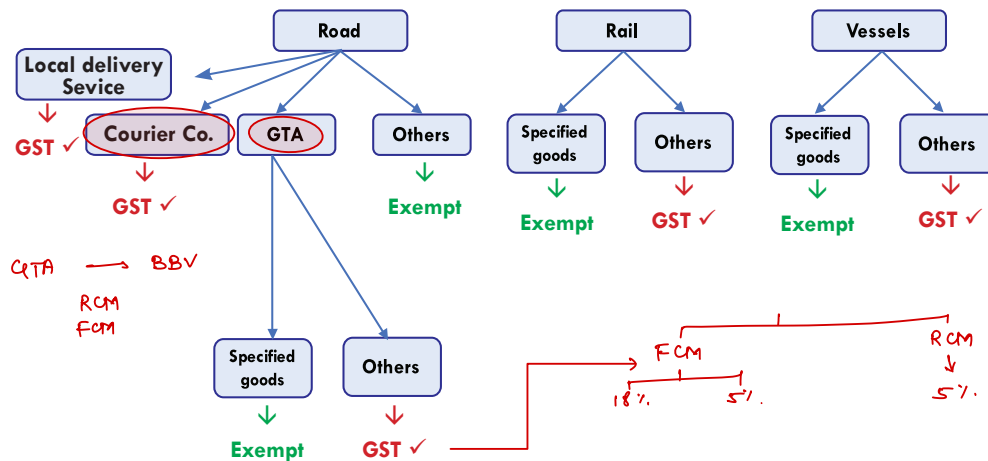
Exam point – Service of booking of air tickets will be TAXABLE even if the start or end airports are located in specified states

Imp Category I – Transportation of goods





Transportation of goods



1. Services by way of transportation of goods by:

- Road [Except (a) GTA; (b) Courier agency]
- Inland waterways

Explanation. Nothing contained in this entry shall apply to:

- local delivery services provided by an Electronic Commerce Operator; or
- local delivery services provided through an Electronic Commerce Operator.

2. Transportation by Rail or Vessel of the following goods:

- Relief materials meant for victims of natural or man-made disasters, calamities, accidents;
- Defence or military equipments;
- Registered newspaper or magazines;
- Railway equipments or materials;
- Agricultural produce;
- Milk, salt & food grain including flours, pulses & rice;
- Organic manure.

3. Services provided by GTA by way of transport of

- Relief materials meant for victims of natural or man-made disasters, calamities, accidents; Defence or Military equipments;
- Registered Newspaper or magazines;
- Agricultural Produce; Organic manure.
- Milk, Salt & food grain including flours, pulses & rice;
- Goods [If consideration from a single consignee for all such goods $\leq$ Rs. 750].
- Goods [If consideration charged on consignment transported in single carriage $\leq$ 1,500]

4. Services provided by GTA to URP, including unregistered CTP other than the specified persons (as mentioned under the chapter 'Charge')

5. Services provided by a GTA, by way of transport of goods in a goods carriage, to, -

- a Department or Establishment of the Central Government or State Government or Union territory; or
- local authority; or
- Governmental agencies, which has taken registration under the Act only for deducting tax u/s 51 and not for making a taxable supply of goods or services.

6. Definition of GTA

A **Goods Transport Agency (GTA)** is a person who:

- Transports goods by road **and**
- Issues a **consignment note** (by any name).

However, a person will **NOT be treated as a GTA** if:

- The transport relates to **local delivery services**, and
- Such local delivery services are provided **by or through an e-commerce operator (ECO)**.



Category J – Banking and Financial Services

1. ~~Services BY Reserve Bank of India~~ → T

2. Services provided by Banking Company to Basic Saving Bank Deposit (BSBD) A/c holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)

3. Services by way of **Int on DAL**

(a) **Extending deposits**, loans or advances consideration for which is represented by Interest or Discount (other than interest involved in credit card services).

Any service charges or fees or penalty for such loan – Taxable

(b) **Sale/Purchase of Foreign Currency** amongst banks or authorised dealers of foreign exchange or amongst banks & such dealers.

Note: Services relating to Sale/Purchase of Foreign Currency provided to general public → GST applicable

Note: Services provided by banks to RBI → GST applicable

(c) **Services by acquiring bank to any person in relation to settlement upto Rs. 2,000** in a single transaction transacted through credit card, debit card, etc. Acquiring bank: Any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.

(d) Services by **Intermediary of financial services** located in a multi services SEZ with **International Financial Services Centre (IFSC)** status to a customer located o/s India for international financial services in currencies **other than Indian rupees (INR)**

Clarification on interest in 2 scenarios

1. Loan availed from supplier – included in VOS and thus, taxable if the principal supply is taxable (composite supply)
2. Loan availed from the third party – Interest is exempt from tax

Category K – Life Insurance Business Services

1. Life insurance business services provided by way of annuity under National Pension System
2. Life insurance business services provided by Army, Naval & Air Force Group Insurance Funds to members of Army, Navy & Air Force under Group Insurance Schemes of CG
3. Life insurance services by Naval Group Insurance Fund to personnel of Coast Guard

4. **Life insurance business services provided under following schemes:**

1. Janashree Bima Yojana
2. Aam Aadmi Bima Yojana
3. Varishtha Pension Bima Yojana
4. Pradhan Mantri Jan Dhan Yojana
5. Pradhan Mantri Vaya Vandan Yojana
6. Pradhan Mantri Jeevan Jyoti Bima Yojana
7. **Life micro-insurance product** having **maximum amount of cover of Rs. 2,00,000**

5. ➤ **Life insurance** services provided by an insurer to an insured person **are exempt**, provided the insurance is **not a group insurance policy**. This exemption applies where the insured is an individual or an individual along with his or her family. For this purpose, family includes all persons insured as family members under the insurance contract

➤ Includes Re-insurance



6. ➤ Services of health insurance provided by an insurer to the insured are exempt, provided the insurance is not in the nature of group insurance

➤ This exemption applies where the insurance contract is issued to an individual, either individually or along with his or her family. For this purpose, family includes all persons insured as family members under the insurance contract.

➤ Includes Reinsurance

For points 5 and 6 – 'Group' means group of persons who join together with a commonality of purpose or for engaging in a common economic activity, other than availing insurance, and includes:

- a. **Employer – employee groups**, where an employer–employee relationship exists between the master / group policyholder and the members of the group in accordance with the applicable laws
- b. **Non employer – employee groups**, where a clearly evident relationship exists between the master / group policyholder and the members of the group, for services/ activities other than insurance.

Read once

Category L – Services provided by specified bodies

1. Services by Employees' State Insurance Corporation to the governed persons
2. Services by Employees PF Organisation to the governed persons
3. Services by Coal Mines PF Organisation to the governed persons
4. Services by NPS Trust to its members against consideration (administrative fee)
5. Services by IRDAI to insurers under IRDAI Act, 1999
6. Services by SEBI by way of protecting the interests of investors in securities and to promote development of, and to regulate, securities market.

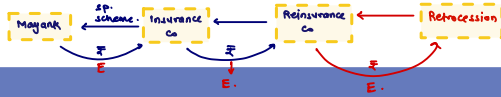
Read once

Category M – Pension scheme

1. Services by way of collection of contribution under Atal Pension Yojana
2. Services by way of collection of contribution under any pension scheme of SG

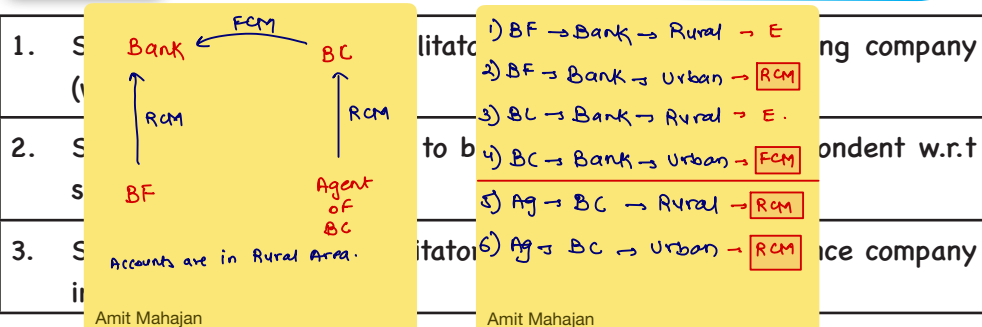
Category N – General Insurance Business Services

1. General insurance business services provided under following schemes
 - a. Hut Insurance Scheme;
 - b. Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna28;
 - c. Scheme for Insurance of Tribals;
 - d. Janata Personal Accident Policy and Gramin Accident Policy;
 - e. Group Personal Accident Policy for Self-Employed Women; Agricultural Pumpset and Failed Well Insurance;
 - f. premia collected on export credit insurance;
 - g. Restructured Weather Based Crop Insurance Scheme (RWCIS), approved by the Government of India and implemented by the Ministry of Agriculture;
 - h. Jan Arogya Bima Policy;
 - i. Pradhan Mantri Fasal Bima Yojana (PMFBY);
 - j. Pilot Scheme on Seed Crop Insurance;
 - k. Central Sector Scheme on Cattle Insurance;
 - l. Universal Health Insurance Scheme;
 - m. Rashtriya Swasthya Bima Yojana;
 - n. Coconut Palm Insurance Scheme;
 - o. Pradhan Mantri Suraksha BimaYojna;
 - p. Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999.
 - q. Bangla Shasya Bima



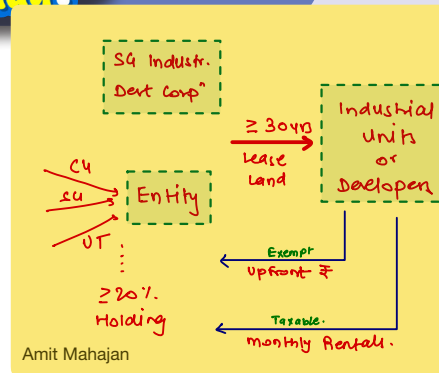
- Services by way of Reinsurance of insurance schemes specified above Reinsurance includes retrocession
Retrocession means a re-insurance transaction whereby a part of reinsured risk is further insured to another Indian insurer
- Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles
- 'health insurance business' means the effecting of contracts which provide for sickness benefits or' medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover.

Category O - Services provided by Business facilitator and business correspondent



Category P - Leasing Services

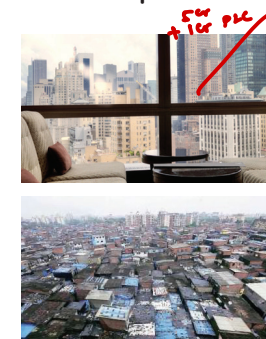
- Upfront amount (called as premium, salami, cost, price, development charges etc) payable for granting of long term lease of **30 years or more** of industrial plots or plots for development of infrastructure for financial business, provided by **SG Industrial Development Corporations** or **by any other entity having 20% or more ownership of CG, SG, UT** to industrial units or developers in any industrial or financial business area



Location charges or preferential location charges (PLC) collected in addition to the lease premium for long term lease

Upfront amount is exempt from GST. Allowing choice of location of plot is integral part of supply of long-term lease of plot and therefore, location charge is nothing, but part of consideration charged for long term lease of plot. Being charged upfront along with the upfront amount for the lease, the same is exempt.

Accordingly, it is clarified that location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and thus eligible for exemption under Entry 4152



Value	5cr
Preferential Location Charges	1cr
	4cr

1	2	3
5cr	5cr	5cr

Treatment ∴ PLC → NOT Taxable.
will be same or Sale of Land
Not Taxable - ve list

IMP

Category Q – Legal Services

1. Sr Advocate



4. Advocate
5. Firm of Advocate

> Regn TO GST
< Regn TO Exempt

1. Govt / LA / Govt Entity / Govt Authority → Exempt
 2. Other than Business Entity (Personal) → Exempt
 3. Business Entity
- Prev Year's T/O
< Threshold Limit > Regn T/O → GST → RCM
≤ Regn T/O → Exempt

2. Advocate



4. Advocate
5. Firm of Advocate

> Regn TO Exempt
< Regn TO Exempt

1. Govt / LA / Govt Entity / Govt Authority → Exempt
 2. Other than Business Entity (Personal) → Exempt
 3. Business Entity
- Prev Year's T/O < Threshold Limit
> Regn T/O → GST (RCM)
≤ Regn T/O → Exempt

4 & 5 N.A.

Arbitral Tribunal

Please note that the turnover shall be checked of the previous FY

Ch. Transit
- Agri
- Educat
- BC BF
- Artist

Read once

Category R – Skill Development Service

Service BY

- National skill development Corporation set up by government of India
- National Council for Vocational Education and Training (NCVT)
- an awarding body recognised by NCVET
- an assessment agency recognised by NCVET
- a training body accredited with an awarding body that is recognised by NCVET
- a training partner approved by the National Skill Development Corporation

Service TO

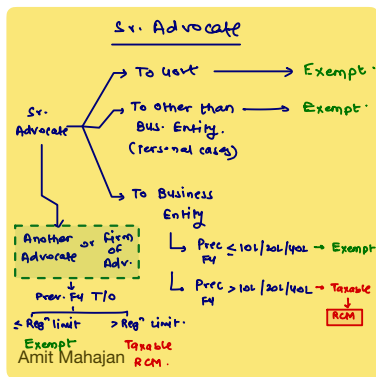
- National skill development programme or any other scheme implemented by national skill development Corporation
- A vocational skill development course under the national scale certification and monetary rewards scheme
- Any national skill, qualification framework, aligned, qualification, or skill in respect of which NCVET has approved a qualification package

Read once

Category S – Sponsorship services

Services by sponsorship of sporting events organized by:

- (a) National Sports federation/its affiliated federations [District, State, zone or Country level];
- (b) Association of Indian Universities, Inter-University Sports Board, School Games Federation of India,
- (c) All India Sports Council Deaf, Paralympic Committee or Special Olympics Bharat;
- (d) Central Civil Services Cultural & Sports Board; Indian Olympic Association;
- (e) Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.

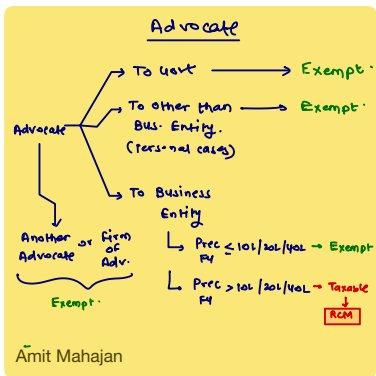


Expected Qs in the exam

Sr. Advocate provides legal service to Mr. AM (a RP) in relation to his business where Agg. T/O of AM in the per. FY is ₹18L.

→ Reg. status is irrelevant

→ Always check the Agg. T/O



Category T – Performance by an Artist

- In Folk or Classical art forms of music/dance/theatre
- If consideration charged $\leq$ Rs. 1,50,000.

NOTE

- Activities by an artist in other art forms (western music/dance, modern theatres, performance of actors in films/tv serials, artists in still art forms (painting, sculpture) → **GST applicable**
- Service provided by an artist as Brand Ambassador → **GST applicable**

Category U – Right to admission to various events

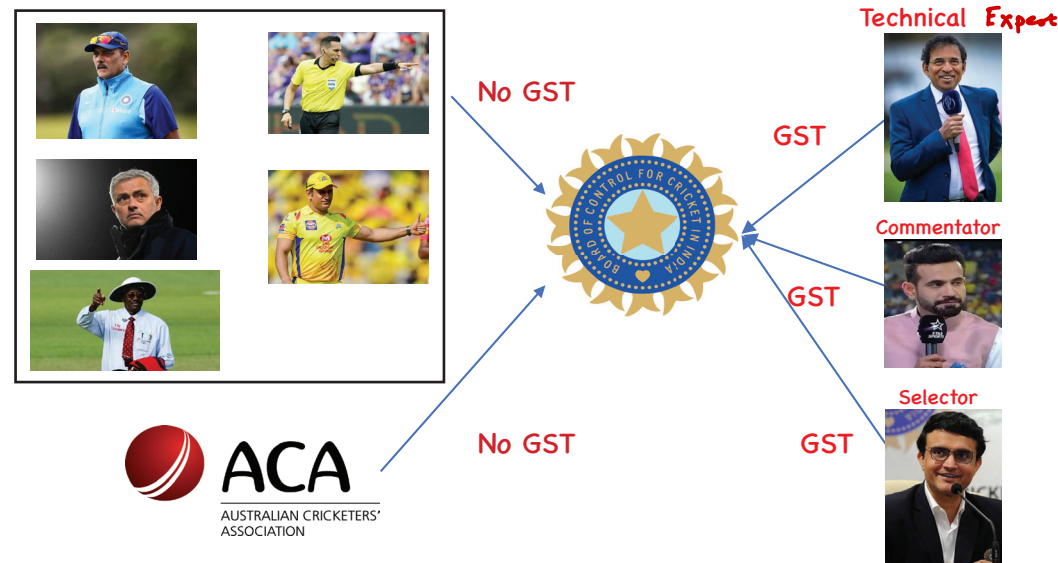
- Admission to museum, national park, sanctuary, tiger reserve, zoo, protected monument (ANY AMOUNT)
- By way of right to admission to
 - Circus, Dance, or theatrical performance (including drama/ballet) Award function, Concert, Pageant, Musical performance, planetarium

If consideration is $<$ Rs 500 per person
 - Recognized sporting event [Any sporting event (other than recognised sporting event)]

Services provided to a Recognized Sports Body by

- Player, referee, umpire, coach/manager for participation in sporting event organized by RSB
- Another recognized sports body.

Note: Selectors, commentators, curators, technical experts - GST Applicable ; IPL - GST applicable



AM Note → Service has to be given to recognise sports body in a recognised sporting event

Unincorporated body or Co-op society.

- GST can be applicable only when such UIB or Co-op. society is registd.
- Exempt if consideratⁿ $\leq$ ₹7500 per member.
- What if the considⁿ is ₹8000
 ↳ Entire ₹8000 is taxable.
- If 1 member has 2 Flats → Limit of ₹7500 will be applicable to Per Flat or Per member?? ✓✓

Amit Mahajan

Example

- A member has 2 Flats & he pays ₹5K as maint. charges per month per Flat
- Limit of ₹7.5K is for per member Flat & thus, no GST on ₹5K & ₹5K.

- If Co-op. society is acting as pure agent, then such amount received from member will not be considered while computing ₹7500.



Amit Mahajan

from third person society or a res...
 6] IF a co-op. society avails any inward supply then it is eligible to avail the ITC ✓.

Amit Mahajan

Note - If turnover of housing society > applicable threshold limit for registration, it needs to take registration under GST.

However, taking registration does not mean that housing society has to compulsorily charge GST in monthly maintenance bills raised on its members. If services provided by it are exempt, then it is not required to charge GST on the said services.

Remember: Statutory dues such as property tax, electricity charges etc. forming part of monthly maintenance bill raised by the society on its members would be excluded while computing aforesaid monthly limit of Rs. 7500.

2. Services provided by an unincorporated body or a non-profit entity engaged in:

- activities relating to welfare of industrial or agricultural labour or farmers; or
- promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment to its own members against membership fee upto Rs. 1000/- per member per year.

Question - What if 1 member has 2 flats? limit will be per member or per flat? - Limit of Rs 7,500 is per flat

Category W - Miscellaneous

1. **Transfer of a going concern** (running business), as a whole or independent part thereof.
Example: AM Hotel Group intends to sell its business as a going concern. It would not be required to pay GST on such sale of its business.

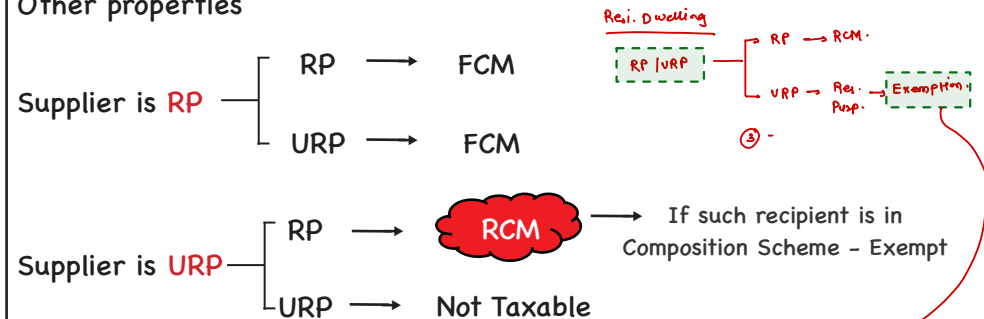
2. Supply of services associated with **transit cargo to Nepal & Bhutan** (landlocked countries).

3. Services by way of **Renting of residential dwelling for use as residence**.

Nothing contained in this entry shall apply to

- Accommodation services for students in student residences
- Accommodation services provided by hostel camps, paying guest accommodations, and they like

Other properties



4.

- Supply of accommodation services where
- Value is $\leq 20,000$ per person per month
- Supplied for a minimum continuous period of 90 days ≥ 90

5. Services by a **hotel, inn, guest house, club** or campsite for residential or lodging purposes, having Value of Supply of a unit of accommodation **< Rs. 1,000 per day** or equivalent.

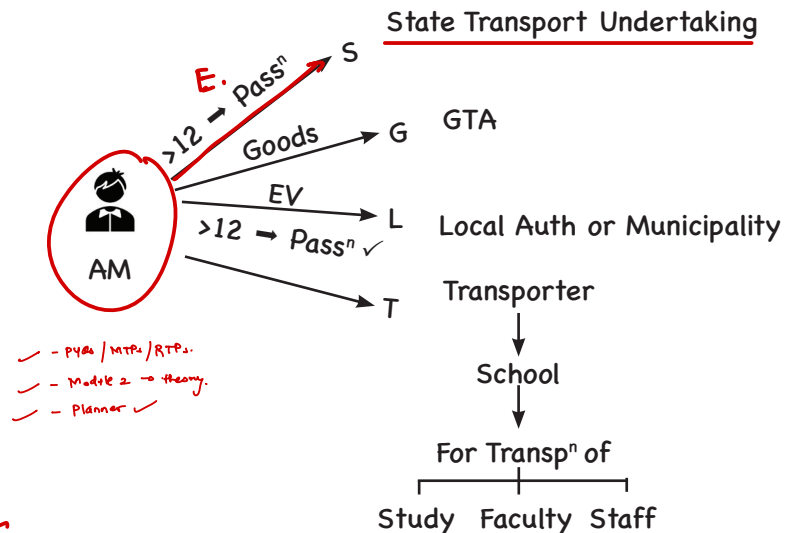
Even if hotel charge < 1,000 - it is taxable - no exemption



Nepal.

6. Services by way of giving on hire (IMP)

1. Motor vehicle (carrying > 12 passengers) to state transport undertaking only
2. To the local authority, an Electrically Operated Vehicle meant to carry >12 passengers
3. Means of transportation of Goods to GTA.
4. Motor vehicle for transport of Student, Staff and Faculty to a person providing transportation services to schools.



7. Service by way of access to a road or a bridge on payment of toll charges. Additional toll charges from NON FASTAG vehicles - EXEMPT

8. Service by way of access to a road or a bridge on payment of annuity.

9. Transmission/distribution of electricity by an electricity transmission/distribution utility.

Supply of services by way of providing

- Metering equipment on rent,
- Testing for meters/transformers/capacitors etc.,
- Releasing electricity connection,
- Shifting of meters/service lines,
- Issuing duplicate bills etc.,

Which are incidental or ancillary to the supply of transmission and distribution of electricity provided by electricity transmission and distribution utilities to their consumers.

10. Services provided by incubatee upto total turnover of Rs. 50 lacs in a FY subject to:

1. Total turnover during preceding FY $\leq$ Rs. 50 lacs &
2. 3 years has not elapsed from the date of entering into an agreement as an incubatee.

Incubatee: means an entrepreneur located in Technology Business Incubator (TBI)/ Science & Technology Entrepreneurship Park (STEP) recognised by NSTEDB.

11. Taxable services, provided by TBI/STEP or bio-incubators.

12. Licensing, registration & analysis or testing of Food Samples.

13. Services by way of Collecting or Providing News by an independent journalist PTI or UNI.

14. Services by way of providing information under the RTI Act

15. Services of Public Libraries by way of lending of books, publications.

16. Services by organiser to any person in respect of a business exhibition held outside India.

- ✓ 17. Services by a foreign diplomatic mission located in India. Services provided to foreign diplomatic mission - **TAXABLE**
- ✓ 18. **Satellite launch services** provided by Isro
- ✓ 19. **Services provided to Govt**
 - water supply.
 - public health.
 - **sanitation Conservancy.**
 - Solid waste management -
 - slum improvement & upgradation .
- ✓ 20. **Research and Development services** against consideration received in the form of grants supplied by -
 - (a) A Government Entity; or
 - (b) A research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961

Foreign Tour Operator service

1. Tour operator outside India, to a foreign tourist, to the extent of the service which is performed outside India.

Exemption

↳ Foreign Tourist

↳ for visits outside India.
2. However, value of service performed outside India shall be such that consideration charged for the entire tour which the number of days for which service is performed outside India has to the total number of days for which service is performed less.

Exemption

① Proportionate (outside India) OR

② 1/2 of total consideration ✓

Ex: 20 at 2.2 5.3 24
I I Right at all. 2 days → India India 2.5
2 days → outside India 2.5
2.5 days → 2.5 days → 2.5 days
3. Further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

₹ 60,000
 ↳ 2 → 600
 ↳ 4 → 2400
 Exemption: $60000 \times \frac{4}{6} \rightarrow 40,000$
 OR
 $60000 \times 1/2 \rightarrow 30,000$

4. "foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes

3 days in India, 2 days in Nepal; Consideration charged for the entire tour: Rs 1,00,000

Exemption: 40,000/- (=1,00,000 x 2/5) or, 50,000 (= 50% of 1,00,000/-) whichever is less, i.e., 40,000/- (i.e., Taxable value: 60,000/-)

2 days in India, 3 nights in Nepal; Consideration charged for the entire tour: 1,00,000/-

Exemption: 60,000 (= 1,00,000 x 3/5) or, 50,000 (= 50% of 1,00,000) whichever is less, i.e., 50,000 (i.e., Taxable value: 50,000)

2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: 1,00,000/-

Exemption: 54,545 (= 1,00,000 x 3/5.5) or, 50,000 (= 50% of 1,00,000) whichever is less, i.e., 50,000/- (i.e., Taxable value: 50,000)

Clarification on rentals of dumper & tipper etc.



Usually in such cases the vehicles such as tippers, dumpers, loader, trucks etc. are given on hire to the mining lease operator. Expenses for fuel are generally borne by the recipient of service

These services are 'rental services of transport vehicles with operator.'

It is clarified that such renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles is not eligible for exemption under notification 12/2047

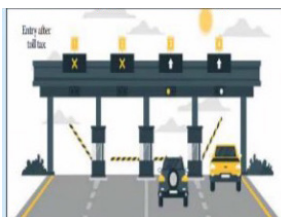
GST on honorarium paid to guest anchors

Services provided by the guest anchors in lieu of honorarium would attract GST liability

Liability would arise in case threshold exemption limit for services is crossed

Clarification on access to roads / bridge on payment of toll charges.

- (i) Ministry of Road Transport and Highways (MORTH) permitted the overloaded vehicles to ply on the national highways after payment of higher toll charges. It has been clarified that overloading charges at toll plazas would get the same treatment as given to toll charges.



- (ii) Additional toll collected from non-fastag vehicles - same treatment as toll charges



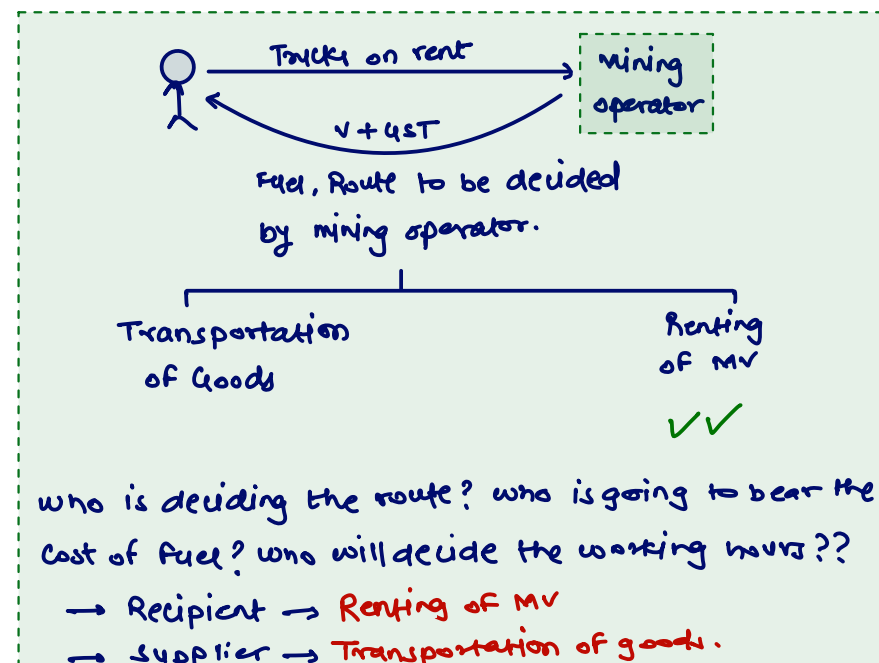
Overloading → ₹ 3000/- charges

Gst implications will be SAME as Toll.

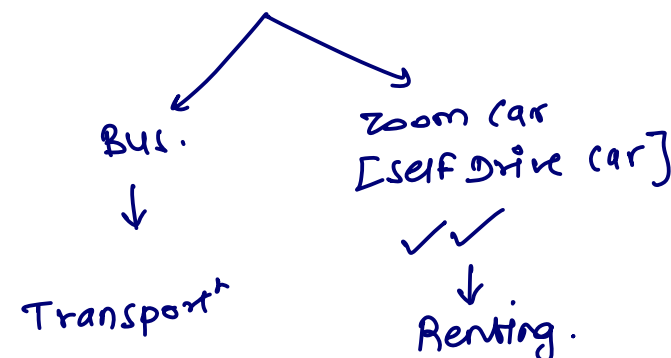
∴ Overloading - Exempt ✓ charges

Section 11A - Power not to recover GST not levied or short-levied as a result of general practice

Sometimes due to common trade practice, tax taxpayers do not collect the taxes or collects and pay lesser taxes (without any fraudulent intentions) Section 11A gives power to the government to not recover short levy of taxes which was not paid due to general trade practice.



Mumbai → Pune.





6

TIME OF SUPPLY

CA Amit Mahajan

Remember TOS in 5 mins

Goods

FCM

RCM

Date of Invoice

Receipt of goods

Date of Payment

Last date of issuing Invoice

31st day from the date of issue of invoice by supplier

Earlier

Earlier

Movement

Non-Movement

Continuous

Goods sent on approval basis

Removal of goods for supply to recipient

Delivery

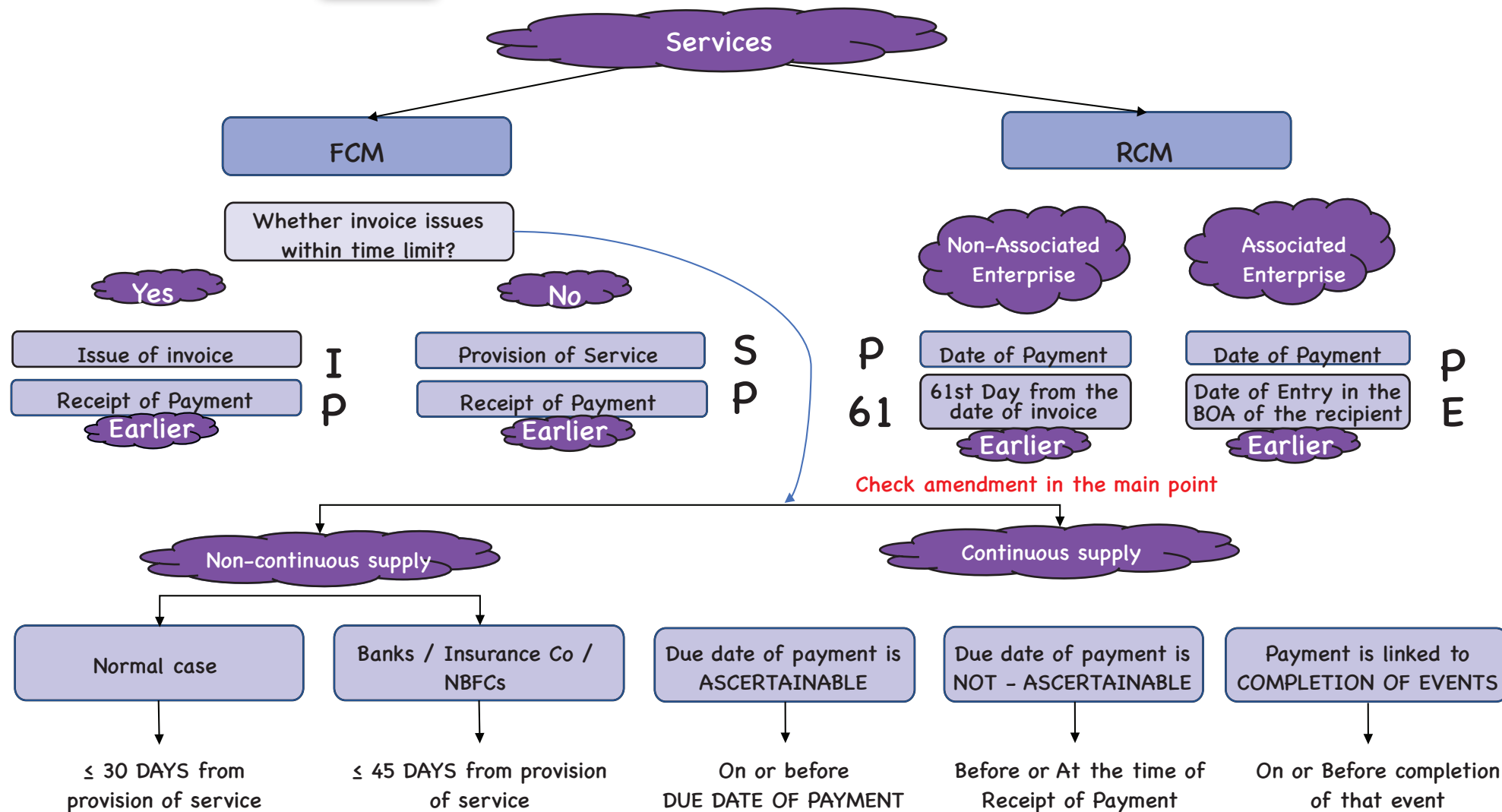
Before or at the time of
- Each statement; OR
- Receipt of payment

- At the time of supply (When buyer gives his assent); OR
- 6 months from the date of removal

I Liked Raju Pandya when he was 31



Remember TOS in 5 mins



I Proposed Shaki Pandya when Pandya was 61 – when I saw him in Pakistan-England Match



Introduction

1. GST is payable on supply of **goods or services**.
2. **Question** – at what point of time in the aforesaid transaction, the GST becomes payable?
3. Time of supply indicates the **point in time when the liability to pay tax arises**.
4. To understand concept of time of supply, we must first know time period for issuance of Tax Invoice.

Time of issue of tax invoice for supply of goods [Sec 31]

1. Generally [Sec 31(1)] – Before or at the time of

Situation	Time of issue of invoice for goods
If supply involves Movement of Goods	Removal of goods for supply to the recipient
In other cases	Delivery of goods or making available to the recipient

Example

Amit Manufacturers, Maharashtra supplies goods to Mahajan Steel Center, Delhi. The goods were removed from its factory in Maharashtra on 23rd December. Amit Manufacturers needs to issue a tax invoice on or before 23rd December

2. **Continuous supply** [Sec 31(4)] – Where Successive statements of A/Cs or Payments are involved
Before or at the time each such statement is issued or each such payment is received

Example

Gas is supplied by a pipeline to the recipient. The supply is to be made for a period of one year. Monthly payments are to be made by the recipient as per the contract. The details of the payment made are:
July 5, August 5, September 5 – Payments of Rs 2 lakh made in each month
Determine TOS

A registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the earlier of date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received. Therefore, invoices should be issued for Rs 2 lakh each on or before July 5, August 5 and September 5, when monthly payments of Rs 2 lakh are received.

Thus, assuming that the invoice is issued on July 5, August 5 and September 5, the time of supply for the purpose of payment of tax will be July 5, August 5 and September 5 respectively for goods valued at Rs 2 lakh each.

3. Goods sent on approval [Sec 31(7)]

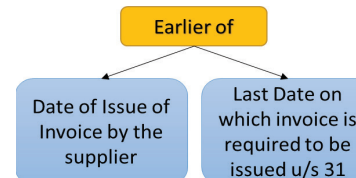
1. Date when Recipient indicates that he has accepted the supply of goods; (i.e at the time of supply)	Whichever is earlier
2. Within 6 months from the Date of Removal	

I. Time of Supply of goods

Forward Charge [Section 12(2)]

Important points:

1. No GST is payable on advances received for supply of goods under Forward charge
2. Excess Payment Received upto Rs. 1,000: If Payment received > value of goods in Invoice (excess being) upto Rs. 1,000; Supplier can choose to take Date of Invoice issued w.r.t such excess amount as Time of Supply of goods for such excess value
3. Supply shall be deemed to have been made to the extent it is covered by the invoice/payment





Original Law

Time of supply of goods under forward charge [Section 12(2) read with section 31]

As per section 12(2), the time of supply of goods that are taxable under forward charge, is the earlier of the following:

1. Date of issue of invoice by the supplier or
2. Last date on which the invoice ought to have been issued or
3. Date of receipt of payment by the supplier

Notification no 66/2017

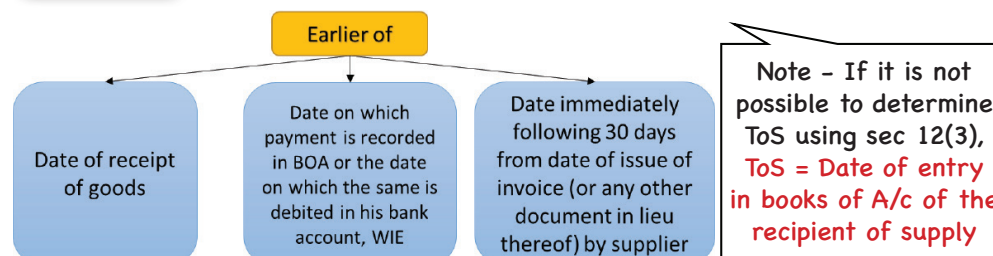
A registered person (excluding composition supplier and registered persons making supply of specified actionable claims) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) on or before the following dates

1. Date of issue of invoice by the supplier or
2. Last date on which the invoice ought to have been issued or
3. Date of receipt of payment by the supplier

Thus, there is no requirement of payment of GST at the time of receipt of advance

2	3.02.2019	1.02.2019	1.02.2019	Since invoice is issued prior to date of removal of goods, ToS is date of issuance of invoice
3	4.03.2019	4.03.2019	4.03.2019	Since invoice is issued prior to date of removal of goods, TOS is date of issue of invoice

Reverse Charge [Section 12(3)]



Questions for practice

Determine TOS

Sr No	Date of removal	Date of invoice	Date when goods made available	Date of payment
1	1.02.2019	2.02.2019	3.02.2019	15.03.2019
2	3.02.2019	1.02.2019	4.02.2019	25.02.2019
3	4.03.2019	4.03.2019	6.03.2019	1.02.2019

Answer

Sr No	Date of removal	Date of invoice	Time of Supply	Reason
1	1.02.2019	2.02.2019	1.02.2019	Since invoice is not issued on/ before the date of removal, ToS is date of removal of goods

Example - Determine the time of supply from the given information.
 May 4 - Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
 June 12 - Bridge & Co receives the goods
 June 30 - Bridge & Co makes the payment

Answer: Here, June 4 will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3)].

Determine the TOS in the following cases

Sr No	Date of invoice	Date of receipt	Date of payment by recipient of goods
1	30.11.2022	2.12.2022	25.11.22 - Part Payment made 28.12.22 - Balance amount paid



2	1.11.2022	5.12.2022	Payment is entered in the books of accounts on 25.11.22 and Dr in recipient's Bank ac on 28.11.22
3	30.11.22	2.12.22	Payment is entered in the BOA on 25.11.22 and Dr in recipient's Bank Ac on 20.11.22

In case of RCM – TOS will be earlier of

- Date of receipt of goods
- Earlier of i. Date on which payment entered in BOA of recipient
ii. Date on which payment is Debited from Bank A/c by Supplier
- Date immediately following 30 days from date of issue of invoice by supplier

Sr No	Date of invoice	31st day from date of invoice	Date of receipt	Date of payment by recipient of goods	TOS
1	30.11.22	31.12.22	2.12.22	25.11.22 – Part Payment made 28.12.22 – Balance amount paid	25.22.22 – Part payment 2.12.22 – Balance payment
2	1.11.22	2.12.22	5.12.22	Payment is entered in the books of accounts on 25.22.22 and Dr in recipient's Bank ac on 28.11.22	25.11.22
3	30.11.22	31.12.22	2.12.22	Payment is entered in the BOA on 25.11.22 and Dr in recipient's Bank Ac on 20.11.22	20.11.22

Interest, Late fee, Penalty for delayed payment of consideration Section 12(6)

Time of Supply – Date of receipt of such amount by supplier

Mahajan Traders sold goods to Shyam Sales on 6th June with a condition that interest @ 2% per month will be charged if Shyam Sales failed to make payment within 15 days of delivery of the goods. Goods were delivered as also the invoice was issued on 6th June. Shyam Sales paid the consideration for the goods on 6th July along with interest. ToS for the goods sold is the date of issue of invoice i.e., 6th June & ToS for addition in value by way of interest is date when such addition in value is received by Radha Traders i.e., 6th July.

Vouchers exchangeable for goods [Sec 12(4)]

Omitted

Residual cases [Sec 12(5)]

If it is not possible to determine Time of Supply using 12(2), 12(3), 12(4)

If GST Periodical Return has to be filed	Date on which such return is to be filed
All other cases	Date on which GST is paid



II. Time of Supply of Services

Time of Issue of Tax Invoice for Supply of Services
[Sec 31]

Generally – [Sec 31(2)]

Situation	Time of issue of invoice for services
Normal cases	Within 30 days from the date of provision of service
In case of Insurance, Banks and NBFC	Within 45 days from the date of provision of service

Continuous Supply [Sec 31(5)]

Situation	Time of issue of invoice for services
Due date of Payment is ascertainable from contract	On/before due date of payment
Due date of Payment is not ascertainable from contract	Before/at time of receipt of payment
Payment is linked to completion of an event	On/before completion of that event

Supply of services ceases before completion of supply (under a contract)
[Sec 31(6)]

At time when supply ceases & only to extent of supply made before such cessation

Example

Mr. X had a contract for supplying services for 365 days for Rs. 36,500. However, after 50 days, he has stopped supply of service. He has asked you for an advice as to whether he should raise an invoice or not?

Answer: Yes. Where a supply of service ceases before its completion, an invoice has to be issued at the time when the supply ceases, i.e., on 50th day. Invoice shall be issued to the extent of service provided before its cessation

Forward Charge [Section 13(2)]

Situation	Time of supply (Earlier of..)
If invoice is issued within Time limit	Date of (i) Issue of invoice or (ii) Receipt of Payment
If invoice is not issued within Time limit	Date of (i) Provision of service or (ii) Receipt of Payment

If ToS cannot be found out using above provisions



ToS = Date of receipt of services as shown in books of A/c of recipient

Supply shall be deemed to have been made to extent it is covered by invoice or payment

Excess Payment Received upto Rs. 1,000: Same as supply of goods.

Example – Determine the time of supply from the following particulars

6 May	Booking of convention hall, sum agreed ₹ 15000, advance of Rs 3000 received
15 Sept	Function held in convention hall
27 Oct	Invoice issued for Rs 15000, indicating balance of Rs 12000 payable
3 Nov	Balance payment of Rs 12,000 received

Answer: The tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. In a case where the invoice is not issued within the prescribed time, the TOS of service is the date of provision of service or receipt of payment, whichever is earlier.



Thus, TOS of service of Rs 3,000 is 6th May as the date of payment of ₹ 3000 is earlier than the date of provision of service. The TOS of the balance Rs 12,000 is 15th September.

Reverse Charge [Section 13(3)]

The time of supply for such service will be the earlier of the following:

- Date of payment, or
- Date immediately following 60 days from the date of issue of invoice (or any other document in lieu of invoice) by the supplier, in cases where invoice is required to be issued by the supplier
- **Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.**

Rule 47A - Time limit to issue invoice - within 30 days from receipt of goods / services / both

Import of services between associated enterprises

In the case of service received from an associated enterprise located outside India, the time of supply will be EARLIER OF:

- i. Date of entry of service in books of A/c of the recipient
- ii. Date of Payment

Note: If it is not possible to determine ToS using sec 12(3),

ToS = Date of Entry in books of A/c of Recipient of Supply

Vouchers exchangeable for services [Section 13(4)] - SAME AS GOODS

Omitted

Interest, Late Fee, Penalty - SAME AS GOODS

Second Proviso to Rule 47 [Inter - branch Transfer]

- Insurance/banking companies/FIs/NBFCs/Telecom companies/notified supplier of services
- making taxable supplies b/w distinct person u/s 25
- invoice may be issued
 - before or at time of recording such supply in books of A/c or
 - before expiry of quarter during which supply was made

Time of supply for spectrum usage under GST

↓
Services of spectrum, usage, and other similar services, every telecom operator makes payment to the government in instalments

↓
GST is applicable on reverse charge basis

↓
It is considered as continuous supply service

↓
TOS

- When installment is paid
 - Due } Earlier -
 - Paid }



If the payment is upfront

- when the payment is
- Due } Earlier -
- Made }

Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHA) in Hybrid Annuity Mode (HAM) model

Issue: Under the Hybrid Annuity Mode (HAM) model of National Highways Authority of India (NHA), the concessionaire has to construct the new road and provide Operation & Maintenance of the same which is generally over a period of 15-17 years and the payment of the same is spread over the years. What is the time of supply for the purpose of payment of tax on the said service under the HAM model?

Clarification

In HAM contract, the payment is made spread over the contract period in installments and payment for each installment is to be made after specified periods, or on completion of an event, as specified in the contract.

Scenario	Time of Supply	
If Invoice is issued within time limit	Date of issue of invoices or Date of receiving payment	whichever is earlier
If Invoice is not issued within time limit	Date of provision of service* Due date as par contract or Date of receiving payment	whichever is earlier

Installments paid by NHA to contractor also includes some interest component, such interest shall also form part of the value of supply.

In case of continuous supply of services, the date of provision of service may be deemed as the due date of payment as per the contract, as the invoice is required to be issued on or before the due date of payment as per the provisions of Section 31(5) of CGST Act.



7

VALUE OF SUPPLY

CA Amit Mahajan

Introduction

1. GST is a ad-valorem duty i.e. duty levied as a percentage of the value of supply of goods / services
2. Thus, it is **important to evaluate the value of supply** on which tax is to be paid
3. Section 15 of CGST Act supplemented with Chapter IV: Determination of Value of Supply of CGST Rules prescribes provisions for determining value of goods and services
4. When value cannot be determined u/s 15, same is determined using **Valuation Rules** [Chapter IV] *CA Inter x*

Transaction Value [Section 15(1)]

VOS of goods /services = Transaction value (Price actually paid / payable)

- if
- i. Supplier & Recipient are **not Related** &
 - ii. **Price is Sole Consideration** for supply

VOS ≠ TV
 j] Two parties are Related Parties
 k] Price is not the sole consid.
 valuation Rules
 CA QNA
 X ✓

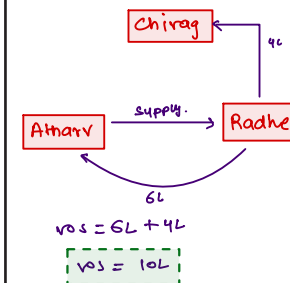
Example - Wholesale price for 1 MT of cement sold by X Ltd. in the ordinary course of business : Rs 7,000. Price of 1 MT of cement sold by X Ltd. to unrelated customer Y: Rs 6,700

Inclusions in value of supply [Sec 15(2)]

Taxes	Any taxes, duties, cess, fees & charges (if charged separately) Except GST & related Cess.
TCS	TCS (tax collected at source) should not be included in VoS



Payment to 3rd party by the Recipient on behalf of the supplier



There is a contractual liability of A to pay 4L to Chirag.

Interest, late fee, Penalty

CMA
 Int charged → ₹10000
 Add ₹10k to VOS.
CA
 (i) Int charged → ₹10k
 GST rate → 18% (mentioned in the Qs)
 VOS = ₹8475
 (ii) Int charged → ₹10k
 GST rate → NOT mentioned
 VOS = ₹10000

1. Any amount paid/payable by recipient to 3rd party Chirag.
2. Which supplier is liable to pay in relation to such supply &
3. Such payment is not included in price

Note: Amount paid by the recipient to 3rd party will be **added** to VoS only when the supplier is under contractual liability to make payment to such third parties & said payment is in relation to such supply

Interest, late fee, Penalty for delayed payment of any consideration for any supply.

Interest charged but waived off later on - Ignore do not consider

Assumption for CA students

If GST rate is given in the Qs - assume that the amount of interest late fees and penalty is **INCLUDING** GST component.

Example: GST rate is 18% and interest is given as 10,000, consider 10,000 as 118 and thus 100% will be Rs 8,475 (add this to VOS)

CMA and CS students - do not assume it to be inclusive of GST, directly add 10,000 in VOS



subsidy — Linked to price → given by i) Govt → Ignore ii) others → Add.
 — NOT linked to price → Always ignore.

CA Amit Mahajan

Incidental expenses	Any amount charged for anything done by the supplier i.r.o supply of G/&S at time of, or before delivery/supply of G/S.
	- Commission paid to agent & recovered from recipient - Packing if charged by supplier to recipient. - Inspection or certification charges if billed to recipient of supply - Installation & testing charges [Since charged for something done at time of making supply] - Weightment charges, loading & designing charges incurred before supply - Outward freight, transit insurance
	- Delivery of goods at buyer's premises - Goods + Delivery + Insurance = Composite supply - Principal supply is "supply of goods" - Thus, 'Outward freight & Insurance charges' becomes part of value of composite supply & GST is payable on outward freight & insurance charges at rate as applicable for goods - Ex-factory basis contract - Outward freight will not be included in value of supply since buyer pays outward freight

Subsidies	Subsidies directly linked to the price [excluding subsidies provided by CG/SG]		
	Nature of subsidy	Treatment in value	
	Received from CG/SG	Not added to the value of supply	
	Received from others	Directly Linked to price of supply	Added to value
		Not Linked to price of supply	Not added to value

AM note - How to identify whether the subsidy is linked to price or no? Check whether anything about LUMP SUM payment is given in the Qs and if yes, consider it to be NOT linked to Price.

Exclusions in value of supply [Sec 15(3)]

Time of Giving Discount	Treatment
Before or at time of supply	If such discount has been recorded (shown) in invoice issued for such supply, it shall be excluded from VoS
Discount given after supply	- If such discount is given as per agreement which existed at time of such supply & specifically linked to relevant invoices & - Proportionate ITC has been reversed by recipient



Value in case of "Discounts"

Discounts including 'Buy more, Save more' offers

- Supplier offers staggered discount to his customers (increase in discount with increase in purchase)
- Such discounts are excluded to determine the value of supply.

Example

Get 10 % discount for purchases above Rs. 5,000; 20% discount for purchases above Rs. 10,000; & 30% discount for purchases above Rs. 20,000. Such discounts are shown on the invoice itself.

- Some suppliers offer periodic/year ending discounts to their stockists, etc.

Example

Get additional discount of 1% if you purchase 10,000 pieces in a year; get additional discount of 2% if you purchase 15,000 pieces in a year.

Note - Such discounts are established in terms of an agreement entered into at/before the time of supply though not shown on invoice as actual quantum of such discounts gets determined after the supply has been effected & generally at year end. In commercial parlance, such discounts are colloquially referred to as "volume discounts". Such discounts are passed on by supplier through credit notes

- Such Discounts offered by suppliers to the customers shall be excluded to determine VoS provided they satisfy the parameters laid down in sec 15(3) of CGST Act, including reversal of ITC by recipient of supply as is attributable to discount on the basis of documents issued by supplier

Circular No. 251/08/2025-GST dated 12.09.2025 has clarified as follows:

Issue 1

When a supplier gives a post-sale/secondary discount by issuing a financial or commercial credit note (not a GST credit note):

- The supplier cannot reduce GST liability, because the original taxable value remains unchanged.
- Since the GST charged on the original invoice does not change, the recipient is entitled to full Input Tax Credit (ITC).
- Therefore, the recipient is NOT required to reverse any ITC. even though he pays a reduced amount to the supplier after discount.

Issue 2

- A post-sale discount given by a manufacturer to a dealer is normally just a price reduction, not a payment for any service or supply by the dealer.
- Where the manufacturer and dealer transact independently on a principal-to-principal basis, the dealer buys goods, becomes their owner, and then sells them to the end customer.
- In such cases, the discount is not consideration for any supply by the dealer to the manufacturer and does not form part of taxable value.
- However, if the manufacturer has a separate agreement with the end customer to sell goods at a reduced price and uses the dealer merely as a channel, the discount given to the dealer acts as an inducement for the dealer's supply to the end customer.
- In that situation, the discount forms part of the consideration for the dealer's supply to the end customer and is taxable.

**Issue 3**

- Dealers may use post-sale discounts to carry out general promotional efforts to increase sales.
- Such activities benefit the dealer's own sales of goods that the dealer already owns.
- The discount is only a price reduction, not a payment for any service provided by the dealer to the manufacturer.
- Therefore, such post-sale discounts are not consideration for services and do not attract GST.
- GST applies only if the dealer is contractually required to perform specific promotional or marketing services for the manufacturer for a separately identifiable consideration.

Secondary Discounts

- These are the discounts which are not known at the time of supply or are offered after supply.

Example

M/s A supplies 10,000 packets of biscuits to M/s B at Rs. 10 per packet. Afterwards M/s A re-values it at Rs. 9 per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1 per packet.

- Secondary discounts shall not be excluded while determining VoS as such discounts are not known at the time of supply & conditions in sec 15(3)(b) of CGST Act are not satisfied.
- There is no impact on availability or otherwise of ITC in the hands of supplier in this case.

Issue: Issue for consideration is that whether credit notes(s) u/s 34(1) of CGST Act can be issued in such cases even if conditions laid down in sec 15(3)(b) of CGST Act are not satisfied

Clarification: Financial/commercial credit notes can be issued by supplier even if conditions mentioned in sec 15(3)(b) of CGST Act are not satisfied

Reference to valuation rule [Sec 15(4)]

- If value of supply of G/&S cannot be determined u/s 15(1), it shall be determined in such manner as may be prescribed.
- Applicability:
 - Supplier & recipient are related party
 - Price is not sole consideration for supply.

Value to be adopted for computing GST on services of BF/BCs to Banking Company

- Agreement of banks with BC specifically prohibits BC from directly charging any fee to customers for services rendered by them on behalf of the bank. However, banks are permitted to collect reasonable service charges from the customers for such service (of BC/BF) in a transparent manner.
- Banking company is the service provider in BF/BC model operated by banking company
- Thus, banking company is liable to pay GST on Entire Value of Service Charge or fee charged to customers (whether or not received via BF or BC)

Clarification on taxability of No Claim Bonus offered by Insurance companies

Issue: Whether No Claim Bonus (NCB) deduction can be considered as a supply provided by the insured to the insurance company for not lodging insurance claims.

Clarification:

- NCB is deducted from gross insurance premium if no claim is made during previous period.
- The insured is not contractually obligated to refrain from making claims in exchange for NCB.
- Therefore, NCB is not considered a supply provided by the insured to the insurance company.



Issue: Can NCB be considered an admissible discount for determining the value of insurance services?

Clarification:

- Section 15(3)(a) of the CGST Act allows discounts given before or at the time of supply to be excluded from the value of supply if recorded in the invoice.
- Insurance companies disclose NCB availability in policy documents and invoices.
- NCB qualifies as a permissible discount for calculating the value of insurance services.
- GST is levied on the actual insurance premium amount after deducting the NCB.

Valuation Rules for CMA CS students only

Reference to valuation rule [Sec 15(4)]

Section 15(4) lays down that if the transaction is with a related party, and/or price is not the sole consideration for the supply of goods / services, then the value will be determined as per Rule 27 to 31 of the CGST Rules.

Valuation of notified goods

Section 15(5) lays down that in respect of certain notified supplies also, the value will be determined in the manner as stipulated in the rules for valuation.

1. the service of purchase or sale of foreign currency including money changing,
2. the service of booking air tickets by an air travel agent,
3. life insurance service
4. buying and selling of second hand goods,

5. vouchers, token, coupons or stamps (other than postage stamps) redeemable against goods or services
6. services provided without consideration between distinct persons under GST law that are different units of the same legal entity.
7. supply in case of lottery, betting, gambling and horse racing.

Rule 27: Value of supply of goods or services where the consideration is not wholly in money

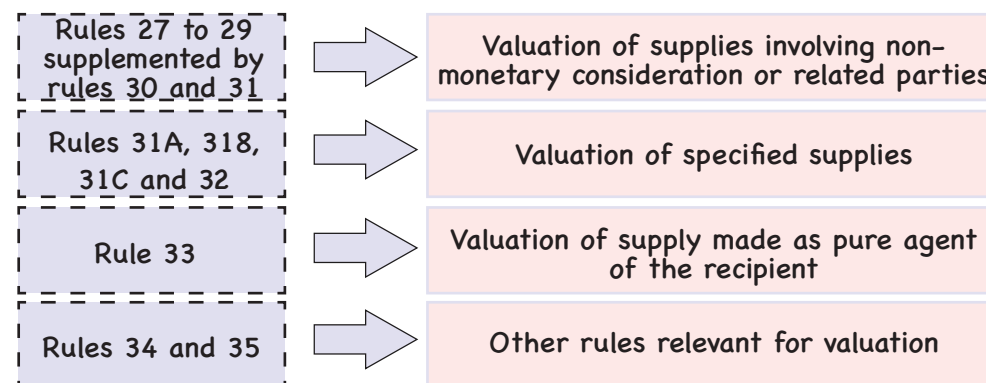
Rule 28: value of supply of goods or services or both between distinct or related persons, other than through an agent

Rule 29: value of supply of goods made or received through an agent

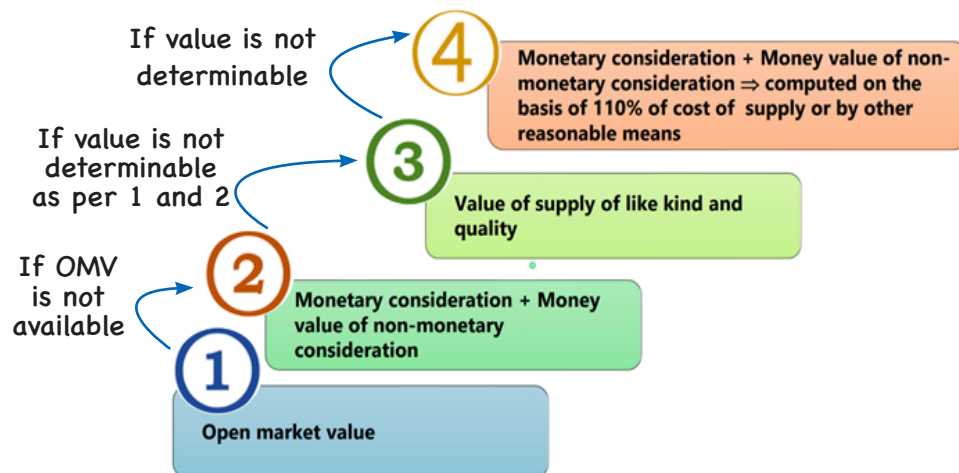
Rule 30: value of supply of goods or services or both based on Cost.

Rule 31: Residual method for determination of value of supply of goods or services or both

Rules 27 to 35 may be categorized as under for the purpose of discussion:



Rule 27 – Value of supply of goods or services where the consideration is not wholly in money



Example – New camera is sold for Rs 40,000 along with exchange of an old camera and if the price of the new camera without exchange is ₹49,000, The OMV of the new camera is Rs 49,000

Rule 28 – Value of Supply of Goods / Services / Both between distinct persons

1. Value of supply of goods or services or both between distinct or related persons other than through an agent The value of the supply –
 - a. Open market value of such supply

↓
 - b. If the open market value is not available, be the value of supply of goods or services of like kind and quality

↓
 - c. if value is not determinable under clause (a) or (b), be the value as determined by application of rule 30 or rule 31, in that order

Proviso: where the goods are intended for further supply as such by the recipient,

- Value, at the option of the supplier, be
- an amount equivalent to 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person

Proviso: Where the recipient is eligible for full ITC,

- the value declared in the invoice shall be deemed to be the OMV of the goods or services.

2. Notwithstanding anything contained in sub-rule (1), the VOS of services by a supplier to a recipient who is a related person located in India, by way of providing corporate guarantee to any banking company / financial institution on behalf of the said recipient, shall be

- Deemed to be 1% of the amount of such guarantee offered per annum, or
- The actual consideration, whichever is higher.

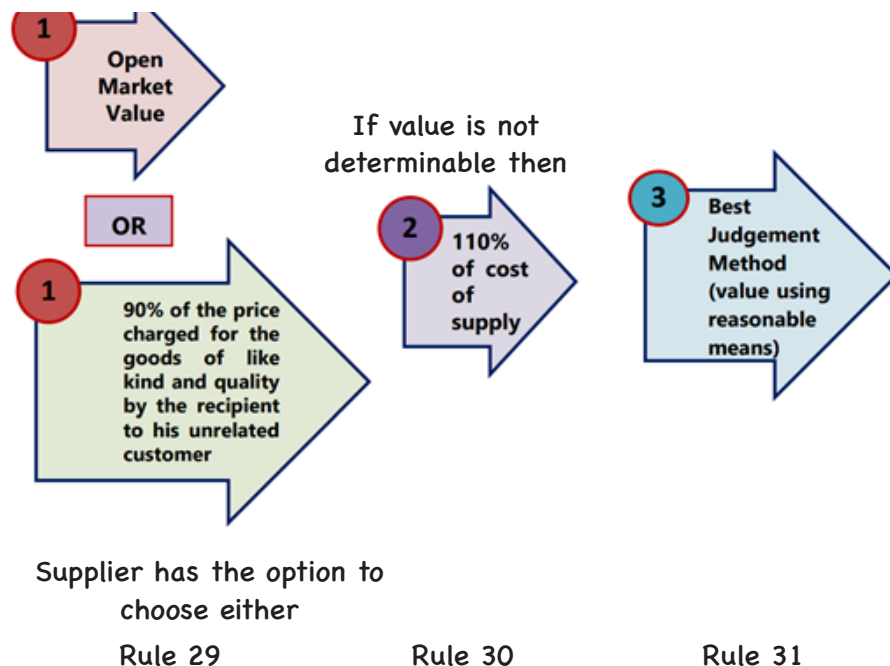
Proviso: where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of services.

This provision is applicable only in following cases:

- a. distinct person as specified in section 25(4) and 25(5) of CGST Act i.e. where same person with single PAN has taken separate registration in different States or even in the same State
- b. Related person

**Rule 29 – Value of supply of goods or received to an agent**

Value of supply of goods between Principal and Agent shall be

**What is Rule 30?**

Value of Supply – 110% of the cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services

What is Rule 31?

Residual method for determination of value of supply of goods or services
It means to say that efforts should be made by proper officer to determine the value by using his best judgment assessment

Rule 31A: Valuation of lottery notification 3/2018 CT dated 23.01.2018

- (1) The value in respect of supplies specified below shall be determined as provided hereinafter.
- (2) The value of supply of lottery shall be
 - deemed to be **100/128 of the face value of ticket** or of the price as notified in the Official Gazette by the Organising State, whichever is higher.
- (3) Supply of actionable claim (betting, gambling, horse racing in a race club)
 - **100% of the face value of the bet** or the amount paid into the totalisator

Rule 31B. Value of supply in case of online gaming including online money gaming.-

The VOS of online gaming, including online money gaming, shall be

- **the total amount paid or payable to or deposited with the supplier** by way of money or money's worth, including virtual digital assets, by or on behalf of the player:

Proviso: any amount returned/refunded by the supplier to player, including player not using the amount paid/deposited, shall not be deductible from the VOS of online money gaming.

Rule 31C. Value of supply of actionable claims in case of casino.-

The VOS of actionable claims in casino shall be the total amount paid or payable by or on behalf of the player for –

- (i) purchase of the tokens, chips, coins/tickets, by whatever name called, for use in casino; or
- (ii) participating in any event, including game, scheme, competition/any other activity/process, in the casino:



Proviso: any amount returned/refunded, shall not be deductible from the VOS.

Explanation.- For rule 31B and rule 31C,

- any amount received by the player by winning any event, including game, scheme, competition
- which is used for playing by the said player in a further event without withdrawing,

Explanation.- For rule 31B and rule 31C,

- any amount received by the player by winning any event, including game, scheme, competition
- which is used for playing by the said player in a further event without withdrawing,
- shall not be considered as the amount paid to or deposited with the supplier.

Rule 32: Suppliers of specified supplies may opt for other optional valuation methods

Rule 32(1): The value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided hereinafter.

Author: The valuation methods prescribed under rule 32 are optional; the supplier can use them if he so desires. He can also opt to value his supplies in accordance with other valuation rules.

Rule 32(2): Money changing services (sale or purchase of forex)

VOS of services in case of purchase/sale of foreign currency, including money changing, shall be:

Option (a)

- In case when exchanged from or to, INR & RBI reference rate for a currency is available,

VOS = difference in the buying/selling rate, and RBI reference rate X total units of currency:

- In case where the RBI reference rate for a currency is not available, VOS = 1% of the gross amount of INR provided or received by the person changing the money:
- In case where neither of the currencies exchanged is INR, VOS 1% of the lesser of the 2 amounts that would have been received by converting any of two currencies into INR at RBI reference rate.
- a person supplying the services may exercise the option to ascertain the value in terms of clause (b) for a FY & such option shall not be withdrawn during the remaining part of that FY.

Option (b): VOS shall be deemed to be-

Currency exchanged is	Value
Upto Rs 1,00,000	1% of currency changed or Rs 250 whichever is higher
From Rs 1,00,001 upto 10 lakhs	1,000+ 0.5% of currency changed
From Rs 10,00,001	5,500 +0.1% of currency changed subject to maximum of Rs 60,000

Rule 32(3): Supply of services in relation to booking of tickets - Air travel agent

The VOS of services in relation to booking of air travel tickets provided by an air travel agent shall be deemed to be

- In the case of domestic bookings: **5%** of the basic fare,
- In the case of international bookings: **10%** of the basic fare.

Basic fare means that part of fare on which commission is normally paid by airlines to travel agent

**Rule 32(4): Life Insurance services**

The value of supply of services in relation to life insurance business shall be,-

1. Savings Policy: Amount allocated towards investment is intimated to policy holder
Value: Gross premium less amount allocated for investment or savings
2. Single Annuity policy: Value: 10% of single premium charged from the policy holder.
3. All other cases: VOS:
 - 25% of the premium charged from policy holder in the first year and
 - 12.5% of the premium charged in subsequent years.
4. Policy with only risk cover: Entire premium charged from policy holder

Rule 32(5): Special provision relating to determination of value of second-hand goods

Where a taxable supply is provided by a person dealing in buying & selling of second-hand goods:

- as such or after such minor processing which does not change the nature of the goods and
- where no ITC has been availed on the purchase of such goods, the VOS shall be
 - the Selling price - purchase price (margin)
 - If selling price - purchase price is negative - Ignore

Sale of repossessed goods by Bank/financial institution

Purchase value of goods repossessed from unregistered borrower shall be deemed to be:

- the purchase price of goods by the defaulting borrower - 5% for every quarter/part thereof,
- between the date of purchase and the date of disposal by person making such repossession.

Rule 32(6): Supply of a token, or a voucher, or a coupon, or a stamp (other than postage stamp)

Value of a redeemable token, or a voucher, or a coupon, or a stamp shall be:

- Money value of the goods/services redeemable against such voucher/coupon

Rule 32(7): Services provided by such class of service providers as may be notified by the Government

Notified services between distinct persons without consideration: [No notification yet]

Value = Nil, if ITC is available.

Rule 33: Deduction of expenditure incurred as Pure Agent

The expenditure/costs incurred by a supplier as a pure agent of recipient shall be excluded from the VOS, if all the following conditions are satisfied, namely,-

- (i) Supplier acts as a pure agent, when he makes payment to 3rd party on authorisation by recipient;
- (ii) the payment made has been separately indicated in the invoice issued by the pure agent; and
- (iii) the supplies procured by the pure agent from the third party are in addition to the services he supplies on his own account.





Summary of Entire Chapter

Core Principle: GST on Transaction Value [Sec 15(1)]

Conditions:

✓ Unrelated Parties + Price is Sole Consideration

GENERAL VALUATION [Sec 15]

ADD (+)

- + Taxes (non-GST)
- + 3rd Party Payments
- + Incidentals
- + Interest
- + Non-Govt Subsidies

LESS (-)

- Pre-Supply Discount (on Invoice)
- Post-Supply Discount (Agreement + ITC Reversal)

SECTOR SPECIFIC RULES [Rule 32]

1. Money Exchange [Rule 32(2)]

Option A: (Buying/Selling Rate - RBI Rate) × Units

Option B (Slab):

< ₹1L:	1% (Min ₹250)
₹1L - 10L:	₹1000 + 0.5%
₹10L:	₹5500 + 0.1% (Max ₹60k)

2. Air Travel Agent [Rule 32(3)]

Domestic Booking:

5% of Basic Fare

International Booking:

10% of Basic Fare

Other Policies:

1st Year: 25% of Premium
Subsequent Years: 12.5% of Premium
(Risk Only Policy = Full Value Taxable)

3. Life Insurance [Rule 32(4)]

Investment Policy:

Gross Premium minus Amount Invested (if intimated)

Single Premium Annuity:

10% of Premium

Other Policies:

1st Year: 25% of Premium
Subsequent Years: 12.5% of Premium
(Risk Only Policy = Full Value Taxable)

4. Second Hand Goods [Rule 32(5)]

Margin Scheme:

Taxable Value = Selling Price - Purchase Price

Condition:

No ITC taken on purchase

Note: Ignore Negative Value

OTHER NOTABLE RULES

Lottery [Rule 31A]:
Higher of 100/140 of Face Value OR Notified Price

Online Money Gaming [Rule 31B]:
100% of Deposit

Related Persons [Rule 28]:
Open Market Value (Exception: Corp Guarantee @ 1%)

Pure Agent [Rule 33]:
Costs incurred as Pure Agent are Excluded

CA / CMA / CS

CMA / CS

CMA / CS



Overview of the chapter

- Section 16 – Conditions of availing ITC
- Section 17: Apportionment of Credit and Blocked credit
- Section 18: Availability of credit in special circumstances
- Circulars and notifications

Section 16 – Conditions of availing ITC

1. Registration is mandatory for availing ITC

2. Inward supply of goods / services to be used in the course or furtherance of business

3. RP shall be in the possession of the following documents:

- a. Invoice issued by the supplier on such RP
- b. Debit note issued by the supplier on such RP
- c. Bill of entry (not relevant for CA Inter students as customs is not there in the syllabus)
- d. Invoice prepared in respect of RCM suppliers u/s 9(3) and 9(4)
- e. Document issued by ISD (not relevant for CA Inter students)

4. RP shall receive the goods / services

Clarification on availability of ITC in respect of goods delivered under ex-works contract

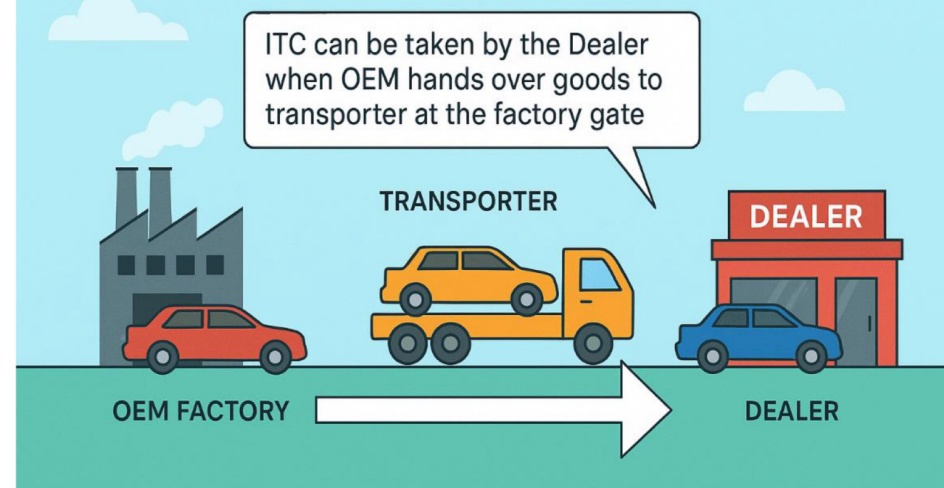
Issue – Does the dealer have to wait until the vehicles physically arrive at their showroom to claim ITC, or can they claim it as soon as the vehicles leave the factory?

Delivery is completed along with risk and ownership when the goods are delivered to the transporter at the factory gate of OEM

ITC Eligibility: The dealer **does not** need to wait for physical receipt at their premises. ITC can be availed when the goods are handed over

to the **transporter** at the OEM's factory gate, as this is considered "received by the registered person".

EX-Works (EXW) Model in Automobile Sector



Exception – Bill to Ship to model

Goods delivered to another person on the direction of the RP, are deemed to have been received by such RP.

So, ITC will be available to the RP, on whose order the goods are delivered to a third person, it would be considered as deemed receipt by the RP

In simple words – ITC is available to that person who gives the direction



5. Supplier shall **PAY** the amount of tax (charged in the invoice) to appropriate Government

Rule 37A

If the supplier has filed the GSTR-1 but has not filed GSTR-3B till 30th September of next FY – then the Recipient has to reverse the ITC for the same till 30th November of succeeding FY to which such ITC relates.

Interest – If ITC is not reversed on or before 30 November of the subsequent FY, then interest shall be applicable u/s 51 @ 18% p.a. starting from 1 December till it is reversed (i.e. added to output tax)

6. RP wishes to avail the ITC – shall file Form **GSTR-3B**

7. ITC should be reflected in Form **GSTR-2B** of the recipient i.e. supplier shall furnish the details in Form GSTR-1 / IFF

Goods received in installments

ITC is available on the receipt of the **last installment**

8. **Condition of 180 days – If Value + GST is not paid, can a recipient still avail the ITC? – YES**

Condition – the recipient shall make a payment within 180 days from the date of issue of invoice (and not from the date of receipt of goods)

What if the payment is not made within 180 days?

Amount equal to ITC availed along with the interest will be added to output liability of the recipient.

Once the actual payment is made – can the ITC be reavailed? – YES without any time limit to avail the ITC as mentioned in Sec 16(4)

What if only 60% of the value + GST is paid within 180 days, the recipient need not reverse the ITC to the extent of 60% but he reverse it to the extent of 40% which is not paid within 180 days

3 Exceptions (means 180 days condition will not be checked by us and ITC shall not be reversed if payment is not made within 180 days)

- (a) Supplies on which tax is payable under reverse charge
- (b) Deemed supplies without consideration (VOS is deemed to be have been paid)

10. In case of purchase of Capital Goods, if depreciation is claimed on the **GST component**, ITC is not available on such purchase

11. Time limit for taking ITC in case of revoked registration cancellation

Issue: When a registration is cancelled, the taxpayer cannot file returns. If the registration is revoked after the standard Section 16(4) deadline has passed, the taxpayer would normally lose their right to claim ITC for that period.

Relaxation

The time limit to avail ITC is **extended** for the period between the cancellation date and the revocation date, provided two conditions are satisfied:

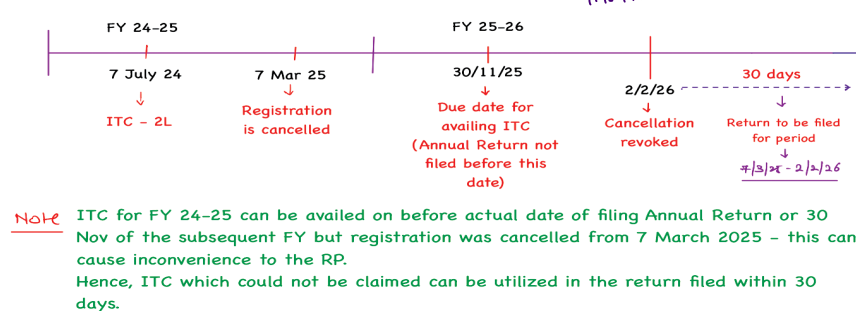
- 1. All pending returns for the cancellation period must be filed within **30 days** of the revocation order
- 2. The ITC time limit (under Section 16(4)) must **not** have already expired **on the date the registration was originally cancelled**

Time limit to avail the ITC in the following 2 cases:

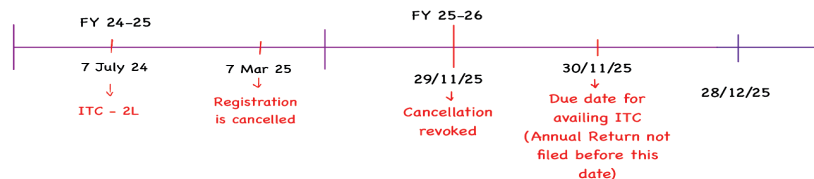
- i. In case revocation takes place **BEFORE** the time limit of availing ITC
Actual due date of claiming the ITC or 30 days from the date of revocation order – whichever is **LATER**
- ii. In case revocation takes place **AFTER** the time limit of availing ITC 30 days from the date of revocation order



Situation I



Situation II



Note - Due date of claiming ITC is **later** of

- 30 Nov of the subsequent FY or Actual date of Ann Return (earlier) OR
- 30 days from the date of revocation of cancellation

Section 16(4) - Time limit for availing the ITC

- ITC can be availed either on the invoice or debit note.
- Time limit to avail the ITC is earlier of:
 - 30 November of the subsequent FY
 - Actual date of filing of Annual Return
- What if invoice and debit note are raised in the **same FY**. Time limit will be the same for availing ITC charged in both
- What if invoice and debit note are raised in the **different FY**. Time limit will be different for invoice and debit note as the time limit shall be checked independently

Example - If invoice is raised in FY 2024-25 and Dr Note is raised in FY 2025-26 - then time limit for availing the ITC on the invoice is 30 Nov **2025** and on debit note is 30 Nov **2026** (assumed that the date of actual filing of annual return is after 30 Nov for each of the FY)

- This time limit is not applicable for **re-availing of credit** (check 180 days point)

Rule 86B - Restrictions on use of amount available in electronic credit ledger

If the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds **Rs 50 lakh**, RP shall not be able to use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of **99% of such tax liability**

Example - Mahajan Brothers has made an intra state supply of 60,000 motichur laddus for Rs 100 each where GST rate of 18% is applicable. Available ITC is 12 Lakhs.

Mahajan Bro can utilize only to the extent of 99% of output tax as ITC from electronic credit ledger i.e. Rs 10,69,200 [99% of (18% of 60,00,000)] out of the total ITC of 12 Lakhs. Rest 1% i.e. 10,800 shall be payable by Electronic Cash Ledger

Exceptions (Important from theory perspective)

This restriction shall not apply in following cases:

- Where the said person/proprietor/karta/managing director/any of its 2 partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than Rs 1 lakh as income tax in each of the last 2 financial years.
- Where the RP has received a refund of more than Rs 1 lakh in the preceding FY on account of unutilised ITC in case of
 - zero rated supplies made without payment of tax or
 - inverted duty structure.



(c) Where the RP has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, up to the said month in the current financial year

(d) Where the registered person is:

- Government Department
- Public Sector Undertaking
- Local authority
- Statutory body

However, the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

Section 17 - Apportionment of Credit and Blocked credit

1. Where the goods or services or both are used by the RP partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business

2. Where the goods or services or both are used by the RP partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of ITC shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

3. Rule 42 and 43 are not there in the inter syllabus

4. **Option to Banking Companies** (Applicable to CMA and CS students only)

A banking company or a financial institution including a NBFC, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either

- Comply with the provisions of sub-section (2), or
- Avail ITC of **50%** in that month and the rest shall lapse (Rule 38).

1st proviso - Option once exercised shall not be withdrawn during the remaining part of the financial year.

2nd proviso - Restriction of 50% shall not apply to the tax paid on supplies made by one registered person to another registered person having the same PAN

5. Section 17(5) - Blocked ITC

1. Motor Vehicles

Purchase of motor vehicles for transportation of persons having seating capacity of **not more than 13 persons** (including the driver), except when they are used for making the following taxable supplies, namely:—

- Further supply of such motor vehicles (Car dealer); or
- Transportation of passengers (Tours and Travel business); or
- Imparting training on driving such motor vehicles (Driving schools)

To fall under this restriction, the purchased vehicle should fall under the definition of Motor Vehicles.

Motor vehicles **EXCLUDE** the following:

- Vehicle running upon fixed rails
- Special purpose vehicles for being used in a factory or any enclosed premises
- Vehicle with **less than 4 wheels** fitted with engine capacity of **upto 25cc**

AM Note - So if I purchase a scooter - then it will not fall under the defn of MV and thus, Sec 17(5) will not be applicable automatically and thus, ITC can be availed



2. Vessels and aircraft except when they are used—

- (i) For making the following taxable supplies, namely:
 - (a) Further supply of such vessels or aircraft; or
 - (b) Transportation of passengers; or
 - (c) Imparting training on navigating such vessels; or
 - (d) Imparting training on flying such aircraft;

- (ii) For transportation of goods

3. Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred above

4. Membership of a club, health and fitness centre – BLOCKED

Exception – if it is statutory obligation

5. Travel benefits extended to employees on vacation such as leave or home travel concession

Exception – if it is statutory obligation

6. Others

- a. Food and beverages,
- b. outdoor catering,
- c. beauty treatment,
- d. health services,
- e. cosmetic and plastic surgery,
- f. leasing, renting or hiring of motor vehicles, vessels or aircraft
- g. Life and health insurance

Exception (ITC is allowed)

- 1. If it is a statutory obligation
- 2. If the recipient is in the same line of business

7. Works contract service

Blocked – when supplied for construction of immovable property, other than plant and machinery

Exception (ITC is allowed) – it is for further supply of works contract service

8. Self construction

Goods or services received by a taxable person for construction of an immovable property on his own account, other than plant and machinery on his own account including when such goods or services or both are used in the course or furtherance of business.

What is Plant and Machinery? – Common point for 7 and 8

“Plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural supports that are used for making outward supply of goods and/ or services and includes such foundation or structural support but excludes land, building or other civil structures, telecommunication towers, and pipelines laid outside the factory premises.

Things are considered as P/M and thus ITC is permissible

- 1. Construction of cement foundation for mounting Plant and machinery
- 2. Ducts and manholes used in the network of optical fibre cables

Things NOT considered as P/M and thus ITC is NOT permissible

- 1. ~~Land, building or other civil structures~~
- 2. Telecommunication towers
- 3. Pipelines laid **OUTSIDE** the factory premises

4. Goods or services or both on which the tax is paid under composition scheme (No ITC for composite dealers)

5. Goods or services or both received by a NRTP **except on goods imported by him (not services)**

6. Goods or services or both used for **personal consumption**



12. Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

13. Tax paid in terms of sections 74A, 129 and 130

14. Goods or Service or both received by a taxable person which are used or intended to be used for CSR

Section 18 - Availability of credit in special circumstances

Section 18(1)

1. Conversion of exempt supply to taxable supply

If any exempt supply becomes taxable supply due to notification issued by CBIC, the registered person shall be entitled to take credit of:

a. **Inputs** = in respect of inputs held in stock/semi-finished/finished goods on the day immediately preceding the date from which it becomes taxable.

b. **Capital Goods** = The credit on capital goods shall be reduced by 5% per quarter of a year or part thereof from the date of invoice till the supply became a taxable supply.

2. Shifting from composition scheme to normal scheme

Same as above

3. Conversion from unregistered person to registered person

a. Compulsory registration

Application for registration has been made within 30 days from the date on which he becomes liable for registration

Inputs - ITC is available in respect of inputs held in stock/semi-finished/finished goods on the day immediately preceding the date from which it becomes taxable

Capital Goods - Not allowed

Application for registration has **NOT** been made within 30 days from the date on which he becomes liable for registration
No ITC is allowed on inputs as well as capital goods

b. Voluntary registration

Inputs = ITC is allowed on the inputs held in stock and inputs/semi-finished/finished goods on the day immediately preceding the date of grant of registration

Capital Goods = Not allowed

Sec 18(2) - Common note for inputs

A registered person shall not be entitled to take ITC in respect of any supply of goods or services or both to him after the expiry of 1 year from the date of issue of tax invoice relating to such supply

Date of conversion = 7/7/2025

Input A = purchased 100 units on 1/7/2024 - In stock as on 6/7/25 - 40 units

Input B = purchased 100 units on 9/7/2024 - In stock as on 6/7/25 - 50 units

ITC is allowed only of 60 units of Input B as it is acquired within 1 year prior to 7/7/2025

Compliances:

1. Applicant has to submit form no. ITC-01 within **30 days** from the date on which he becomes eligible to avail ITC
2. ITC-01 should be verified by Chartered **Cost Accountant** if the total amount of ITC is **exceeding Rs 2,00,000**
3. Declaration shall clearly **specify** the details relating inputs and capital goods (wherever eligible) on the day immediately preceding
- the date of conversion (URP to RP, Composition scheme to Regular Scheme, Exempt supply to taxable supply)

**Section 18(5) - ITC in case of Amalgamation/Demerger**

- Where there is a change in the constitution of a RP on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, in such cases, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.
- Submit Form **ITC-02** by the transferor and the transferee shall accept it on the common portal and ITC shall be credited to the electronic credit ledger of the transferee

Section 18(4) / 18(5) - Reversal of ITC on switching to composition levy or exit from tax-paying status

- When a registered person switches from the regular tax scheme to the **Composition Levy** or when their supplies become **wholly exempt** OR registration is cancelled they must reverse the ITC previously claimed
- **Inputs** = Reverse ITC proportionately based on the original purchase invoices

Calculations are based on stock/assets held the day **immediately preceding** the switch or exemption date

- **Capital Goods** = Reversal is calculated on a pro-rata basis over a total useful life of **5 years (60 months)**

Reversal amount = Total ITC X Remaining useful life (months) / 60

- Mode of reversal = Either Elec Cash Ledger OR Elec Credit Ledger
- After reversal, remaining balance in Elec Credit Ledger would be lapsed

Section 18(6) - Reversal of Tax credit in case of supply of capital goods on which tax credit has been taken Section

In case of supply of capital goods, on which ITC has been taken, the RP shall pay an amount

- ITC taken on such goods reduced by **5% per quarter** of a year or part thereof **from** the date of issue of invoice for such goods (i.e., ITC pertaining to remaining useful life of the capital goods), or the tax on the transaction value of such capital goods, whichever is higher.
- Exception: If refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may directly pay tax on the transaction value (and not on higher of 2 values)

Example

- * If the RP purchases the Capital goods, ITC is available with a Condition that he uses the capital goods for 5 years.
- * If he sells the Capital Goods within 5 years → RP will have to reverse the ITC for the period for which he did not use out of 5 years (60months)

20/11/19 →	Mr AM purchased capital goods →	Reversal
	₹10L & GST paid 1,20,000	1] Ineligible ITC
	→ Availed ✓	OR
4/4/21 →	Mr. AM Supplied capital goods	2] Outward liability
	for	
	I) ₹5,50,000	
	II) ₹9,00,000	
	III) 4,00,000	
	(Assume the GST rate is 18%)	



Particulars.	I	II	III
I] ITC availed (-) 5% per quarter/ part of the Qtr. [5% x 7 Qtrs]	1,20,000 (42,000)	1,20,000 (42,000)	1,20,000 (42,000)
	78,000	78,000	78,000
II] Tax on out ward supply	99,000 ↑	1,62,000 ↑	72,000 ↑
Reversal	99,000	1,62,000	78,000

Important circulars / clarifications

1. ITC on demo vehicles – Circular No. 231/25/2024 GST dated 10.09.2024

Clarification on availability of input tax credit in respect of demo vehicles which are motor vehicles for transportation of passengers having approved seating capacity of not more than 13 persons (including the driver)

Test drive car (Demo Car) = **ITC allowed**

↳ For demonstration of features = **ITC allowed**

↳ For other purposes = **ITC is blocked**

Other cars for sale (SIT) = ITC allowed as not blocked for car dealer

What if the demo vehicle is NOT purchased by the dealer but using manufacturer's car as a demo = **NO QUESTION OF ITC as the car is not purchased by the dealer**

2. ITC on the amount paid by insurance company for repairs and maintenance of insured vehicle Circular No. 217/11/2024 GST dated 26.06.2024

Situation 1 – Invoice raised in the name of Insurance Co (Cashless mode)
ITC is allowed as the insurance company used these services in their outward supply

Situation 2 – Invoice **NOT** raised in the name of Insurance Co (**NOT** a Cashless mode – reimbursement)

ITC is NOT allowed as the invoice is not raised in the name of insurance company

3. Clarification on time limit under section 16(4) in respect of RCM supplies received from unregistered persons

Nature – This clarification explains how the time limit for claiming ITC applies to **RCM** supplies from unregistered persons

Under Section 16(4), the time limit for claiming ITC is linked to the FY in which the invoice is issued

For RCM from unregistered suppliers, the relevant FY is the one in which the **recipient issues the self-invoice**

In case, the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax.

Example for better understanding:

A debit note dated 07.07.2024 is issued in respect of the original invoice dated 16.03.2024. As the invoice pertains to F.Y. 2023–24, the relevant financial year for availment of ITC in respect of the said invoice in terms of section 16(4) shall be FY 2023–24. However, as the debit note has been issued in FY 2024–25, the relevant financial year for availment of ITC in respect of the said debit note shall be FY 2024–25 in terms of section 16(4).

4. Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period

Case 1: OEM to customer (in warranty)

The OEM offers warranty for the goods supplied by him to the customer and provides replacement of parts and/ or repair services to the customers during the warranty (apple gives warranty to the customers)



- Value of supply includes the value of warranty (i.e. repairs and replacement) and thus, no separate amount will be charged by OEM
- Thus, no GST will be charged and no GST will be required to be reversed by OEM on the purchase of the parts
- If there is additional consideration charged by the OEM? – GST will be applicable on such consideration

Case 2: Distributor to customer on behalf of OEM (Parts or repaid service)

Part A

The distributor provides replacement of parts and/ or repair services to the customer as part of warranty on behalf of the manufacturer without charging any consideration from the customer.

Distributor and Customer

- Distributor would not charge any consideration from the customer as the same is covered under warranty
- Thus, no GST is collected by the distributor
- Is distributor required to reverse the ITC? – **NO**
- In case additional consideration is charged, GST shall be payable

Distributor to Manufacturer

- Distributor has provided the supply (from his own stock or purchased from third party) to the customer under warranty on behalf of OEM.
- Distributor shall issue invoice to OEM for the same (Value + GST)
- Manufacturer is eligible to avail the ITC on the same

Part B

Requisition made by distributor to the manufacturer

- In case where the distributor raises a requisition to the manufacturer for the part(s) to be replaced by him under warranty and the manufacturer then provides the said parts to the distributor for the purpose of such replacement to the customer as part of warranty,
- then no GST would be payable, if no additional consideration is charged by the manufacturer in respect of parts replaced.
- Is manufacturer required to reverse the ITC? **NO**

Part C

- Manufacturer supplies the parts to the distributor
- In case any replacement order comes in future from the customers to the distributor under warranty, manufacturer shall issue a credit note in respect of the parts replaced
- Distributor shall reverse the ITC for the said proportion of the parts replaced
- Future tax liability shall be adjusted against the credit note by OEM

Case 3 – Extended warranty (either by OEM / Distributor)

Situation 1 – If extended warranty is given by along with the original supply

Consider it as composite supply

Situation 2 – If extended warranty agreement is made after the original supply

Consider it as separate contract and consider it independently.

5. Clarification on GST Liability and Input Tax Credit (ITC) Availability in Cases Involving Warranty/Extended Warranty

a) GST Liability and ITC Reversal for Replacement of Goods/Parts Under Warranty:

- **Issue:** Clarification on **GST liability** and the requirement to **reverse input tax credit (ITC)** when **goods or parts** are replaced under a **warranty**.
- **Clarification:** When a **manufacturer/supplier** replaces **goods or parts** due to defects during the **warranty period**, the clarification provided in **Para 2 of Circular No. 195/07/2023-GST** applies to both **parts** and **goods** as a whole. Any reference to "part(s)" in the **Circular** should be read as "**goods or its parts, as the case may be.**"



Student's notes

- **Issue:** GST implications when a distributor replaces parts/goods from their own stock under a warranty and later gets replenishment from the manufacturer.
- **Clarification:** When a manufacturer replenishes parts/goods to a distributor through a delivery challan without charging any consideration, no GST is payable on such replenishment. Additionally, the manufacturer is not required to reverse ITC on the goods or parts replenished to the distributor.

- **Issue:** Determining the nature of supply when extended warranty is provided at the time of the original supply of goods.

- **Clarification:** If the **extended warranty** is provided by the **supplier of the goods** at the time of original supply, it is part of a **composite supply** with **goods** being the **principal supply**, and **GST** is payable accordingly. If the **extended warranty** is supplied by a different person, it is treated as a **separate supply of services** and is taxable as such.

- **Issue:** GST treatment of an **extended warranty** purchased after the original supply of goods.

- **Clarification:** If a consumer enters into an extended warranty agreement after the original supply of goods, it is considered a distinct supply of services separate from the original supply. The supplier of the extended warranty must discharge GST liability applicable to such supply of services.



Overview of the chapter

Section 22	Persons liable for registration.
Section 23	Persons not liable for registration
Section 24	Compulsory registration in certain cases
Section 25	Procedure for registration.
Section 26	Deemed registration
Section 27	Special provisions relating to casual taxable person and non-resident taxable person
Section 28	Amendment of registration
Section 29	Cancellation or suspension of registration
Section 30	Revocation of cancellation of registration

Persons liable for registration. (Section 22)

Supplier	Registration Requirement
Exclusive Supply of Service Or Supply Of Notified Goods Or Supply Both Goods & Services	Shall be liable to be registered in the State / Union Territory if his aggregate turnover in a financial year exceeds Rs. 20,00,000 . However for following specified states, threshold limit is Rs. 10,00,000 . Special Category States: Manipur, Mizoram, Nagaland, Tripura

Exclusive Supply Of Goods Except Notified Goods:

1. Ice-cream and other edible ice
2. Pan Masala
3. Tobacco and manufactured tobacco substitutes
4. Fly ash bricks or fly ash aggregate Fly ash blocks
5. Bricks of fossil meals or similar siliceous earths
6. Building bricks
7. Earthen or roofing tiles

Registration shall be required if turnover has exceeded Rs. **40,00,000**.

Limit Shall Be Rs. 20,00,000 In Following States:	Limit Shall Be Rs. 10,00,000 In Following States:
• Arunachal Pradesh • Telangana • Uttrakhand • Meghalya • Puducherry • Sikkim	• Manipur • Mizoram • Nagaland • Tripura

Aggregate Turnover
[Sec 2(6)]

Particulars	Amount
Value of all taxable outward supplies(FCM/RCM)	xx
Exempt supplies*	xx
Exports of goods or services or both	xx
Inter-State supplies of persons having the same Permanent Account Number	xx
Total	xx

Exclusions:

- a. Central tax, State tax, Union territory tax, integrated tax and cess.
- b. Value of inward supplies on which tax is payable by a person on reverse charge basis

* Under Exempt supply

1. Do not consider interest on Deposit, Advances and Loan.
2. Include Nil rated and Non Taxable supply



1. Aggregate turnover shall include all supplies made by the taxable person whether on his own account or on behalf of all his principals.
2. If a business is carried by a taxable person who is registered under this Act has transferred his business to any other person, the transferee shall obtain fresh registration from the date of transfer of business provided transferee is not a registered entity

Person not liable for registration – Section 23

The following persons shall not be liable to registration, namely: –

1. any person engaged exclusively in the business of supplying goods or services or both that are **not liable to tax** or **wholly exempt** from tax under this Act or under the IGST;
2. an agriculturist, to the extent of supply of produce out of cultivation of land.
3. Persons making only RCM supplies except for supplier of metal scrap.
4. Persons making inter state supplies of taxable services up to Rs 20,00,000 (10L in case of MMTN)
5. Persons making inter state taxable supplies of notified handicraft goods up to 20,00,000 (10L in case of MMTN)
6. Casual taxable persons, making interstate taxable supplies of notified handicraft goods up to ₹20,00,000 (10L in case of MMTN)
7. Persons making supplies of services through an e-commerce operator [other than supplies specified under section(5)] with aggregate turnover up to ₹20,00,000

Compulsory Registration – Section 24

Notwithstanding anything contained in section 22, following persons must take registration irrespective of their turnover

1. Persons making any **inter-State taxable supply of goods** except Inter State supply of handicrafts goods (section 22 shall be applicable) provided supplier has to obtain PAN and also e-way bill has to be generated.
2. **Casual taxable persons** making taxable supply
3. Persons who are required to pay tax under **RCM**
4. **Non-resident taxable persons** making taxable supply
5. E-commerce:
 - (i) Every ECO who is required to collect tax at source under section 52.
 - (ii) Persons who are required to pay tax under section 9(5) i.e. e-commerce operator who is required to pay tax on specified services.
 - (iii) Persons who supply goods and/or services, other than supplies specified under section 9(5) through such ECO who is required to collect TCS under section 52. Exceptions are as follows:
 - The threshold limit of 20 lakh (10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available in case of suppliers supplying **services** through ECO.
 - The threshold limit for registration is available to persons making intra-State supplies of **goods** through ECO.
6. Persons who are required to deduct tax under section 51, whether or not separately registered under this Act.
7. Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.



8. Every person supplying online money gaming from a place outside India to a person in India
9. Such other person or class of persons as may be notified by the Government on the recommendations of the Council.

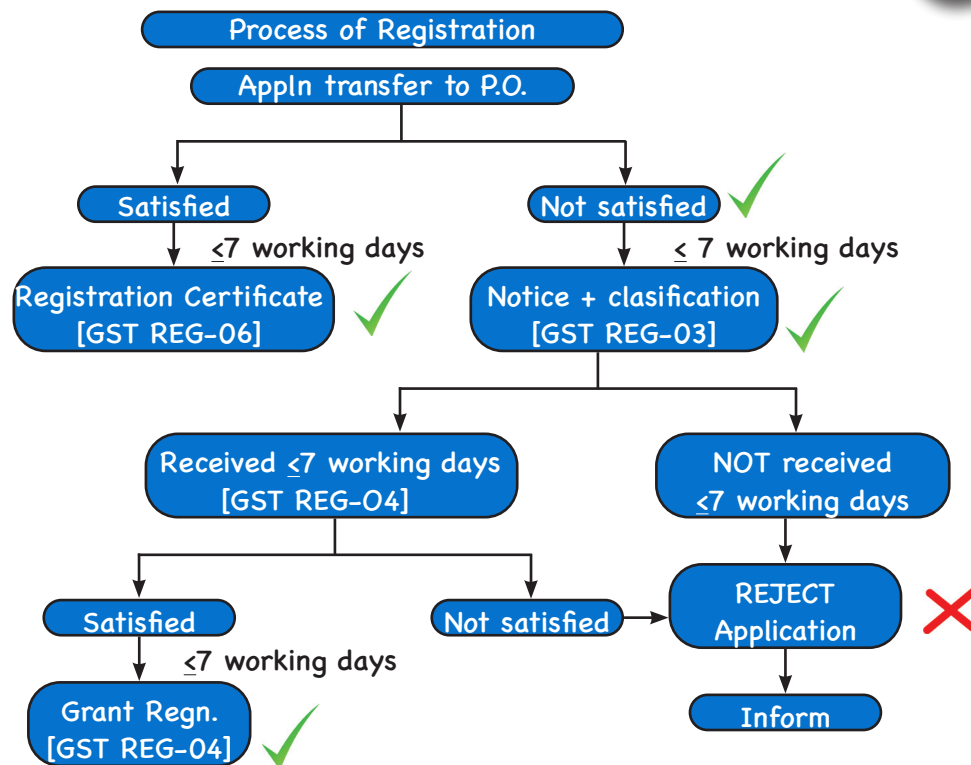
Suppliers supplying goods through Eco exempt from compulsory registration if the following conditions are satisfied

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through ECO in more than one State/Union territory;
- (iii) such persons shall be required to have a PAN issued under the Income- tax Act, 1961;
- (iv) Such persons shall, before making any supply of goods through ECO, declare on the common portal:
 - a. their PAN
 - b. address of their place of business and
 - c. State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- (v) such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
- (vi) such persons shall not be granted more than one enrolment number in a State /UT;
- (vii) No supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
- (viii) where such persons are subsequently granted registration under section 25, the enrollment number shall cease to be valid from the effective date of registration.

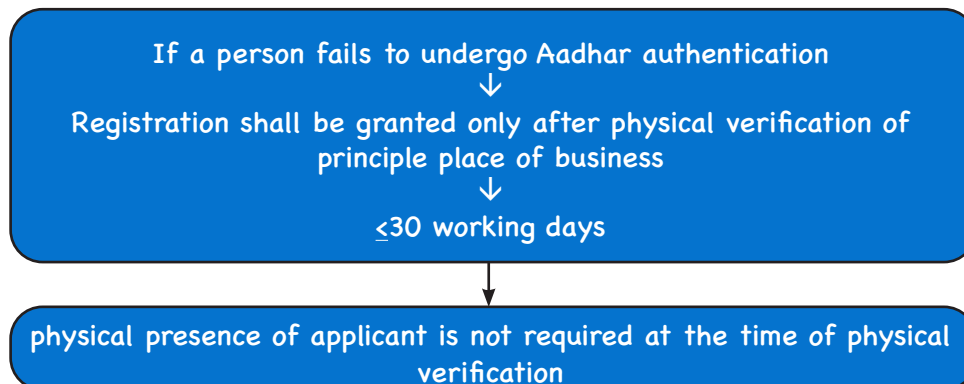
Note: NO TCS WILL BE COLLECTED BY E COMMERCE OPERATOR IF SUPPLIER IS an UNREGISTERED PERSON

Procedure For Registration – Section 25

1. **Apply for registration** – Every person liable to be registered – shall apply for registration in every such State/UT in which he is so liable within 30 days from the date on which he becomes liable for registration.
2. **Voluntary registration possible** – However, any person can take voluntary registration and procedure for registration shall be same.
3. **Aadhar authentication** – Every RP to undergo authentication/furnish proof of possession of Aadhar number
4. Every individual and Karta, Managing Director, Whole Time Director, partners of firm etc. respectively, should undergo authentication/ furnish proof of possession of Aadhar number in prescribed manner. Such authentication is mandatory to be eligible for grant of registration
5. Section 25(6D) provides that the above provisions shall not apply to notified person/class of persons/any notified State/UT/part there of
Following persons have been exempted from aadhaar authentication
 - (i) A person who is not a citizen of India
 - (ii) Department or establishment of State Government or Central Govt
 - (iii) Local authority
 - (iv) Statutory body
 - (v) Public Sector Undertaking
 - (vi) A person applying for Unique Identity Number
6. Where an applicant, other than a person notified under Sec 25(6D), opts for authentication of Aadhaar number, he shall, while submitting the application undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be Date of authentication of the Aadhaar number, or 15 days from the submission of the application in Part B of FORM GST REG-01, whichever is EARLIER



Note: ≤ means within



* If P.O . fails to take action ≤ 7/30 Working days Registration shall be deemed to be approved.

Proviso To Rule 9(1)

The verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal within a period of **15 working days** following the date of such verification.

In such cases, deemed approval of registration application [as provided in rule 9(5)] will not be applicable.]

Provided that where a person, other than a person notified under Sec 25(6D), fails to undergo Aadhar authentication rule 8 / does not opt for authentication, the notice in FORM GST REG-03 may be issued not later than **30 days** from the date of submission of the application

As per Rule 10, Certificate of registration shall be granted in form no. REG-06 and if supplier has more than one branch in a State or Union Territory, he will get one registration certificate and all the places of the supplier shall be mentioned in the certificate.

The supplier shall be allotted goods and service tax identification number and it will consist of

- 2 characters for the State code.
- 10 characters for the Permanent Account Number or the Tax Deduction and Collection Account Number.
- 2 characters for the entity code and
- 1 check sum character

Effective Date of Registration

1. Mandatory Registration

If applicant has submitted application within a period of **30 days**, he will be considered to be registered from the date on which he becomes liable to registration and if application is given after 30 days, effective date of registration shall be the date of granting registration.



2. Voluntary Registration

In this case, effective date of registration shall be the date of granting registration.

Furnishing of bank account details [Rule 10A]

- A person is required to furnish the details of his bank account in part B of the application
- Rule 10 A relaxes this requirement to a limited extent,
- This rule allows a person to furnish information within
 - **30 days** from the date of grant of registration certificate, or
 - before furnishing, the details of outward supplies of goods or services or both in **GSTR1 or IFF EARLIER**

This relaxation is not available to the following persons

1. TDS deductor
 2. TCS collector
 3. Persons who have obtained suo-moto registration
- This means these persons shall furnish the bank details at the time of furnishing Part B

Deemed registration - [Section 26]

Registration under GST is not tax specific, which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cess.

Grant of registration/UIN under any SGST Act/ UTGST Act is deemed to be registration/UIN granted under CGST Act provided application for registration has not been rejected under CGST Act.

Further, rejection of application for registration/UIN under SGST Act/ UTGST Act is deemed to be rejection of application for registration under CGST Act.

Registration of casual taxable person and Non-Resident taxable person - Section 27

1. Registration is mandatory irrespective of the turnover
2. They shall apply atleast **5 days prior to the commencement** of the business
3. They shall pay the taxes in advance on estimation basis
4. PO may grant the license for maximum period of **90 days** which may be further **extended by another 90 days**

Rule 13, A **non-resident taxable person** shall electronically submit an application, along with a self attested copy of his valid passport.

In the case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its **tax identification number or unique number** on the basis of which the entity is identified by the Government of that country or its PAN, if available application needs to be e-verified by his authorised signatory who is an Indian Resident having valid PAN.

Extension in period of operation by Casual taxable person and Non-Resident taxable person

As per Rule 15, Where a registered casual taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted by such person before **the end of the validity of registration granted to him alongwith advance payment of tax.**

Amendment of Registration - Section 28/ Rule 19

If any person has taken registration, subsequent amendment is allowed with regard to the following:

Core areas (Amendment is allowed only after approval of proper officer)

1. Name of business
2. Address of the business



3. Addition/deletion of partners/directors of business which does not warrant cancellation of registration

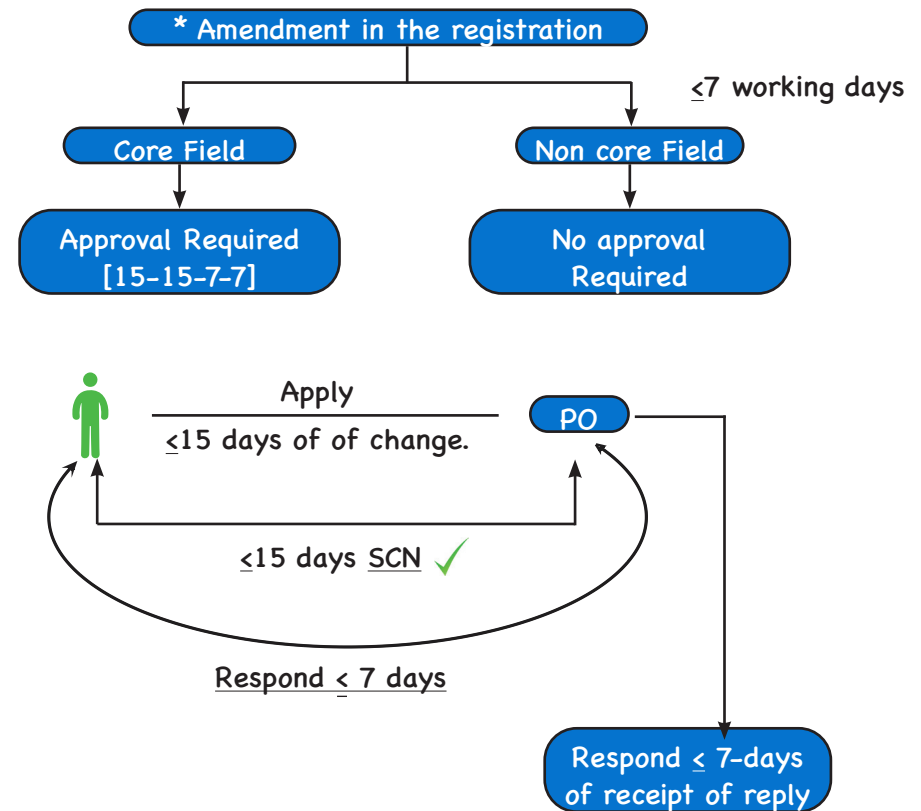
Non-core areas

(Approval of proper officer not required however, e-verification shall be done)

Change in mobile number or e-mail address of the authorised signatory.

Procedure for Amendment in core areas

1. **Apply** - Every registered person shall apply online for amendment in core areas in form no. REG - 14 **within 15 days** of any change along with the documents relating to such change
2. **PO approves** - The proper officer approves the amendment in core areas **within 15 working days** from the date of receipt of application and issue an order in form REG-15 and such amendment shall take effect from the date of such change. Further such amendment shall be applicable for all the registration with same PAN.
3. **Incomplete / Incorrect application** - If the proper officer is of the opinion that the document is incomplete or incorrect, PO shall serve a show cause notice why application for amendment is not to be rejected in REG-03 within 15 working days from the date of receipt of application. And the RP shall furnish a reply in REG-04 within 7 working days from the date of service of notice.
4. **Reply is satisfactory / Not satisfactory** - Where reply furnished is satisfactory then Proper officer shall allow the amendment on the other hand if reply is not satisfactory or where no reply is furnished, the proper officer shall reject the application and pass an order in REG-05.



Where a change in constitution of any business results in change of the PAN, certificate shall be cancelled, and the person shall apply for fresh registration in REG-01.

Cancellation of Registration - Section 29 / Rule 20 to 22

1. Cancellation at the request of the applicant

In the following cases a registered person or successor shall file an application for cancellation of registration

1. the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or transferred as going concern.



2. there is any change in the constitution of the business.
3. the taxable person is no longer liable to be registered u/s 22 or 24.

2. Cancellation by GST officer on his own motion

The Registration certificate can be cancelled by proper officer on his own motion in the following cases

- a. a registered person **does not conduct** any business from the declared place of business.
- b. a registered person issues invoice or bill without supply of goods or services in **violation of the Act**.
- c. Violation of conditions of taking ITC as prescribe u/s 16, **mismatch of GSTR-1 after considering the amendments in Form GSTR-1A and GSTR- 3B**, or violation of rule 86B
- d. a registered person **violates the provisions** of section 17 of the Act i.e. if rate of GST has been decreased, benefit should be given to the customer.
- e. a person paying tax under **composition scheme** has not furnished returns for **3 consecutive tax periods a financial year beyond 3 months from the due date of furnishing the said return**
- f. any registered person (**monthly return filer**) has not furnished returns for a continuous period of 6 months.
- g. any person who has taken voluntary registration and has **not commenced business within 6 months** from the date of registration.
- h. registration has been obtained by means of **fraud**, wilful misstatement or suppression of facts
- i. Any RP (Quarterly Return Filer) has not furnished Returns for a continuous period of 2 tax periods.

- j. Violates the provisions of Sec 10A

K. The registration can be cancelled if the person does not file pending returns within 30 days from the date of order of revocation of registration

Suspension of registration Rule 21A

1. When does Suspension occur?

- **Voluntary Request:** If a taxpayer applies for cancellation (under Rule 20), the registration is "deemed suspended" from the date of application or the requested cancellation date, whichever is later.
- **Departmental Action:** A Proper Officer (PO) can suspend registration if they have reason to believe the registration is liable for cancellation under Section 29 or Rule 21.
- **Automated Suspension (System Discrepancies):** Registration can be suspended if system-driven comparisons (GSTR-1 vs. GSTR-3B or GSTR-1 vs. GSTR-2B) show significant anomalies or if there is a contravention of Rule 10A (failure to furnish bank account details).

2. Communication to Taxpayer

- In cases of automated suspension due to discrepancies or Rule 10A violations, the taxpayer must be notified via FORM GST REG-31.
- This notice will highlight the specific anomalies and require the taxpayer to explain within 30 days why their registration should not be cancelled.

3. Restrictions During Suspension

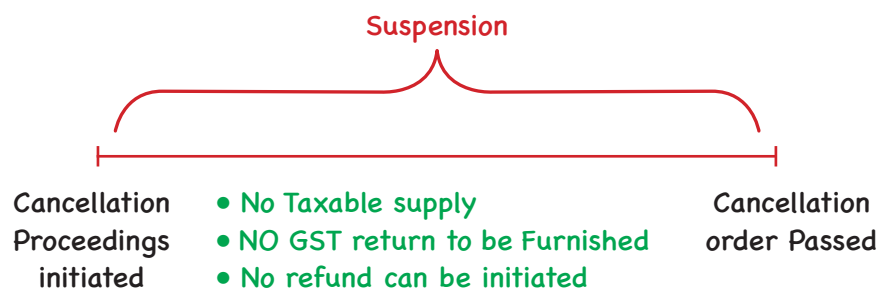
While the registration is suspended, the following rules apply:

- **No Taxable Supplies:** The person cannot make any taxable supplies.
- **No Invoices:** They cannot issue a tax invoice or charge GST on supplies made during this period.
- **No Returns:** They are not required to furnish returns under Section 39.
- **No Refunds:** No refund under Section 54 can be granted while the suspension is active.



4. Revocation of Suspension

- **Completion of Proceedings:** Suspension is deemed revoked once the cancellation proceedings under Rule 22 are completed. This revocation is effective retrospectively from the date the suspension started.
- **Discretionary Power:** The PO can revoke the suspension at any time during the proceedings if they see fit.
- **Automatic/Deemed Revocation:** If the suspension was due to **non-filing of returns** or **Rule 10A non-compliance**, the suspension is automatically deemed revoked once the taxpayer files all pending returns or updates their bank details (provided the PO hasn't already cancelled the registration).



• Suo-Moto by RP for cancellation

Suspension period

Date of submission of application $\xrightarrow{\text{till}}$ Cancellation Proceedings are completed

• cancellation by Proper officer

Suspension period

Date determined by PO $\xrightarrow{\text{till}}$ Cancellation proceedings are completed

Amount payable on cancellation of registration

The cancellation of registration shall be effective from a date to be determined by the proper officer and mentioned in the cancellation order. He will direct the taxable person to pay arrears of any tax, interest or penalty including the amount liable to be paid under section 29(5)

A registered person whose registration is cancelled will have to debit the electronic credit or cash ledger by an amount equivalent to

- Input tax credit (ITC) in respect of
 - stock of inputs and inputs contained in semi-finished/finished goods' stock or
 - capital goods or plant and machinery on the day immediately preceding the date of cancellation,
- The output tax payable on such goods

Whichever is higher

Amount of credit to be reversed in respect of INPUTS:

- ITC on inputs computed proportionately on the basis of corresponding invoices on which credit had been availed on such inputs, Or
 - Output tax payable on such goods
- Whichever is higher

Amount of credit to be reversed in respect of CAPITAL GOODS OR PLANT & MACHINERY

- As per Rule 44, ITC involved in the remaining useful life in months of the capital goods computed on pro-rata basis, taking the useful life as 5 years, or



- b. Tax on the transaction value of such capital goods or plant and machinery under section 15, **whichever is higher**.

Imp points

1. The cancellation of registration **will not affect liability of registered person** to pay tax and other dues under the Act for any period prior to the date of cancellation [Section 29(3)]
2. The cancellation of registration under either SGST Act/UTGST Act shall be deemed to be a cancellation of registration under CGST Act [Section 29(4)].
3. Once registration is cancelled by the tax authority, the taxpayer will be intimated about the same via sms and email. Order for cancellation of registration will be issued and intimated to the primary authorized signatory by email and SMS.
4. Taxpayer **would not be allowed to file return** for the period after date of cancellation mentioned in the cancellation order. However, he can submit returns of the earlier period (i.e. for the period before date of cancellation mentioned in the cancellation order for which registration was active).

Revocation of cancellation of registration Section 30/Rule 23

1. Where the registration of a person is cancelled suo-motu by the proper officer, RP may apply for revocation of the cancellation to such proper officer within **90 days** from the date of service of the order of cancellation of registration or **within such time period as extended by the AC or JC or the Commissioner, as the case may be to the extent of 180 days**.

2. If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order within **30 days** of receipt of application
3. Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification **within 7 working days** of service of SCN. The proper officer shall dispose the application (accept/reject the same) within 30 days of receipt of clarification

Points to be noted

- **UIN Holders** (i.e. UN Bodies, Embassies and Other Notified Persons), **GST Practitioner** cannot apply for revocation of cancelled registration.
- In case the registration is cancelled on the request of the taxpayer or his legal heir, one cannot apply for revocation of cancelled registration (**Suo-moto Cancellation**).
- The revocation of cancellation of registration under the SGST Act/UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under CGST Act

AADHAR AUTHENTICATION FOR REGISTERED PERSON – SECTION 10B

The registered person, who has been issued a certificate of registration under rule 10 shall, undergo authentication of the Aadhaar number of the:

Entity	Person needed to undergo Aadhar authentication
Proprietorship firm	Proprietor
Partnership firm	Partner
Hindu undivided family	Karta



A company	Managing Director or any whole time Director								
An AOP / BOI / Society,	Any of the Members of the Managing Committee								
Trust	Trustee in the Board of Trustees; authorized signatory								
In order to be eligible for the purposes as specified in column (2) of the Table below:									
1	For filing of application for revocation of cancellation of registration in FORM GST REG-21 under Rule 23								
2	For filing of refund application in FORM RFD-01 under rule 89								
3	For refund u/r 96 of the integrated tax paid on goods exported out of India								
Provided that if Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: -									
a.	her/his Aadhaar Enrolment ID slip; and								
b.	<table> <tr> <td>i</td><td>Bank passbook with photograph; or</td></tr> <tr> <td>iii</td><td>Voter identity card issued by the Election Commission of India; or</td></tr> <tr> <td>iii</td><td>Passport; or</td></tr> <tr> <td>iv</td><td>Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988</td></tr> </table>	i	Bank passbook with photograph; or	iii	Voter identity card issued by the Election Commission of India; or	iii	Passport; or	iv	Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988
i	Bank passbook with photograph; or								
iii	Voter identity card issued by the Election Commission of India; or								
iii	Passport; or								
iv	Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988								
Provided further that such person shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number									

Persons/class of persons exempt from aadhaar authentication

Section 25(6D) stipulates that above provisions shall not apply to such person or class of persons or any State or Union territory or part thereof, as may be notified.

Following persons have been notified in this regard.

- A person who is not a citizen of India
- Department or establishment of State Government or Central Government
- Local authority
- Statutory body
- Public Sector Undertaking
- A person applying for Unique Identity Number under section 25(9)

Risk based biometric based Aadhaar Authentication

Risk-based biometric-based aadhaar authentication of registration applicants - Pilot project in Gujarat [Sub-rules (4A), (4B) and (5) amended]
In order to improve the registration process, biometric based aadhaar authentication of the high-risk applicants who opt for authentication of Aadhaar number has been introduced on a pilot basis in the State of Gujarat.

An applicant who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric- based Aadhaar authentication and taking photograph:

- (i) of the applicant where the applicant is an individual or
 - (ii) of such individuals where the applicant is not an individual
- along with the verification of the original copy of the documents uploaded with the application in Form GST REG- 01 at one of the notified Facilitation Centres.

The application shall be deemed to be complete only after completion of the process laid down hereunder.

An acknowledgment shall be issued to the applicant only after completion of biometric-based authentication.

**Physical verification of business premises in certain cases [Rule 25]**

- (1) Where the proper officer is satisfied that the physical verification of the place of business of a person is required AFTER the grant of registration: he may get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal within a period of 15 working days following the date of such verification.



- (2) Where the physical verification of the place of business of a person is required BEFORE the grant of registration in the circumstances specified in the proviso to rule 9(1): the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal at least 5 working days prior to the completion of the time period specified in the said proviso. Net Protector Total Security X

**Suo-moto registration by the Proper Officer**

- 1) Pursuant to enquiry, survey, inspection → PO finds that a person is liable to register & has failed to obtain registration such officer shall register such person on a temporary basis & issue an order.

such person shall either

Submit Applⁿ for registration ≤ 90 days from the date of grant of temporary regⁿ.

File an appeal against such Regⁿ.



If Appellate Authority upholds liability of regⁿ



Application → to be submitted ≤ 30 days from the date of issuance of such order of Appellate Authority

Application for registration by SEZ

Separate registration is required to be taken even if the another office is in the same state in DTA

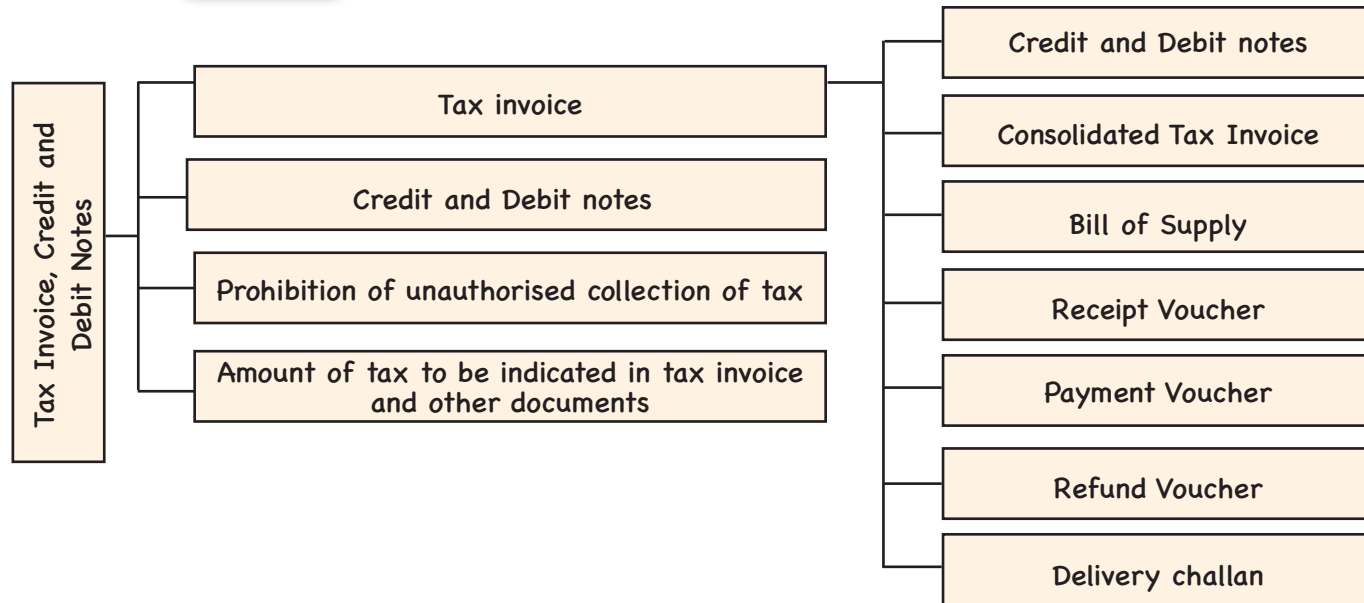


10

TAX INVOICE / DEBIT & CREDIT NOTE / E-WAY BILL

CA Amit Mahajan

Summary

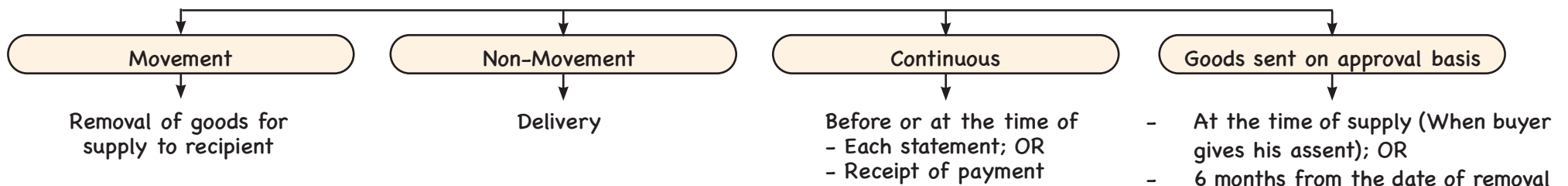


Tax invoice issued by a supplier of taxable goods/ taxable services

Time limit for issuance of invoice [Sections 31(1), (2), (4) & (5) read with rule 47]

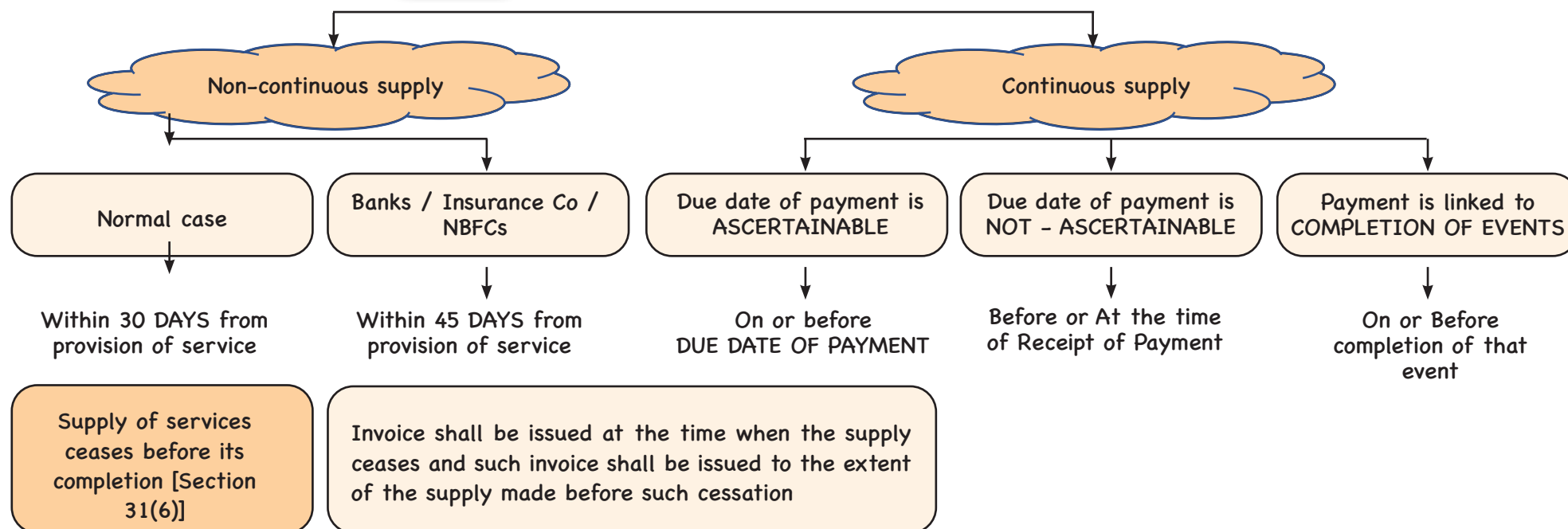
In Case Of Goods

Time limit for issuance of invoice [Sections 31(1), (2), (4) & (5) read with rule 47]





In case of services



Goods sent/taken out of India for exhibition or on consignment basis for export promotion

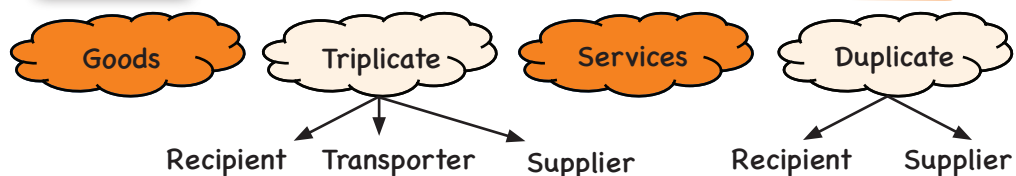
- Sometimes the goods are sent or taken out of India for exhibition or on consignment basis for export promotion - **No Consideration No Supply**
- The specified goods sent/taken out of India are required to be either sold or brought back within the stipulated period of 6 months from the date of removal as per the provisions contained in section 31(7)
- The specified goods sent/taken out of India are required to be
 - Either sold or
 - Brought back within the stipulated period of 6 months from the date of removal as per the provisions contained in section 31(7)

What if goods are neither sold nor brought back to India within 6 months - Deemed to be considered as sold and the sender shall issue a tax invoice on the date of expiry of the 6th month from the

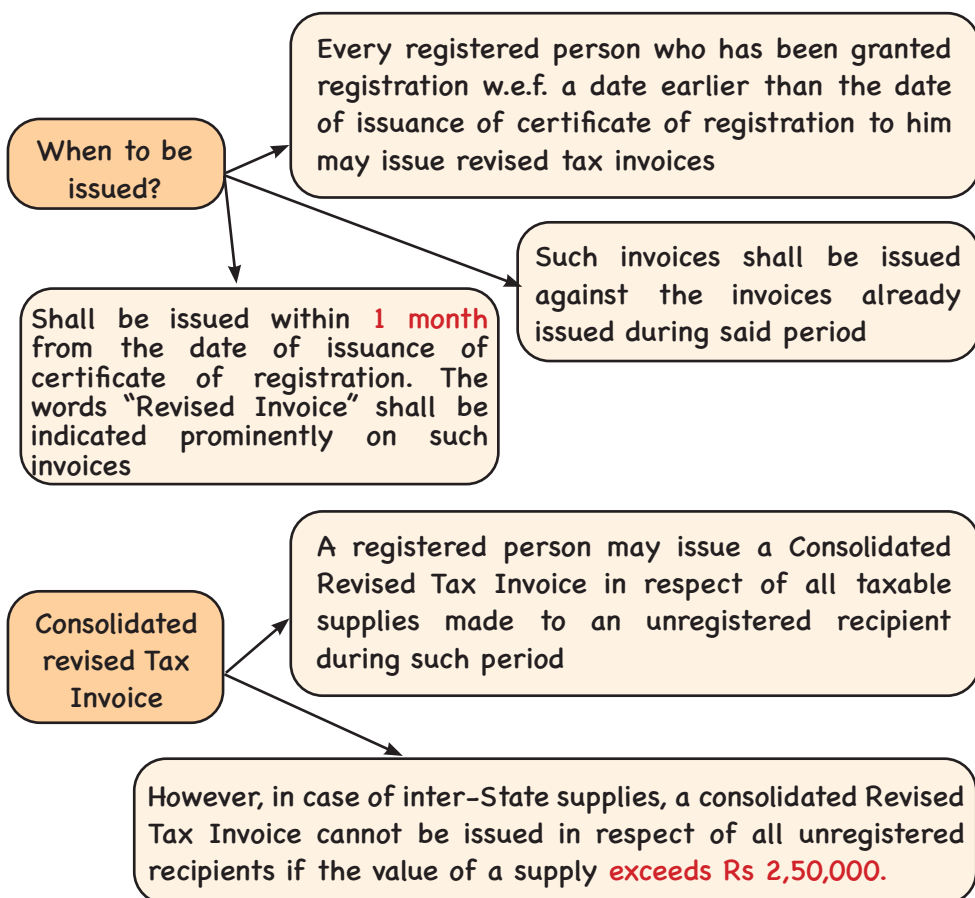
Note - Tax invoice is not required to be issued at the time of sending the goods outside India. Delivery challan is required to be issued.



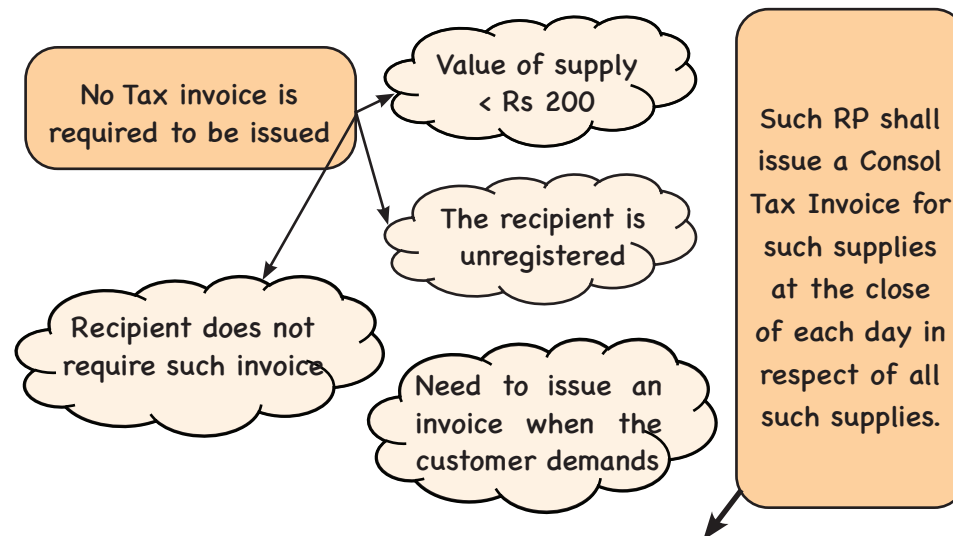
Tax invoice issued by a supplier of taxable goods/ taxable services



Revised Tax Invoice [Section 31(3)(a) read with rule 53]



The serial number of invoices issued during a month / quarter shall be furnished electronically in FORM GSTR-1.



Exception

This option is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens

Rule 54(4A)

A registered person who is supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket. The said electronic ticket is deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46



Interconnection of Tax Invoice and Place of Supply Chapter

Recipient is REGISTERED	Recipient is UNREGISTERED
Tax Invoice to contain	Value of Supply is equal to or more than Rs 50,000
1. Name of recipient	- Name and address of recipient
2. Address of recipient	- Address of delivery
3. GSTIN of the recipient	- Name of state and state code
	Value of Supply is less than Rs 50,000 Not mandatory to insert these details (Only if requested by the recipient)

Mandatory requirement of recording name of the state of the unregistered recipient irrespective of the value of supply

1. OIDAR
2. Online money gaming
3. Supply of any online / digital services

POS = Location of the recipient

Note - Suppliers must establish a mechanism to collect the recipient's State details before completing the transaction

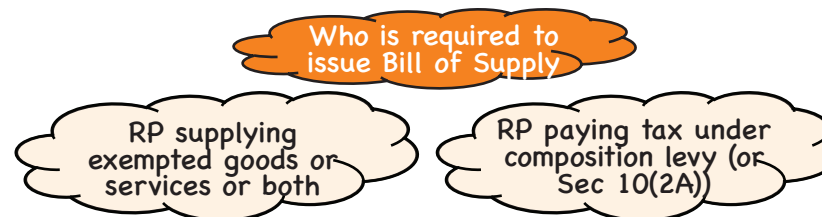
Failure to comply may result in penalties under Section 122(3)(e) of the CGST Act

Invoice cum Bill of Supply [Rule 46A]

Where registered person is supplying taxable as well as exempted goods or services or both to an unregistered person. A single invoice-cum-bill of supply may be issued

Invoice cum Bill of supply → RP $\frac{\text{Taxable} + \text{Exempt}}{\text{supply}}$ URP

Bill of Supply [Section 31(3)(c) read with rule 49]



Receipt Voucher [Section 31(3)(d) read with rule 50]

A RP shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a Receipt Voucher evidencing receipt of such payment.

Where at the time of receipt of advance, rate of tax and/or nature of supply is not determinable

Where at the time of receipt of advance	Applicable
rate of tax is not determinable	18%
nature of supply is not determinable	inter-State supply

Refund Voucher [Section 31(3)(e) read with rule 51]

- If a registered person receives an advance payment for goods or services and issues a Receipt Voucher,
- But later no supply is made and no tax invoice is issued,
- Then the registered person can issue a Refund Voucher to return the payment



Invoice and Payment Voucher

Invoice

A registered person who is liable to pay tax under reverse charge, shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both

Payment voucher - a registered person who is liable to pay tax under reverse charge, shall issue payment voucher at the time of making a payment to the supplier (RP or URP)

Supplier is permitted issue any document other than tax Invoice

Banking / Financial Institution	Where the supplier is an Insurer or a Banking Company or a Financial Institution, the said supplier may issue a consolidated tax invoice or any other document in lieu thereof, by whatever name called for the supply of services made during a month at the end of the month, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service
GTA	Where the supplier of taxable service is a GTA, the said supplier may issue a tax invoice or any other document in lieu thereof, by whatever name called, containing • The gross weight of the consignment, • Name of the consigner and the consignee, • Registration number of goods carriage in which the goods are transported, • Details of goods transported, • Details of place of origin and destination, • GST Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport Agency

Passenger Transportation Service	Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of service.	
Registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens	Details of recipient of service	Supplier is required to issue an electronic ticket and the said electronic ticket shall be deemed to be a tax invoice.
		Other information (other than details of recipient of service) as prescribed for a tax invoice, under rule 46. However, supplier of such service in a screen other than multiplex screens may, at his option, follow the above procedure.

DELIVERY CHALLAN [RULE 55]

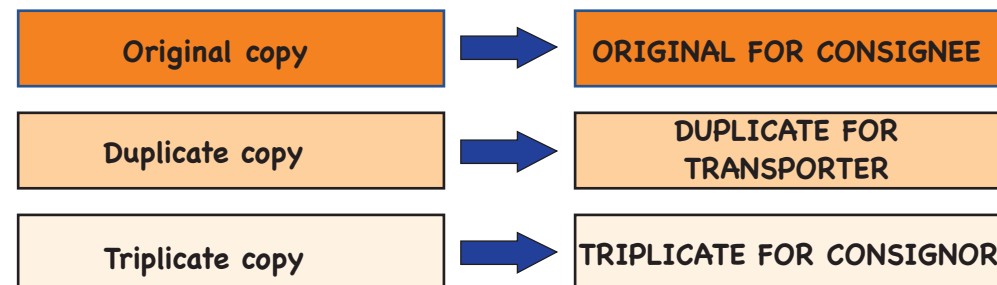
Rule 55 gives the cases goods may be removed on delivery challan & invoice may be issued after delivery

Nature of Supply	Delivery challan to be Issued	Particulars of delivery challan
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1. Supply of liquid gas where quantity at time of removal from PoB of supplier is not known,	Serially numbered not exceeding 16 characters in one or multiple series at the time of removal of goods for transportation.	• Date & number of delivery challan
2. Transportation of goods for job work.		• Name, address & GSTIN of consigner.
3. Transportation of goods for reasons other than by way of supply,		• Name, address & GSTIN of consignee
4. Other Notified supplies		• HSN code & description of goods,
		• Q u a n t i t y (provisional, where the exact quantity being supplied is not known)
		• Taxable value
		• Rate & amount of GST where transportation is for supply to consignee
		• PoS in case of inter- state movement
		• Signature

A. Delivery challan in Triplicate

The delivery challan shall be prepared in TRIPLICATE, in case of supply of goods, in the following manner:



B. Declaration in E-way Bill

Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill.

C. Tax invoice to be issued after delivery of goods

Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

D. Goods transported in SKD/CKD condition or in batches or lots

Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots,

- The supplier shall issue the complete invoice before dispatch of the first consignment;
- The supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
- The original copy of the invoice shall be sent along with the last consignment.

Supply of jewellery

- Suppliers of 1 state who are registered need to carry jewellery along for approval.
- If such jewellery is approved, then the supplier issues tax invoice only at the time of supply



- Delivery challan along with E Way Bill can be issued for such movement and invoice maybe issued at the time of delivery of goods
- Person carrying can carry the invoice book with him so that he can issue the invoice once the supply is made

Supply of Art work

- In case of supply of artwork to a different state, and if the artwork is selected by the buyer
- Then supplier issues, tax invoice, only at the time of supply
- If artwork is to be sent for approval in the same state or in a different state - it can be moved by issuing a delivery channel along with e-way bill and invoice may be issued at the time of actual supply of artwork

Prohibition of unauthorised collection of tax [section 32]

A person who is not a RP shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act

No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder

Amount of tax to be indicated in tax invoice and other documents [section 33]

Where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

Credit Note

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice
- The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value

Cr. Note to be recorded in the return not later than

- 30th November of next FY
- Date Furnishing Annual Return . } Earlier ✓

Debit Note

There can be situations when after the invoice has been issued:

1. The supplier has erroneously declared a value which is less than the actual value of the goods or services or both provided.
2. The supplier has erroneously declared a lower tax rate than what is applicable for the kind of the goods or services or both supplied.
3. The quantity received by the recipient is more than what has been declared in the tax invoice.
4. Any other similar reasons.

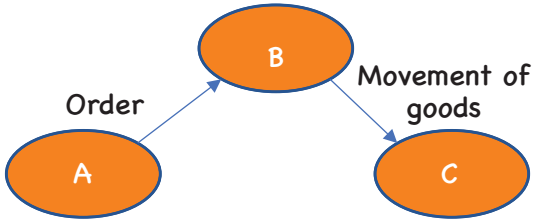
The debit note/supplementary invoice is a convenient and legal method by which the value of the goods and/or services in the original tax invoice can be enhanced. The issuance of the debit note allows the supplier to pay his enhanced tax liability in his returns without requiring him to undertake any other tedious process.



E-way bill

Meaning of e-way bill and why is it required?	E-way bill is an electronic document generated on the GST portal evidencing movement of goods. In order to monitor the movement of goods for controlling any tax evasion, e-way bill system has been introduced
Benefits of E-Way Bill	1. Physical interface to pave way for digital interface resulting in elimination of state boundary check-posts 2. It will facilitate faster movement of goods 3. It will improve the turnaround time of trucks and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs

When is it required to be generated? Meaning of consignment value of Goods - value declared in the invoice - CGST/SGST/UTGST/IGST <u>Will not include exempt supply</u>	Whenever there is a movement of goods of <u>consignment value</u> exceeding Rs 50,000 1. in relation to a supply; or 2. for reasons other than supply; or 3. due to inward supply from an unregistered person RP who causes such movement of goods shall furnish the information relating to the said goods as specified in <u>Part A</u> of Form GST EWB-01 before commencement of such movement
Who causes movement of goods?	If supplier is RP - undertakes to transport the goods, movement of goods is caused by the supplier. If Recipient arranges transport, movement is caused by him. If goods are supplied by an URP to RP, movement shall said to be caused by such recipient.
Special situations where e-way bill needs to be issued even if the value of the consignment is less than Rs 50,000	1. Inter-State transfer of goods by principal to job-worker 2. Inter-State transfer of handicraft goods by a person exempted from obtaining registration

E-way Bill in case of 'Bill To Ship To' Model	Only one e-Way Bill is required to be generated (Either the original customer or the second customer)  <pre> graph LR A((A)) -- Order --> B((B)) B -- Movement of goods --> C((C)) </pre> A' is the person who has ordered 'B' to send goods directly to 'C'. 'B' is the person who is sending goods directly to 'C' on behalf of 'A'. 'C' is the recipient of goods
Information to be furnished in e-way bill	Part A To be furnished by the RP who is causing movement of goods of consignment value exceeding Rs 50,000
	Part B - Transport details To be furnished by the person who is transporting the goods
	NOTE - information in Part-A may be furnished - by the transporter - by the e-commerce operator/courier agency, where the goods are supplied through them

	Once the consignor/consignee enters all the details in Part-A of e-way bill, a Part-A slip is generated which contains a temporary number.  This slip can be shared with the transporter or used by the supplier himself later to enter the details in Part-B of e-way bill and generate the e-way bill
Who is mandatorily required to generate e-way bill?	If transportation is being done by own / railways / air - Should be generated by Consignor or Consignee If the goods are handed over to a transporter for transportation by road - Should be generated by the Transporter If Consignor or Consignee does not generate the e-way bill & value is more than Rs 50,000 - Transporter should generate it
If goods transported by a RP Whether as consignor / recipient as consignee	Such RP needs to issue E-Way Bill
Where the e-way bill is not generated by the RP and the goods are handed over to the transporter, for transportation of goods by road	RP to furnish the information in Part B E-way bill shall be generated by the Transporter

Where the goods are transported by railways or by air or by vessel	RP to issue E-Way Bill
Where the goods are transported by railways:	No requirement to carry e-way bill Carry invoice or delivery challan or bill of supply
Can E-Way Bill be generated even though the value is < Rs 50,000	Yes
Movement is caused by URP (Either own/through transporter)	Either URP / Transporter can issue the E-Way Bill
Movement by URP to RP	Such recipient to issue E-Way Bill

When is it not mandatory to furnish the details of conveyance in Part-B?

E-way bill is valid for movement of goods by road only when the information in Part-B is furnished

Exceptions:

However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory

	- From the place of business of the consignor to the place of business of the transporter for further transportation - From the place of business of the transporter finally to the place of business of the consignee
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Unique e-way bill number (EBN)	Once e-way bill is generated, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal
Transfer of goods from one conveyance to another	Where the goods are transferred from one conveyance to another, the Consignor or the Recipient, who has provided information in Part A, or the Transporter shall  Update the details of conveyance in Part B of the e-way bill on the common portal , before such transfer and further movement of goods.
Consolidated E-way bill GST EWB-02	Consolidated e-way bill is a document containing the multiple e-way bills for multiple consignments being carried in one conveyance For every invoice separate EWB is required to be issued
Information submitted for e-way bill can be used for filing GST Returns	The information furnished in Part A of the e-way bill shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in Form GSTR-1
Cancellation of e-way bill within 24 hours of generation	- Goods are either not transported or - Not transported as per the details furnished in the e-way bill

Validity period of e-way bill/consolidated e-way bill



Shipment	Validity period from Relevant Date
Normal Cargo	One day for every 200 km or part thereof
Over Dimensional Cargo	One day for every 20 km or part thereof
Multimodal shipment in which at least one leg involves transport by Ship	One day for every 20 km or part Thereof

*Relevant date means the date on which the e-way bill has been generated and the period of validity shall be counted from

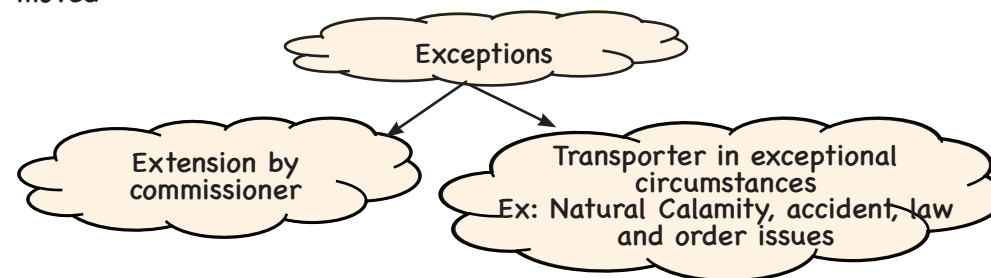


the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.

- Suppose an e-way bill is generated at 00:04 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on
- Suppose an e-way bill is generated at 23:58 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on

Extension of validity period

If validity of the e-way bill expires, the goods are not supposed to be moved

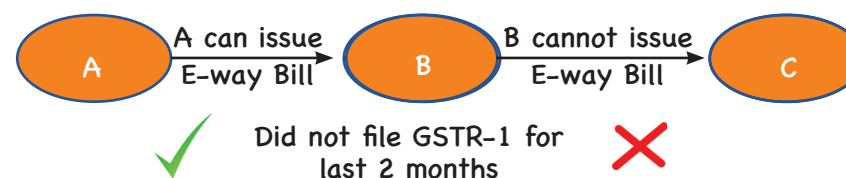


Acceptance of E-way Bill	The details of the e-way bill generated shall be made available to the - a. Supplier, if registered, where the information in Part A has been furnished by the recipient / transporter; or b. Recipient, if registered, where the information in Part A has been furnished by the supplier / transporter, on the common portal, and the supplier/ recipient shall communicate his acceptance or rejection
	In case the same is not communicated - deemed acceptance
	Time limit 1. 72 hours of the details being made available to him on the common portal or 2. Time of delivery of goods, Earlier



Documents and devices to be carried by a person-in-charge of a conveyance	- the invoice or bill of supply or delivery challan, as the case may be; - a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a RFID embedded on to the conveyance
Verification of documents and conveyances	Commissioner or an officer empowered by him may authorize the PO to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods. The Commissioner shall get RFID readers installed at places
Inspection and verification of goods	A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of said form shall be recorded within 3 days of such inspection
Is physical verification possible twice in one city?	No Unless a specific information relating to evasion of tax is made available subsequently
Facility for uploading information regarding detention of vehicle	Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in specified form on the common portal

Blocking of e-waybill generation facility	- A person paying tax under composition scheme has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters - A person paying tax under regular scheme has not furnished the returns for a consecutive period of 2 tax periods - A person paying tax under regular scheme has not furnished GSTR-1 (Statement of outward supplies) for any 2 months or quarters, as the case may be
	A person whose registration has been suspended under the provisions of rule 21A of the CGST Rules.
E-way bill generation facility to be blocked only in respect of outward movement of goods, by the defaulting registered person [Rule 138E]	Blocking of GSTIN for e-way bill generation facility is only in respect of any outward movement of goods of the registered person who is ineligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies received by said registered person.





E- Invoicing (Detailed version)

What is e-invoicing under GST?

'e-Invoicing' or 'electronic invoicing' is a system in which B2B invoices are authenticated

electronically by GSTN for further use on the common GST portal. Under the electronic invoicing system, an identification number will be issued against every invoice by the Invoice Registration Portal (IRP), managed by the GST Network (GSTN).

All invoice information will be transferred from this portal to both the GST portal and e-way bill portal in real-time. Therefore, it will eliminate the need for manual data entry while filing GSTR-1 returns and generation of part-A of the e-way bills, as the information is passed directly by the IRP to the GST portal

To whom is e-invoicing applicable?

Taxpayers with an aggregate turnover exceeding **Rs.5 crore** in any financial year from 2017-18 onwards. the aggregate turnover will include the turnover of all GSTINs under a single PAN across India.

If the invoice is issued by notified person is in respect of supplies covered under RCM, e-invoicing is applicable.

Exceptions

e-Invoicing shall not be applicable to the following categories of registered persons irrespective of their turnovers:

1. An insurer or a banking company or a financial institution, including an NBFC
2. A Goods Transport Agency (GTA)
3. A registered person supplying passenger transportation services
4. A registered person supplying services by way of admission to the exhibition of cinematographic films in multiplex services
5. An SEZ unit (SEZ developer gets covered under e-invoicing provisions)

6. A government department and Local authority Process of getting an e-invoice

No E invoicing is required if the supply is made to an unregistered person

Cancellation of Reported Invoice

Wherever needed, the seller can cancel the IRN for an e-invoice already generated within the specified time. Amendment of e-invoices already uploaded on IRP will be done on GST Portal, there is no option to amend e-invoice on IRP Portal

Dynamic QR Code required to be provided on invoice issued to a person having a UIN

All B2C invoices issued by a RP whose aggregate turnover in any preceding FY from 2017-18 onwards exceeds **Rs 500 crores** are mandatorily required to have a Dynamic QR code from December 1, 2020

Any person, who has obtained a Unique Identity Number (UIN), is not a "registered person" as per the definition of 'registered person' provided under section 2(94).

Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a **B2C supply** and shall be required to comply with the requirement of **Dynamic QR Code**

Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a declaration as below:-

"I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub- rule."



Accounts And Other Records (Sec. 35)

- Every registered person shall keep and maintain at his **Principal Place of Business** as mentioned in the certificate of registration a true and correct account of :
 - a) production or manufacture of goods
 - b) inward and outward supply of goods or services or both
 - c) stock of goods
 - d) input tax credit availed
 - e) output tax paid and payable
 - f) such other particulars as may be prescribed
- Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business

Supply of goods through an auction like tea, rubber, coffee

In case of supply of goods through an auction like tea, rubber, coffee, the principal and auctioneer may declare the warehouses where such goods are stored as their APoB.

They may maintain the books relating to APoB at their PPoB instead after intimation to the jurisdictional proper officer in writing.

Is ITC available to Principal / Auctioneer? - YES

The principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, shall be eligible to avail ITC

WHO IS REQUIRED TO MAINTAIN BOOKS OF ACCOUNTS ?

- Every registered person
- At his principal place of business and at respective additional place of business
- Unless otherwise proved, documents or any BOA found at any other place other than mentioned in the certificate of registration are deemed to be the books of accounts of the registered person.

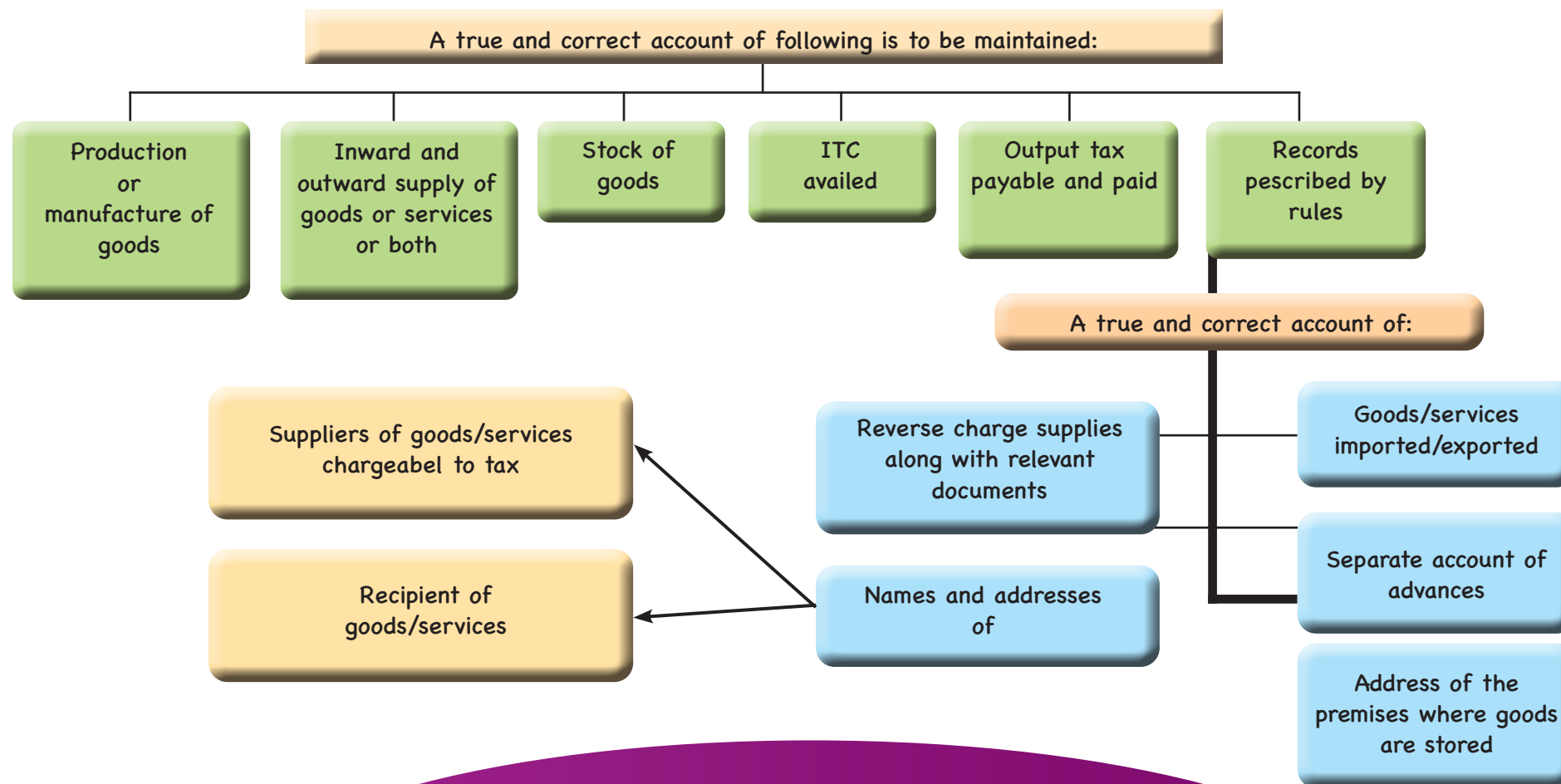
Clarification and respect of maintenance of books of accounts relating to the additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber, etc.

Where the auctioneer claims ITC in respect of the supply made to him by the principle before the auction of such goods and the said goods are supplied only through auction,

THEN

such principle and auctioneer are allowed to maintain the books of account relating to additional place of business (i.e. common warehouse where auction takes place) at their principal place of business





Composition Person Not To Maintain The Following Records And Documents

- Commodity wise stock of goods and
- Details of tax payable and paid, ITC, register of invoice, credit notes debit notes, delivery challan.

**ACCOUNTS TO BE MAINTAINED BY SPECIFIC PERSONS****Agent**

- Particulars of authorisation received by the agent from each principal to receiver supply such goods on behalf of such principal separately
- Particulars – description, value quantity of goods or service received on behalf of every principal
- Particulars – description, value quantity of the goods or services supplied on behalf of every principal
- Details of accounts furnished to every principal
- Tax paid on receipt or on supply of goods/services affected on behalf of every supplier

Manufacturer

- Monthly production account showing quantitative details of the raw materials or services used in manufacturing
- Quantitative returns of the goods so manufactured including waste and by product

Service Provider

- Every registered person supplying services has to additionally maintain accounts showing quantitative details of –
- goods used in the provision of services,
 - details of input services utilized, and
 - details of the services supplied

Custodian / Clearing & Forwarding Agent

- Maintain true and correct records in respect of goods handled by him on behalf of the registered person and shall produce the details thereof as and when required by the proper officer

Records to be maintained by owner or operator of godown/ warehouse and transporters

Every owner or operator or any other place used for storage of goods and every transporter shall maintain records of the consignor, consignee and other relevant details as prescribed.

These records shall be maintained irrespective of whether such owner/ operator of godown/warehouse and transporter is a registered person or not.

If they are already registered, they shall obtain a Unique Enrolment Number by applying electronically at the GST Common portal

Records to be maintained by the transporter

- Records of goods transported, delivered and goods stored in transit by him along with GSTIN of the registered consignor and consignee for each of his branches.

Records to be maintained by an owner/operator of a warehouse/godown

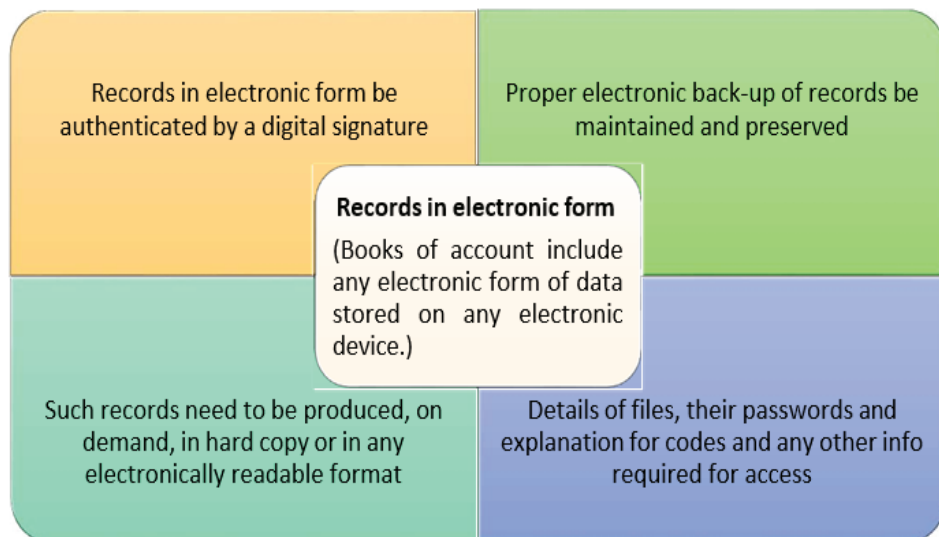
Books of accounts with respect to the period for which the particular goods remain in the warehouse, including particulars relating to dispatch, movement, receipt and disposal of such goods.

Works Contractor

- The name and addresses of the person whose behalf the works contract is executed
- Description, value, quantity of goods or services received for the execution of works contract
- Description, value, quantity of goods services utilised in the execution of works contract the details of payment received in respect of each work contract
- The names and addresses of suppliers from whom he receives goods or services



HOW THE ACCOUNTS AND RECORDS WILL BE MAINTAINED?

**No entry to be erased/overwritten**

Incorrect entries, other than those of clerical nature, be scored out under attestation and there after correct entry be recorded.

In case electronic records ~~being~~ maintained, a log of every entry edited or deleted shall be maintained.

Books of account maintained manually be serially numbered

Books of accounts, are required to be produced, on demand.

Failure to maintain the accounts

- Proper Officer shall determine the tax payable on the unaccounted goods and/or services, as if the same had been supplied by such person
- Provisions of section 74A shall, *mutatis mutandis*, apply for determination of such tax



OTHER IMPORTANT POINTS

PERIOD OF RETENTION



72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records

Where an appeal/revision/ any other proceedings before any Appellate/ Revisional Authority or Appellate Tribunal or Court, or an investigation is going on



1 year after final disposal of such appeal/revision/proceedings/investigation
or

72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
whichever is later

72 months from due date of annual Return

Appeal → 1 Year after finalization of appeal or 72 months From Annual Return LATER



VARIOUS PAYMENTS REQUIRED TO BE MADE UNDER GST

Nature of supply	Taxes to be paid	Credited to
Intra-state supply	CGST + SGST/UTGST	CGST→CG; SGST→Concerned SG.
Inter-state supply	IGST	Component of both CGST & SGST.

Note: Once a taxpayer is registered on common portal (GSTN), two E-Ledgers (Cash & Credit ledger) & Electronic tax liability register will be automatically opened & displayed on his dash board

ELECTRONIC CASH LEDGER

Amount credited to E-Cash Ledger	Amount utilized for
• Every deposit made towards tax, interest, penalty, late fee etc • by a person by internet banking or by using credit/debit cards; NEFT; RTGS or by other mode including IMPS & UPI • shall be credited to his E-cash ledger. [Sec 49(1)]	• Making any payment towards • Tax, • Interest, penalty, fees or any other amount which is payable. [Sec 49(3)]
• E-Cash Ledger contains a summary of all the deposits/payments made by a taxpayer. • Payment of challan $\leq$ Rs. 10,000 can be done over the counter with cash/cheques/DD through authorised banks; Payments $>$ Rs. 10,000 can be made through digital mode only	

Note: Restriction for deposit of upto Rs. 10,000 per challan in case of Over the Counter payment shall not apply to deposit to be made by Government Departments

CPIN (Common portal Identification Number) -

- It is created for every Challan successfully generated by the taxpayer.
- It is a 14-digit unique number to identify the challan.
- CPIN remains valid for a period of 15 days

CIN (Challan Identification Number)

- Generated by the banks, once payment in lieu of a generated Challan is successful
- It is a 18-digit number that is 14-digit CPIN plus 4-digit Bank Code
- CIN is generated by the authorized banks / RBI when payment is actually received by such authorized banks or RBI and credited in the relevant

Government account held with them.

- It is an indication that the payment has been realized and credited to the appropriate Government account.
- CIN is communicated by the authorized bank to taxpayer as well as to GSTN

BRN (Bank Reference Number) is the transaction number given by the bank for a payment against a Challan

E-FPB (Electronic Focal Point Branch)

- These are branches of authorized banks which are authorized to collect payment of GST.
- Each authorized bank will nominate only one branch as its E-FPB for pan India transaction.
- The E-FPB will have to open accounts under each major head for all governments.
- Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB.
- For NEFT/RTGS/IMPS Transactions, RBI will act as E-FPB.



Are manual Challans applicable as allowed under the erstwhile indirect tax regimes? NO It is mandatory to generate Challans online on the GST Common Portal

How many types of Challans are prescribed for various taxes and payments to be paid under the GST regime?

There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments to be made under the GST regime

- E-Cash ledger shall be maintained in **FORM GST PMT-05** on common portal for crediting amount deposited & debiting payments towards tax, interest, penalty, fees etc. [Rule 87(1)]
- Person depositing the amount in E-Cash ledger shall generate a challan in FORM **GST PMT-06** on common portal & enter the details of the amount to be deposited by him towards tax, interest, penalty, fees etc.
- Unregistered person shall make payment on the basis of a temporary identification number.
- Ledger is displayed major head-wise [IGST, CGST, SGST/UTGST, and CESS].
- Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.
- Information is kept minor head-wise for each major head.

ELECTRONIC CREDIT LEDGER [SEC 49(2),(4) & (5), 49A, 49B r/w RULE 86 & 88A]

- ITC as self-assessed in the return of a RP shall be credited to his electronic credit ledger [Sec 49(2)]
- Credit in this ledger can be used to make payment of **ONLY TAX** & not other amounts such as interest, penalty, fees etc [Sec 49(4)].
- **ITC cannot be utilised** for tax payable under **reverse charge mechanism**.
- E-Credit ledger shall be maintained in FORM GST PMT-02 for each RP eligible for ITC on the common portal and every claim of ITC shall be credited to the said ledger.

ELECTRONIC LIABILITY LEDGER [SEC 49(7),(8) & (9), 49A, 49B r/w RULE 85]

- All liabilities of taxable person under GST shall be recorded & maintained in this ledger [Sec 49(7)].
 - **ORDER OF ADJUSTMENT IN SETTLING TAX LIABILITY**
 1. First self-assessed tax; & other dues related to returns of **previous tax periods**
 2. Self-assessed tax, and other dues related to the return of the **current tax period**;
 3. **Any other amount payable** under this Act including the demand determined u/s 73/74.
- Note:** 'Tax dues' means the tax payable under this Act and does not include interest, fee and penalty; 'Other dues' means interest, penalty, fee or any other amount payable under this Act or rules made



- It shall be maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee etc. on the common portal and all amounts payable by him shall be debited to the said register.
- E-Liability register of the person shall be debited by:
 - Tax, interest, late fee etc. payable as per the return furnished by the said person;
 - Tax, interest, penalty etc. payable as determined by PO in pursuance of any proceedings
 - Tax & interest payable as a result of mismatch u/s 42/43/50;
 - Interest that may accrue from time to time.
 - Payment of every liability by a registered person as per his return shall be made by debiting E-Credit ledger or E-Cash ledger & E-Liability register shall be credited accordingly.

Note: Amount deducted u/s 51; amount collected u/s 52; amount payable on RCM basis; amount payable u/s 10; amount payable towards interest, penalty, fee etc. shall be paid by debiting E-Cash ledger & E-Liability register shall be credited accordingly.

Example:

X Ltd. has following tax liabilities under the provisions of Act

SN	Particulars	Amount
1	Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2018	1,00,000
2	Interest & Penalty on delayed payment and filing of returns belonging to August 2018	20,000
3	Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2018	1,20,000
4	Interest & Penalty on delayed payment & filing of returns belonging to September 2018	20,000

5	Demand raised u/s 73/74 under CGST Act, 2017 belonging to July 2018	8,00,000
6	Demand raised as per the old provisions of Indirect Taxes	1,00,000

X Ltd. has Rs. 5,00,000 in Electronic cash ledger. Suggest X Ltd. in discharging the tax liability.

INTEREST ON DELAYED PAYMENT OF TAX BY TAX PAYER [SECTION 50]

Section	Case	Rate
50(1)	Delayed payment of tax	18% p.a

Points to Remember:

- Interest u/s 50(1) shall be calculated from next day of due date of payment of tax.
- Interest payable for actual period of delay, not for whole month.
- Interest is payable even if duty is paid before issue of show cause notice.

TRANSFER OF INPUT TAX CREDIT [SEC 53 OF CGST ACT & SEC 18 OF IGST ACT]

- If the amount of CGST is utilised towards dues of IGST then, there shall be reduction in the amount of CGST, equal to the credit so utilized & CG shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.
- Similarly, if the amount of IGST is utilised towards dues of CGST/UTGST then, in terms of section 18 of IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized & CG shall transfer such amount equivalent to the amount so reduced in IGST account to CGST/UTGST account.



- However, if amount of IGST is utilised towards dues of SGST then, in terms of section 18 of IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, & will be apportioned to appropriate SG & CG shall transfer the amount so apportioned to the account of respective SG.

Transfer of amount reflected in Electronic Cash Ledger

A registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person, provided there is no unpaid liability in his electronic liability register. Form to file - GST PMT-09

Conditions of use of amount available in electronic credit ledger [Rule 86A]

- Commissioner, or an officer authorised by him, not below the rank of Assistant Commissioner, must have "reasons to believe" that ITC available in the electronic credit ledger is either ineligible or has been fraudulently availed by the registered person, before disallowing the debit of amount from electronic credit ledger.

Grounds for disallowing debit of an amount from electronic credit ledger

- The reasons for such belief must be based on one or more following grounds:
- The credit is availed by the registered person on the invoices or debit notes issued by a supplier, who is found to be non-existent or is found not to be conducting any business from the place declared in registration.

- The credit is availed by the registered person on invoices or debit notes, without actually receiving any goods or services or both.
- The credit is availed by the registered person on invoices or debit notes, the tax in respect of which has not been paid to the government.
- The registered person claiming the credit is found to be non-existent or is found not to be conducting any business from the place declared in registration

Proper authority for the purpose of rule 86A:

- The Commissioner/Principal Commissioner is the proper officer for the purpose of exercising powers under rule 86A. The Commissioner/Principal Commissioner may authorize any officer subordinate to him, not below the rank of Assistant Commissioner to be the proper officer for exercising powers under rule 86A based on the following monetary limits as mentioned below:

Total Amount of ineligible or fraudulently availed ITC	Officer to disallow debit of amount from Electronic Credit Ledger under Rule 86A
Not exceeding Rs. 1 Crore	Deputy Commissioner/ Assistant Commissioner
Above Rs. 1 Crore but not exceeding Rs. 5 Crore	Additional Commissioner/Joint Commissioner
Above Rs. 5 Crore	Principal Commissioner/Commissioner

**Manner of calculating interest on delayed payment of tax [Rule 88B]**

Rule 88B of the CGST Rules provides the manner of calculation of interest on delayed payment of GST.

Interest is generally payable only on the portion of tax paid through electronic cash ledger and not on the amount adjusted through Input Tax Credit.

The interest is calculated from the day succeeding the due date of return till the date of actual payment of tax.

In cases of wrongly availed and utilized ITC, interest is also payable.

Simple Understanding of Rule 88B:**1. Interest on Late Payment of GST through GSTR-3B**

If a taxpayer files GSTR-3B after the due date and pays tax late, interest is payable on the net amount (i.e. after deducting the ITC) i.e. Interest is charged only on Tax paid through Electronic Cash Ledger (i.e., cash portion)

If a taxpayer files GSTR-3B before the due date and pays tax late, interest is payable on the gross amount (i.e. without deducting the ITC)

- Interest is computed from the day after the due date of return and upto the actual date of payment of tax
- If tax liability arises because of wrong ITC claim, excess ITC utilization, suppression, fraud, etc., then interest may be payable on the gross tax amount
- Interest is applicable on the wrong utilization of ITC and not on wrong availment

Month	of ITC	Eligible ITC	ITC availed wrongly	Total	Output Liability	Cl bal of ITC	Int on
Sept	-	6,00,000	50,000	6,50,000	6,00,000	50,000	No Interest
Oct	50,000	3,00,000	-	3,50,000	2,70,000	80,000	No Interest
Nov	80,000	50,000	-	1,30,000	1,20,000	10,000	Interest on 40,000

How to identify that I have utilized the wrongly availed ITC?? → **Am I able to utilize the entire eligible ITC against the output tax liability ??**

↳ **If yes → then I can assume that we did not utilize the wrongly availed ITC**

Illustration for better understanding

ABC Ltd., have filed their GSTR-3B for the month of July, 2024 within the due date prescribed under Section 39 ie. 20.08.2024. Post filing of the return, the registered person has noticed during September 2024 that tax dues of ₹40,000 for the month of July, 2024 have not been paid. ABC Ltd., has paid the above amount of 40,000, through GSTR-3B of September 2024, filed on 20.10.2024 [payment through Cash ledger ₹30,000 and Credit ledger ₹10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 2024 has been filed belatedly on 20.10.2024 and the self-assessed tax of ₹40,000/- has been paid on 20.10.2024 [payment through electronic cash ledger ₹30,000 and electronic credit ledger ₹10,000]

Notes:

- No other supply has been made nor tax payable for the month of July, 2024 other than ₹40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case.

**ANSWER**

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return

In the above scenario, ABC Ltd., has defaulted in making the payment for ₹40,000 on self-assessment basis in the return for the month of July, 2024

Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.

Thus, the amount of interest payable by ABC Ltd., is as under:-

Period of delay = 21st August, 2024 to 20th October, 2024 = 61 days

Hence, amount of interest = ₹ 40,000 × 18% × 61/365 = ₹ 1,203

Alternatively, if ABC Ltd., have filed the return for the month of July, 2024 on 20.10.2024, beyond the stipulated due date of 20.08.2024 and if the self-assessed tax for July, 2024 has been paid on 20.10.2024, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.

Hence Interest is payable from 21st August 2024 till 20th October 2024 = 61 days

Amount of Interest = ₹ 30,000 × 18% × 61/365 = ₹ 902

Interest not applicable where balance is available in E Cash Ledger

Interest will not apply on the amount which is lying in E-cash Ledger on or before the due date for filing the return from the due date till the date of debit at the time of filing the return.

April Outward Tax (-) ITC = GST Liability

Rs 50,000 (-) Rs 30,000 = Rs 20,000

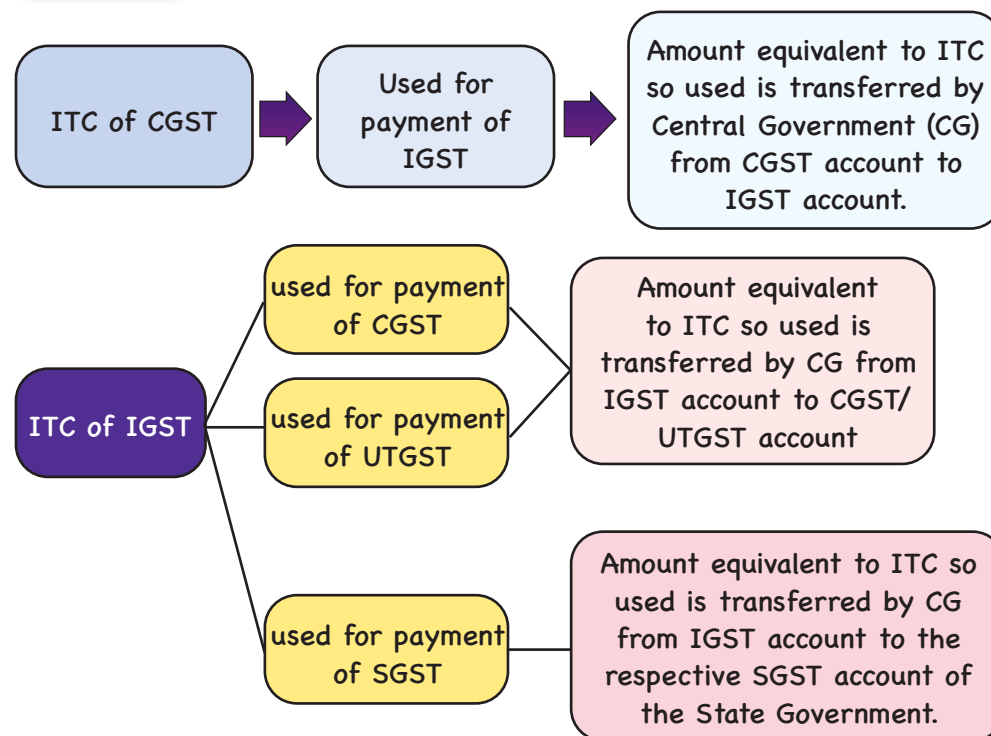
Due date of payment & Return → 20 May 2025

Return filed on 22 May ✓

E-cash balance → Rs 30,000

Late Fee ✓

Interest x

Transfer of input tax credit [Section 53 of CGST Act & section 18 of IGST Act]



Tax Deduction at Source and Tax Collection at Source

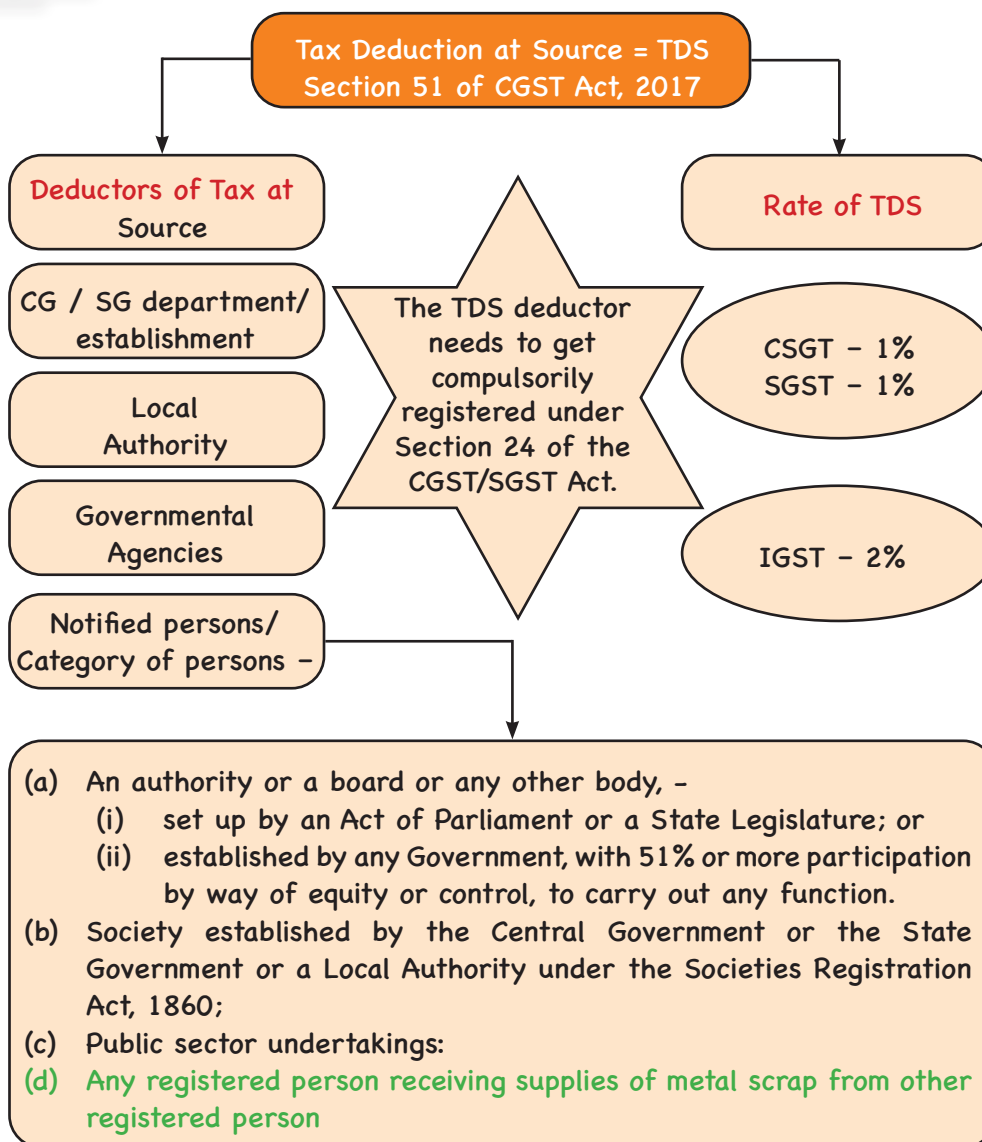
Tax Deduction at Source = TDS
Section 51

- TDS is one of the modes/methods to collect tax, under which, certain % of amount is deducted by a recipient at the time of making payment to the supplier.
- It facilitates sharing of responsibility of tax collection between the deductor and the tax administrator. TDS refers to the tax which is deducted when the recipient of goods or services make payment or credits a supplier's account under a contract etc.

Tax Collection at Source = TCS
Section 52

- TDS has similarities with TDS, as well as a few distinctive features.
- TCS refers to the tax which is collected by the ECO, when a supplier supplies some goods or services through its portal and the payment for that supply is collected by the ECO.

The amount of tax deducted/collected is reflected in the Electronic Cash Ledger of the deductee /supplier respectively.



**Categories of persons not liable to deduct TDS**

1. When goods and/or services are supplied from a PSU to another PSU, whether or not a distinct person.
2. When supply of goods and/or services takes place between one person to another person specified of section 51
3. When supply of goods or services takes place between one person to another person specified above, except for the person referred in clause d

Threshold limit

Total value of supply of taxable goods and/or services under a contract exceeds **Rs.2,50,000/-** exclusive of tax & cess as per the invoice.

Invoice value does not matter

Deposit of TDS with the Government

1. The amount of tax deducted at source should be deposited to the Government account by deductor by **10th day** of the succeeding month.
2. The amount deposited as TDS will be reflected in the electronic cash ledger of the supplier

TDS Certificate

A TDS certificate is required to be issued by deductor (the person who is deducting tax) in prescribed form to the deductee (the supplier from whose payment TDS is deducted).

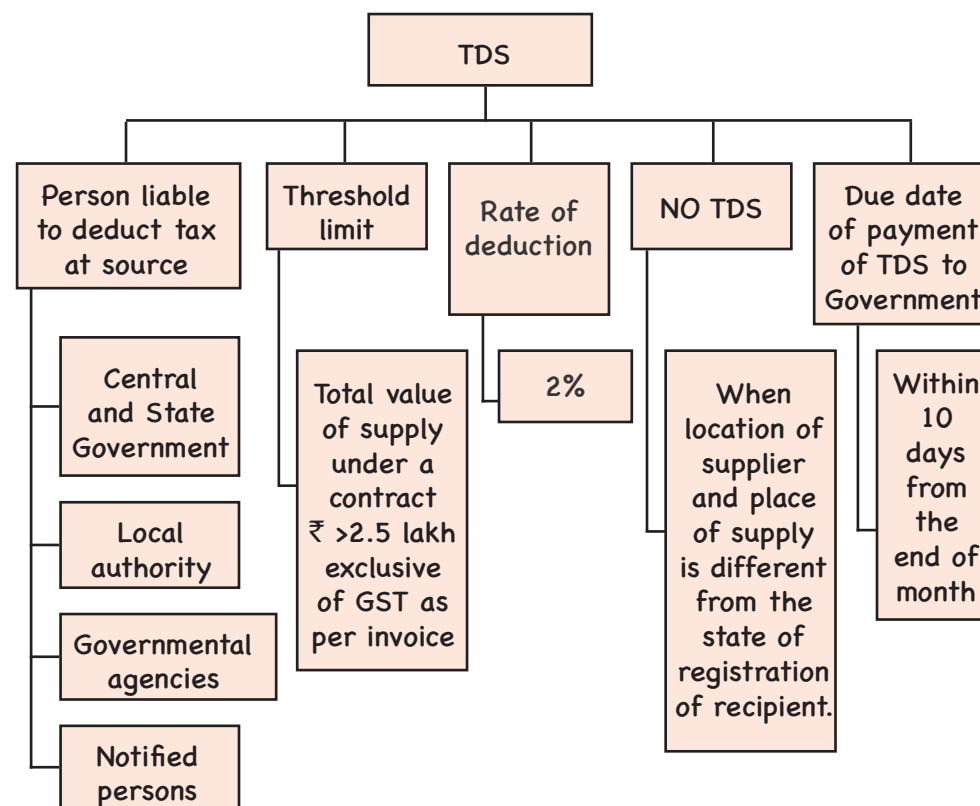
Form GSTR 7A (TDS Certificate)

Deductor shall issue TDS certificate within **5 days** from the date of remittance of TDS to the government

Late Fees
₹ 100 / day of delay
or
Rs 5000

TDS provisions are **not applicable** in the following cases:

1. Contract Value is $\leq$ Rs 2,50,000
2. Supply is intra-state and recipient is in a different state / UT
3. Supply is exempt from tax
4. Tax is payable under RCM
5. Deductor is not a notified person
6. Supplier is a composite dealer

Summary



Examples on Applicability of TDS

Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51
Maharashtra	Maharashtra	Maharashtra	Yes
Maharashtra	Maharashtra	Goa	No
Maharashtra	Goa	Goa	Yes
Daman and Diu	Daman and Diu	Daman and Diu	Yes
Daman and Diu	Chandigarh	Chandigarh	Yes
Daman and Diu	Daman and Diu	Chandigarh	No

Non- remittance by the deductor

If the deductor has not remitted the amount deducted as TDS to the Government within the prescribed time limit, he is liable to pay penal interest under Section 50 in addition to the amount of tax deducted.

Reflection of amount of TDS

The amount of tax deducted is reflected in

- Electronic Cash Ledger of deductee.
- Return filed by deductor under section 39(3).[GSTR-7]

Refund on excess/erroneous deduction

- The deductor or the deductee can claim refund of excess deduction or erroneous deduction.
- The provisions of section 54 relating to refunds would apply.
- However, if the deducted amount is already credited to the electronic cash ledger of the supplier, the same shall not be refunded

Registration

- Any person required to deduct tax in accordance with section 51 shall electronically submit registration application in the prescribed form through the common portal.
- The proper officer shall grant registration within 3 working days from the date of the application

Consequences Of Not Complying With TDS Provisions

Sr.No.	Event	Consequence
1	TDS not deducted	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
2	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law

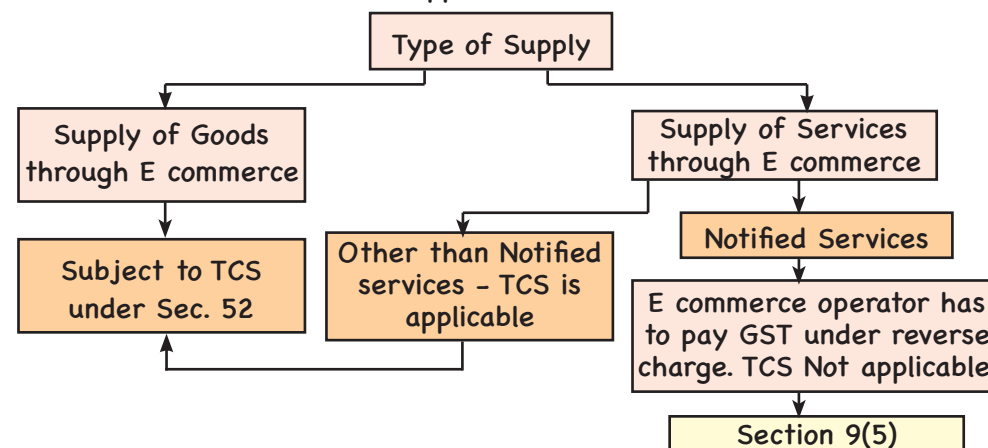
Tax Collected as Source (Sec 52)

Who is liable to collect TCS?

Every Electronic Commerce Operator (ECO), not being an agent, has been mandated to collect tax at source (TCS) on the net value of taxable supplies [supplies net of returns if any] made through it by suppliers, where the ECO collects the consideration on behalf of the supplier for such supplies.

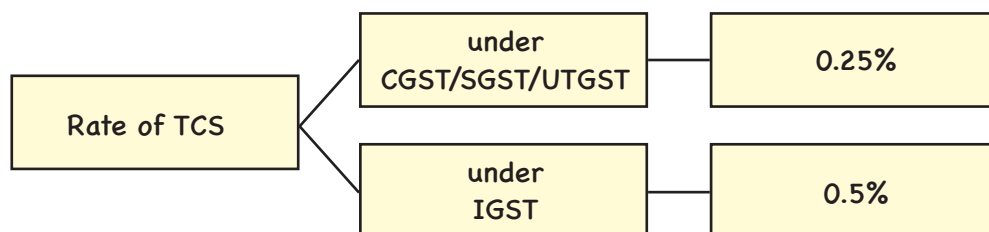
Rate of TCS

0.25% of the net value of intra-State taxable supplies. **0.5%** of the net value of inter-State taxable supplies.

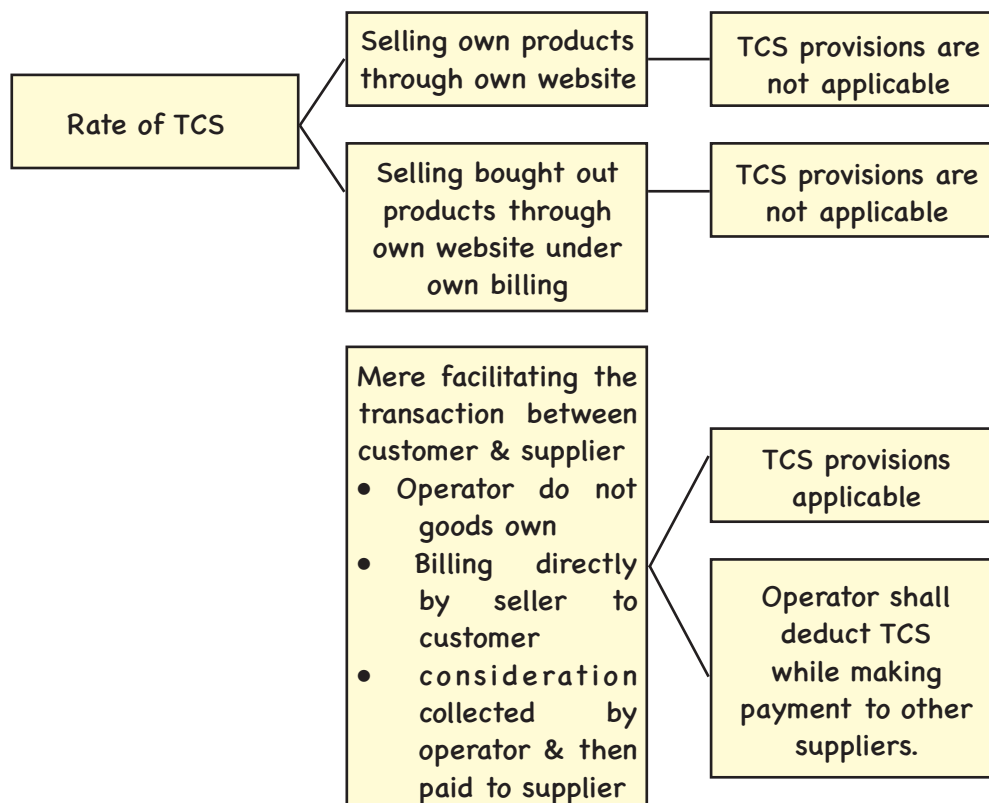




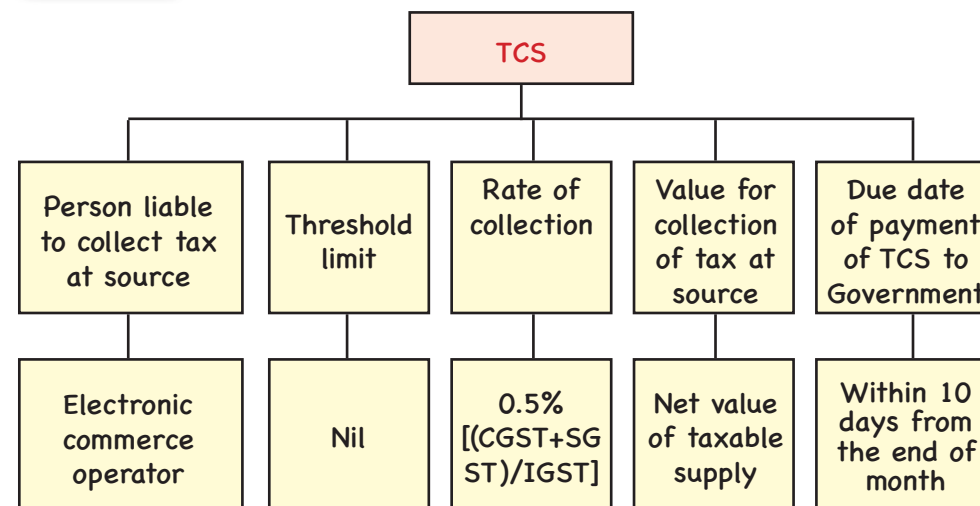
Rate of TCS



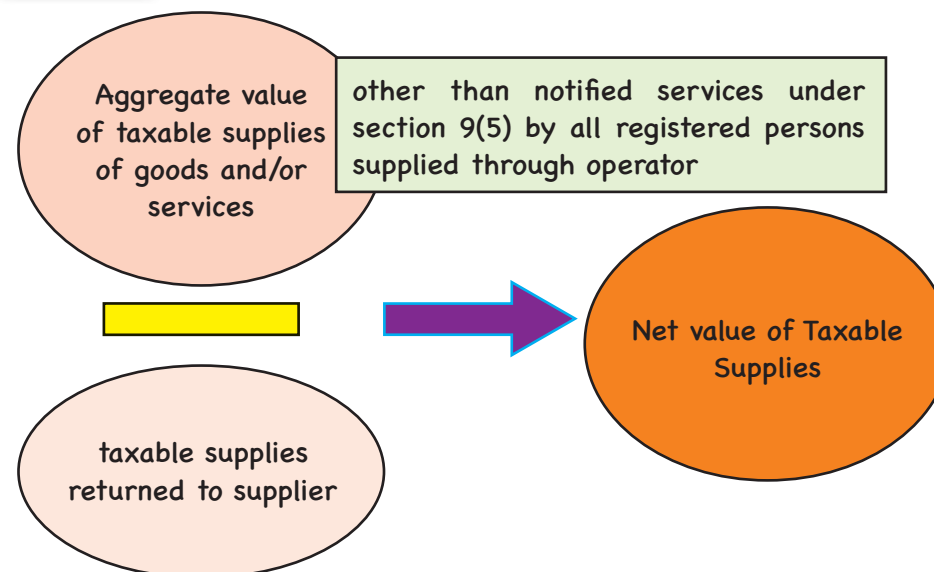
TCS applicability in major types of E-commerce



Significant aspects of TCS



Net value of taxable supplies





Summary

Section 37	Furnishing details of outward supplies
Section 38	Furnishing details of inward supplies
Section 39	Furnishing of returns
Section 40	First return
Section 44	Annual Return
Section 45	Final Return
Section 46	Notice to return defaulters
Section 47	Levy of late fee
Section 48	Goods and services tax practitioners

GSTR-1

Person Liab to furnish details of o u t w a r d supply	Every RP including casual registered person except the following: - input service distributor (ISD) - non-resident taxable person - person paying tax under composition scheme - person deducting tax at source - person collecting tax at source i.e., e-commerce operator (ECO) - a supplier of online information and database access or retrieval services (OIDAR)
Due Date	11th day of the succeeding month
NIL GSTR-1	A Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer. GSTR-1 submitted through SMS is verified by registered mobile number-based OTP facility.

Extension	The due date of filing GSTR-1 may be extended by the Commissioner/Commissioner of State GST/Commissioner of UTGST for a class of taxable persons by way of a notification.		
Kind of details of outward supplies	Invoice-wise details	Consolidated details	Debit and credit notes
	Inter-State and Intra- State supplies made to registered persons	Intra-State supplies made to unregistered persons for each rate of tax	Issued during the month for invoices issued previously
	inter-State supplies made to unregistered persons with invoice value exceeding	Inter-State supplies made to unregistered persons with invoice value upto Rs. 1,00,000 for each rate of tax separately for each State	
☞ Invoices can be uploaded any time during the tax period and not just at the time of filing of GSTR-1. ☞ Invoices can be modified/deleted any number of times till the submission of GSTR-1 of a tax period. The uploaded invoice details are in a draft version till the GSTR-1 is submitted and can be changed irrespective of due date.			



Indication of HSN details	The minimum number of digits of HSN code that a filer has to upload depends on his turnover in the last year. Notification No. 12/2017, which has been issued in this regard, provides that <table border="1"> <thead> <tr> <th>Annual turnover in the preceding FY</th><th>Number of Digits of HSN Code</th></tr> </thead> <tbody> <tr> <td>Upto Rs. 5 crore</td><td>B2B – 4</td></tr> <tr> <td></td><td>B2C – 4 (Optional)</td></tr> <tr> <td>More than Rs. 5 crores</td><td>6</td></tr> </tbody> </table>	Annual turnover in the preceding FY	Number of Digits of HSN Code	Upto Rs. 5 crore	B2B – 4		B2C – 4 (Optional)	More than Rs. 5 crores	6
Annual turnover in the preceding FY	Number of Digits of HSN Code								
Upto Rs. 5 crore	B2B – 4								
	B2C – 4 (Optional)								
More than Rs. 5 crores	6								
Communication of details of GSTR-1 to the recipient of supply	The details of outward supplies for a month furnished by the supplier are communicated and made available electronically (auto populated) to the respective recipient(s) in Part A of Form GSTR- 2B after the 11th day of the succeeding month (due date of filing of GSTR-1).								
Rectification of errors	If the supplier discovers any error or omission, he shall rectify the same in the tax period during which such error or omission is noticed, and pay the tax and interest, if any, in case there is short payment, in the return to be furnished for such tax period. However, the maximum time limit within which such amendments or rectification are permissible is earlier of the following dates: 30th day of November of the following financial year or - Date of filing of the relevant annual return								

Other Points	- GSTR-1 needs to be filed even if there is no business activity (Nil Return) in the tax period. - Taxpayer opting for voluntary cancellation of GSTIN has to file GSTR-1 for active period. - In cases where a taxpayer has been converted from a normal taxpayer to composition taxpayer, GSTR-1 will be available for filing only for the period during which the taxpayer was registered as normal taxpayer. The GSTR-1 for the said period, even if filed with delay would accept invoices for the period prior to conversion
Maximum time-limit for furnishing Form GSTR-1	3 years from the due date of furnishing such details. - This time limit can be extended by the Government for a registered person or a class of registered persons subject to such conditions and restrictions as may be specified therein.

GSTR-3B

1	Section 39(1) prescribes a monthly return in Form GSTR-3 for every registered person, other than an input service distributor or a nonresident taxable person or a composition tax payer, a person deducting tax at source, an electronic commerce operator and supplier of OIDAR services.
2	Due date 20th day of the month succeeding the relevant calendar month or part thereof. Filing of GSTR-3 – has been deferred. Person who is filing the return under GSTR-3B – is not required to file GSTR-3
3	What is GSTR-3B? Summary of outward supply, inward supplies liable to reverse charge, eligible ITC, payment of tax etc Invoice wise details – NOT REQUIRED



4	NIL GSTR-3B - can be filed - through an SMS using the registered mobile number of the taxpayer and is verified by OTP facility
5	Maximum time-limit for furnishing Form 1. 3 years from the due date of furnishing such details. 2. This time limit can be extended by the Government for a registered person or a class of registered persons subject to such conditions and restrictions as may be specified therein.

GSTR-1A

What is it: Form GSTR-1A allows taxpayers to amend outward supply details filed in Form GSTR-1 for the current tax period.

Is it mandatory? Filing Form GSTR-1A is optional and can only be done once.

Amendments of which period: Amendments in GSTR-1A are restricted to the current tax period and include adding missed details, Modifying already declared details, including those from the Invoice Furnishing Facility (IFF) for QRMP taxpayers.

Impact on Tax Liability: Amendments in GSTR-1A affect tax liability, which is auto-populated in Form GSTR-3B for the same tax period.

ITC Availability to Recipients: ITC for supplies amended via GSTR-1A is reflected in the recipient's Form GSTR-2B for the subsequent tax period.

Timeline: For monthly taxpayers, GSTR-1A is available from the due date or actual filing of GSTR-1 until GSTR-3B is filed. For QRMP taxpayers, GSTR-1A becomes available after the quarterly GSTR-1 filing and is open until the filing of quarterly GSTR-3B.

No Due Date: GSTR-1A has no fixed due date but is limited by the filing timeline of GSTR-3B for the same tax period.

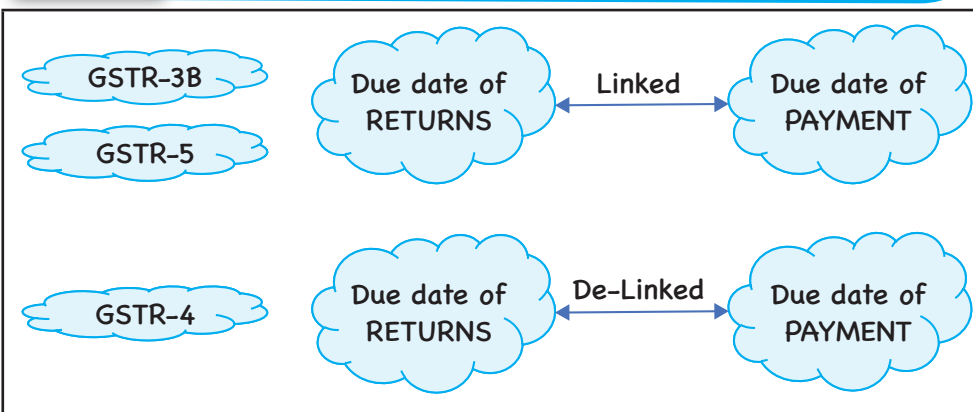
GSTR-4 - Return for composition supplier and person paying tax under Sec 10(2A)

1	Person Required to file GSTR-4 1. Every RP paying tax under section 10 i.e. a composition supplier; or 2. Every RP paying tax by availing the benefit of Sec 10(2A)
2	Quarterly statement for payment of self-assessed tax They are also required to furnish a statement in Form CMP-08 quarterly Due date - 18th day of the month succeeding the quarter
3	Due date for filing GSTR-4 30th June of the succeeding financial year
4	Consolidated details of outward supplies Consolidated details of outward supplies are NOT allowed However, consolidated details of inward supplies are PERMITTED
5	Statements/return for the period prior to opting for composition scheme If a RP opts to pay tax under composition scheme/ Sec 10(2A) from the beginning of a FY, he will, where required, furnish statements/return relating to the period prior to paying tax under composition scheme/ Sec 10(2A) 1. 30th day of November of the succeeding financial year 2. furnishing of annual return of the preceding financial year, whichever is earlier



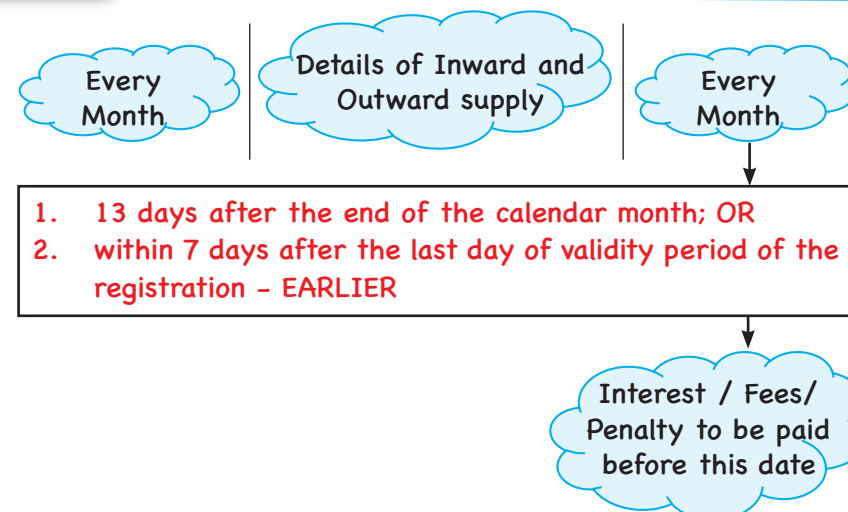
6	A registered person opting to withdraw from the composition scheme at his own motion or where option is withdrawn at the instance of the proper officer and a registered person who ceases to pay tax under Sec 10(2A) will, where required, furnish- GST CMP-08 relating to the period prior to his exiting from composition scheme/ceasing to pay tax under Sec 10(2A) till 18th of the month succeeding the quarter in which the date of withdrawal/cessation falls - GSTR-4 relating to the period prior to his exiting from composition scheme/ceasing to pay tax under Sec 10(2A) 30th April following the end of the financial year during which such withdrawal/cessation falls
7	NIL CMP-08 A Nil GST CMP-08 can be filed through an SMS using the registered mobile number of the taxpayer and is verified by OTP facility.

Due date of payment of Tax



Provided that every registered person furnishing return under the proviso to sub-section (1) [QRMP Scheme] shall pay to the Government, the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed

GSTR-5 – Return for Non Resident Taxable Person



GSTR-7 and GSTR-8

GSTR-7 – Return for TDS deductors

Frequency Monthly

Due date – 10th of the subsequent month Credit – Suppliers can take this amount as credit from the amount reflected in Electronic Cash Ledger

What if there is no deduction in any month? – still file GSTR every month – NIL return on or before the same due date mentioned above

**GSTR-8 - Statement for TCS collectors**

Frequency - Monthly

Due Date - 10th day of the subsequent month

Credit - Suppliers can take this amount as credit from the amount reflected in Electronic Cash Ledger

Rectification of errors/omissions [Section 39(9)]

Omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the tax period during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest.

However, rectification is not allowed where error or omission discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities.

TIME LIMIT FOR RECTIFICATION

- 30th day of November following the end of the financial year to which such details pertain**
- Actual date of filing of the relevant annual return**

First Return [Section 40]

- When a person becomes liable to registration, he may apply for registration within **30 days** of so becoming liable. Thus, there might be a time lag between a person becoming liable to registration and grant of registration certificate.
- During the pendency of registration, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration.

- Section 40 provides that registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration

Annual Return [Section 44 read with rule 80 of the CGST Rules]

1	Who is required to furnish annual return All registered persons are required to file an annual return. However, following persons are not required to file the annual return - Casual taxable persons. - Non- resident taxable person - Input service distributors and - Persons authorized to deduct/collect tax at source under section 51/52 - Person supplying OIDAR services from a place outside India to a person in India
2	Due date - The annual return for a financial year needs to be filed by 31st December of the next financial year
3	Regular Supplier - GSTR 9
4	Every registered person who is required to get his accounts audited under section 35(5) shall also furnish: - electronically a copy of audited annual accounts and; a self-certified reconciliation statement in the prescribed form along with the annual return.

Who is required to furnish a self-certified reconciliation statement?

- All registered persons are required to file furnish a self- certified reconciliation statement alongwith annual return if their aggregate turnover during a financial year **exceeds 5 crores**. However, following persons are not required to file self-certified reconciliation statement:
 - Casual taxable persons



- (b) Non-resident taxable person
 - (c) Input service distributors
 - (d) Persons authorized to deduct/collect tax at source under section 51/52, and
- (ii) Such registered person should furnish, electronically, the annual return along with a copy of **self-certified reconciliation statement**, duly certified, in **Form GSTR-9C**.

Exemption from the requirement of furnishing annual return including self-certified reconciliation statement

The department of the CG / SG or LA, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force, are exempt from the requirement of furnishing an annual return including self-certified reconciliation statement.

Amendment – Annual return is not required to be furnished if an aggregate turnover is up to 2 crore in any FY from FY 2024-25 onwards

Maximum time-limit for furnishing annual return

3 years from the due date of furnishing said annual return

Final Return

Who is required to furnish final return	Every registered person who is required to furnish return u/s 39(1) and whose registration has been surrendered or cancelled is required to file a final return electronically in Form GSTR-10 through the common portal.
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Time-limit for furnishing final return	The final return has to be filed within 3 months of the: (i) date of cancellation or (ii) date of order of cancellation Whichever is later
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GSTR 11 - Details of inward supplies of persons having UIN

When UIN is issued for claiming refund of taxes paid on inward supplies	Such person shall furnish the details of the inward supplies of taxable goods and/or services on which refund of taxes has been claimed, in Form GSTR-11, along with application for such refund claim
UIN is issued for purposes other than refund	Such person shall furnish the details of inward supplies of taxable goods and/or services as may be required by the proper officer in Form GSTR-11.

DEFAULT/DELAY IN FURNISHING RETURN [SECTIONS 46 & 47]

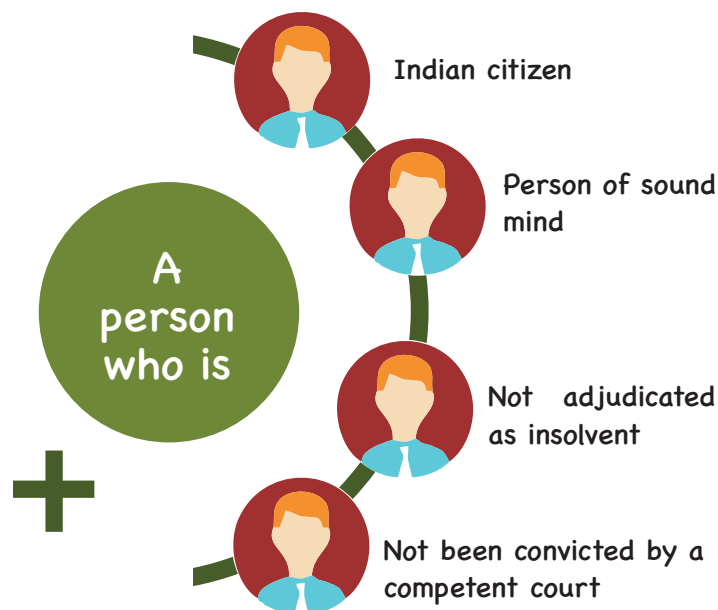
Notice to return defaulters [Section 46 read with rule 68 of the CGST Rules]	A notice in prescribed form shall be issued, electronically, to a registered person who fails to furnish return under section 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return] or section 52 [TCS Statement] . The notice would require the registered person to furnish the return within 15 days .
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GST Practitioners

(i) What is the eligibility criteria for GSTP?

The eligibility criteria for GSTP has been explained on next page:

Eligibility - Sec.



Satisfies any of the conditions

Retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years

Enrolled as a Sales Tax Practitioner or Tax Return Preparer under the earlier indirect tax laws for a period of not less than 5 years

Has acquired any of the prescribed qualifications (mentioned below)

Prescribed Qualifications

(i) Graduate or postgraduate degree or its equivalent examination having a degree in Commerce, Law, Banking including Higher Auditing, or Business Administration or Business Management from any Indian University established by any law for the time being in force

(ii) Degree examination of any Foreign University recognised by any Indian University as equivalent to the degree examination mentioned in sub-clause (i)

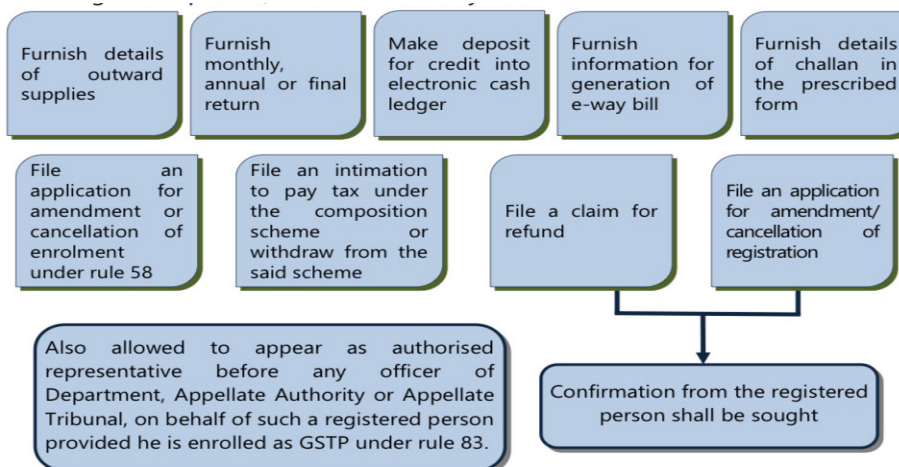
(iii) Any other examination notified by the Government, on the recommendation of the Council, for this purpose

(iv) Any degree examination of an Indian University or of any Foreign University recognized by any Indian University as equivalent of the degree examination

(v) Has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India.

(ii) What are the activities which can be undertaken by a GSTP?

A GSTP can undertake any/all of the following activities on behalf of a registered person, if so authorised by him:





QRMP Scheme

1. What is QRMP scheme and eligibility criteria

Quarterly Return Monthly Payment - introduced for small taxpayers having aggregate annual turnover (PAN based) of upto Rs 5 crore in the current and preceding FY

2. Filing of GSTR-1 and GSTR-3B - Quarterly

3. Payment of taxes - Monthly

4. Can I opt for QRMP for 1 office and not opt for QRMP for another office?

Opting of QRMP scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one or more GSTINs. It implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme

5. Is it required to opt for the QRMP scheme every quarter? - NO it will be continued for the further tax periods

6. Conditions

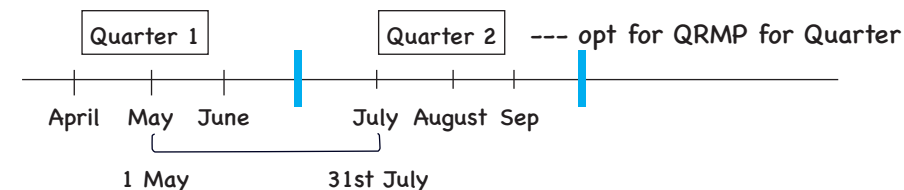
- RP should furnish the previous returns as on the date of opting for QRMP

Eg. If a RP intending to avail of QRMP scheme for the quarter 'July to September' is exercising his option on 27th July for the said quarter, he must have furnished the return for the month of June

ii. Time limit to opt for QRMP

RP shall indicate his preference for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding

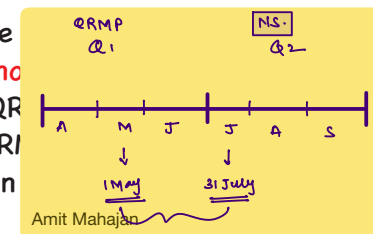
quarter till the last day of the 1st month of the quarter for which the option is being exercised.



- However, where such option has been exercised once, the said RP shall continue to furnish the return on a quarterly basis for future tax periods, unless he -

- becomes ineligible for this scheme as per the conditions and restrictions notified in this regard; or
- opts for furnishing of return on a monthly basis, electronically, on the common portal.

- Shifting out from the QRMP scheme
- What if the turnover limit of Rs 5 Cr?**
Continue with QRMP and will be shifted out of QRMP even though the limit is crossed in



II. Voluntary shift

The facility for opting out of the scheme for a quarter will be available from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter (Same as above timeline)

7. Form and manner of furnishing details of outward supplies - GSTR-1 IFF

- For the first and second month - Filing of Invoice Furnishing Facility (IFF)
- Due date** - on or before 13th day of the succeeding month - after 13th IFF is not available





A	IFF ✓	sol	IFF ✓	sol	IFF ✓	sol
M	IFF ✓	sol	IFF ✓	sol	IFF ✓	sol
J	1/3B		1/3B		1/3B	
J	IFF		IFF		IFF	
A	IFF		IFF		IFF	
S	1/3B		1/3B		1/3B	
O	IFF		IFF		IFF	
N	IFF		IFF		IFF	
D	1/3B		1/3B		1/3B	

- B2B
- Dr Note / Cr Note.



Details to be furnished - B2B supplies only (Intra + Inter state supplies) - of invoices and Dr / Cr Note issued during the month

Is it mandatory? - No

Taxpayers using IFF can upload the invoice details upto a cumulative value of Rs 50 lakh in each of the first 2 months of the quarter.

Will GSTR-2B be updated if we file IFF just like GSTR-1? - YES otherwise the buyer would not get the ITC

GSTR-1

- Invoices pertaining to last month of a quarter are to be uploaded in **GSTR-1 only**
- IFF details of the earlier months shall not be furnished in GSTR-1 again
- If RP does not furnish details in IFF then details of all the 3 months shall be furnished in GSTR-1
- Details to include

Invoice-wise details	Consolidated details	Debit and credit notes
Inter-State and Intra-State supplies made to registered persons	Intra-State supplies made to unregistered persons for each rate of tax	Issued during the month for invoices issued previously
inter-State supplies made to unregistered persons with invoice value exceeding Rs. 1,00,000	Inter-State supplies made to unregistered persons with invoice value upto Rs. 1,00,000 for each rate of tax separately for each State	

8. Form and manner of filing return - GSTR-3B

- Due date for those **who have opted for QRMP** - Quarterly GSTR-3B on or before **22nd or 24th** of the month succeeding the

quarter for which return is furnished.

- 22nd day**
Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman & Diu & Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep
- 24th day**
Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi
- In case of other taxpayers** - Monthly GSTR-3B on or before 20th & the month succeeding the month for which return is furnished

9. Monthly payment of tax

- Due date of the 1st and 2nd month - **25th day** of the month succeeding such month in Form GST PMT-06
Practical insight - While generating the challan, taxpayers should select "Monthly payment for quarterly taxpayer" as reason for generating the challan
- Methods of monthly payment of tax during the first 2 months

Options for making monthly payment of tax

Fixed Sum method



Self Assessment method



Fixed Sum Method

- If a taxpayer chooses this option, a facility is available on the GST portal for generating an auto-generated/pre-filled challan in Form GST

Opting for QRMP for the first time

- Q1 Normal
- Q2 QRMP
- July → 5K
- Aug → 5K
- Sept → Actual

Estimated tax will be the tax which we paid in the last month of the last Qtr → in cash.

100% of tax liability paid in cash (a) the last month of the immediately preceding quarter where the return was furnished monthly

RP is already opted for QRMP scheme

35% of the tax paid in cash (after reducing ITC) in the return for the preceding quarter where the return was furnished quarterly

Self-Assessment Method

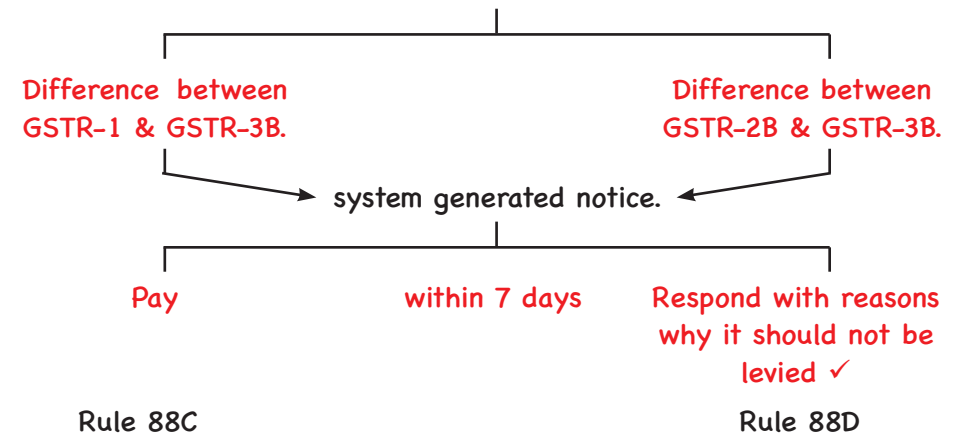
- RP can pay the tax due by considering the tax liability on inward and outward supplies and the ITC available, in Form GST PMT-06.
- In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in Form GSTR-2B, for every month
- Interest is applicable in case of non payment – from the due date of furnishing Form GST PMT-06 till the date of making such payment (this is for the first 2 months)
- In case Form GSTR-3B for the quarter is furnished beyond the due date, interest would be payable as per the provisions of section 50 of the CGST Act for the tax liability net of ITC

Already in QRMP scheme.

- Q2 QRMP
- Q3 QRMP
- Q → 35% → Tax paid by elec. cash ledger
- N → 35% → in the prec. Qtr. we have the figure of tax for 3 months & we are estimating tax of 1 month & thus, we took 1/3rd but they asked us to consider 35% & not 33.33%.
- D → Actual

Persons debarred from filing GSTR-1/IFF.

- 1) Not filed GSTR-3B for previous tax periods if opted for QRMP
- 2) Not filed GSTR-3B for Previous month in other cases
- 3) Rule 10A → Not Fulfilled
- 4) Received intimation under Rule 88C/88D



If not paid within 7 days or not filed a response within 7 days, person will be debarred from filing GSTR-1 / IFF

