

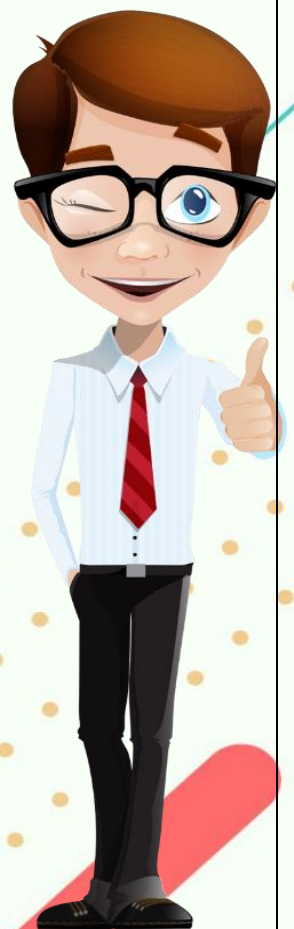
GST

CA/CS/CMA INTER

Gst SMART SUMMARY BOOK

Relevant for Nov 23/May 24

BY CA SHIVAM NAGPAL



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Important Instructions

before we read this book...

- This book covers CA/CS/CMA inter GST Summary relevant for Nov-23 & May-24 Attempt.

SPECIAL FEATURES:

- **Content and language** of this book has been picked from **Institute's material**.
- **Short & concise explanation** to memorise.
- **Memory technique**.
- **No Need to Refer Sperate Question bank (ALL Q MARKED)**
- **Keywords are highlighted**
- **Examples to Understand**
- **Arranged in Best Manner to Understand**
- **Charts & Diagrams & Picture for Visualisation**
- **Fully Exam Oriented**

IN CLASS TEACH IN PRACTICAL WAY THROUGH:

- **PPT**
- **GST PORTAL**
- **REAL LIFE EXAMPLES**
- **ANIMATIONS**

IT WILL HELP TO UNDERSTAND & MEMORISE EASILY & YOU ENJOY LEARNING.

Watch free revision video on YouTube...



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CHAPTER: 1 INTRODUCTION

In India Tax was introduced in **1860**, by **Sir James Wilson** in order to meet losses sustained by **Government on account of Military Mutiny (War) of 1857**.

1. TAX

- Tax is nothing but money that people have to **pay to the Government**, which is used to provide **public services**. (compulsory payment)
- **Taxes are broadly classified into Direct & Indirect Taxes.**



DIFFERENCE BETWEEN DIRECT TAXES AND INDIRECT TAXES (SMQ) ICAI Nov 2018 – 2 Marks

Direct Taxes	Indirect Taxes
1) Payer of tax directly paid to the Government	1) Payer of tax paid the tax to the Government collects same from the ultimate customer
2) The person bears the incidence of tax.	2) Shifting the burden of tax.
3) Progressive nature.	3) Regressive nature.
4) Example: Income tax	4) Example: Goods & Services Tax (GST), Custom Duty

2. FEATURES OF INDIRECT TAXES (SMQ) [Govt, Busi. & Society]

1. **An important source of revenue:** Indirect taxes contribute more than 50% of total tax revenues.
2. **Wider tax base:** Unlike direct taxes, the indirect taxes have a wide tax base
3. **Tax on commodities and services:** It is levied on commodities at time of manufacture/ purchase/sale.
4. **Shifting of burden:** GST paid by supplier of goods is recovered from buyer.
5. **Promotes social welfare:** High taxes are imposed on consumption of harmful products such as alcoholic products, tobacco products etc.
6. **Regressive in nature:** Generally, same for everyone.

3. POSITION BEFORE GSTs

GST was **introduced in 2017** with **aim to consolidate & simplify** indirect taxes into **one simple tax i.e. GST (One nation One tax)**

Earlier there were many indirect taxes such as **Excise duty** (levied on manufacturing), **Value added tax** (VAT on intra state sale), **Central sales tax** (CST on interstate sale), **service tax** (on supply of services), entertainment tax, etc.

*Intra state supply means supply within same state

*Interstate supply means from one state to another

LET US UNDERSTAND THE POSITION BEFORE GST WITH THE HELP OF AN EXAMPLE:

Mr. A manufactured component of Air conditioner @ cost of 5000, added 1000 as his profits, total 6000. Now wants to sell the same to Mr. B – so on manufacturing, excise duty was payable @12.5% and on sale VAT or CST was levied.

Particulars	Amount (INR)
Assessable value (cost + profit)	6000
Excise duty payable to central govt. @12.5%	750
Sale price	6750
VAT @ 5%	338
Invoice Amount	7088



Note:- that **first** excise duty is levied & then on **whole amount** VAT is charged that **means VAT is charged on Assessable value & on excise duty (tax on tax), this lead to double taxation.**

4. NEED FOR GST IN INDIA OR DEFICIENCIES THE EXISTING INDIRECT TAX LAWS (SMQ) [CM OD(AUDI)]

- Cascading effect** of tax i.e. VAT charged on excise (tax on tax)
- Multiple taxes** to be paid as VAT, service tax, luxury tax, entertainment tax etc were not integrated.
- CENVAT (central levy) & (state levy) VAT were essentially value added taxes, **set off of one against another not possible.**
- Distinction between goods & services is blurred.** Certain transaction subject to double taxation i.e. Software, restaurant.

5. TAXES TO BE SUSUMED IN GST (SMQ)

Mainly there are **17 types** of major Taxes subsumed in GST.

Central levies: [3 Central, 2 Additional & 1 Service]

- Central Excise Duty [Central]
- Additional Duties of excise (Goods of Special Importance) [Additional]
- Additional Duties of Custom [Additional]
- Service Tax
- Central Sales Taxes [Central]
- Central Surcharges and Cesses [Central]

State levies: [2 State, 2L, 1 Advertisement & Entertainment]

- State Value Added Tax/Sales Taxes [State]
- Luxury Tax [L]
- Taxes on Advertisement [Advertisement]
- Tax on Lottery, Betting & Gambling [L]
- Entertainment tax (Except those levied by local bodies) [Entertainment]
- State surcharges and cesses. [State]

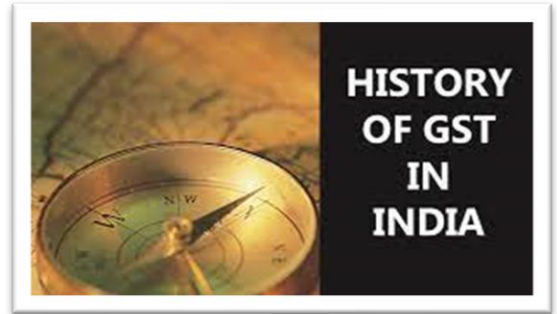


6. PRINCIPLES THAT WERE BORNE IN MIND WHILE SUBSUMING VARIOUS CENTRAL, STATE AND LOCAL LEVIES, UNDER GST [NTRF] (SMQ)

1. Taxes or levies to be subsumed should be primarily in **Nature of indirect taxes**. [N]
2. Taxes or levies to be subsumed should be part of **Transaction chain**. [T]
3. The subsuming of taxes should **result in Free flow of tax credit** in intra & inter-State levels. [F]
4. **Revenue fairness** for both Union & States individually would need to be attempted. [R]

7. GENESIS OF GST IN INDIA

- **France was first country to implement GST in year 1954**
- **ABOUT 160 countries** across world have adopted GST
- In year 2000, Prime Minister PUT concept of GST & set up a committee to design Goods and Services Tax (GST) model for country
- The Union Finance Minister, **Shri P. Chidambaram, while presenting Central Budget (2007-2008), announced that GST would be introduced from April 1, 2010.**
- The GST introduction gained momentum in year 2014 when NDA Government tabled the Constitution (122nd Amendment) Bill, 2014.
- The Lok Sabha passed Bill **on 6th May, 2015** & Rajya Sabha **on 3rd August, 2016.**
- Subsequently, **assent of President received on 8th September, 2016** and **Constitution (101st Amendment) Act, 2016 on 8th September, 2016**
- **Finally, GST introduced in India on 1st July 2017.**



8. WHAT IS GST/ CONCEPT OF GST: [V3C]

WHAT IS GST?



Goods and services tax means a tax on supply of goods/services/both, except taxes on supply of alcoholic liquor for human consumption.

- GST is a **value added tax** [V]
- **continuous** chain of tax credit. [C]
- **burden borne by final consumer**. [C]
- **eliminate cascading** effect of tax. [C]

GST is a destination-based tax on consumption of goods & service. tax will be accrue to place of consumption State / UT.

EXAMPLE: intra state sell i.e. Haryana**How GST Works ('No Tax on Tax' in GST)**

Particulars	Manufacturer	Wholesaler	Retailer
Purchase	100.00	110.00	120.00
Profit	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Consideration	110.00	120.00	130.00
Add CGST@ 9%			
SGST@ 9%	9.90 (110*9%)	10.80 (120*9%)	11.70 (130*9%)
	9.90 (110*9%)	10.80 (120*9%)	11.70 (130*9%)
Invoice Value	129.80	141.60	153.40
Output Tax Payable {A}	19.80	21.60	23.40
Input Tax {B}	0.00	19.80	21.60
Net Tax Payable{A-B}	19.80	1.80	1.80

9. BENEFITS OF GST (SMQ)

GST is a win-win situation for entire country:

- 1. Creation of unified national market:** GST aims to make India a common market with common tax rates & procedures.
- 2. Boost to 'Make in India' initiative:** by making goods and services at competitive in national market.
- 3. Ease of doing business:** The uniformity in laws, procedures & tax rates across country makes doing business easier.
- 4. Reduction in compliance costs:** variety of tax records is not needed.
- 5. Mitigation of ill effects of cascading:** By subsuming most of the Central and State taxes into a single tax.
- 6. Benefits to small traders and entrepreneurs:** GST has increased threshold for GST registration for small businesses.

10. GST IS A SIMPLIFIED TAX STRUCTURE (SMQ)

- GST is **simplified tax** structure.
- Simpler tax regime with fewer exemptions along with **reduction in multiplicity of taxes**.
- The uniformity in laws, procedures and tax rates across country **makes doing business easier**.
- **Common system of classification** of goods & services across country ensures certainty in tax administration

11. FRAMEWORK OF GST AS INTRODUCED IN INDIA**1) Dual GST: (SMQ)**

- India has adopted a **dual GST** which is imposed by Centre and States, i.e. Centre & States simultaneously tax goods & services.
- Now, **Centre** has power to tax **intra-State sales in addition to services** & **States** are **empowered to tax services in addition to goods**.
- **GST extends to whole of India**.

**2) CGST/SGST/UTGST/IGST:**

- a. Central Goods and Service Tax (CGST)** – levied & collected by Central Government,
- b. State Goods and Service Tax (SGST)** - levied & collected by State Governments/Union Territories with State Legislatures
- c. Union Territory Goods and Service Tax (UTGST)** - levied & collected by Union Territories without State Legislatures, on intra- State supplies of taxable goods/services.
- d. Inter-State supplies of taxable goods and/or services** are subject to Integrated Goods and Service Tax (IGST).

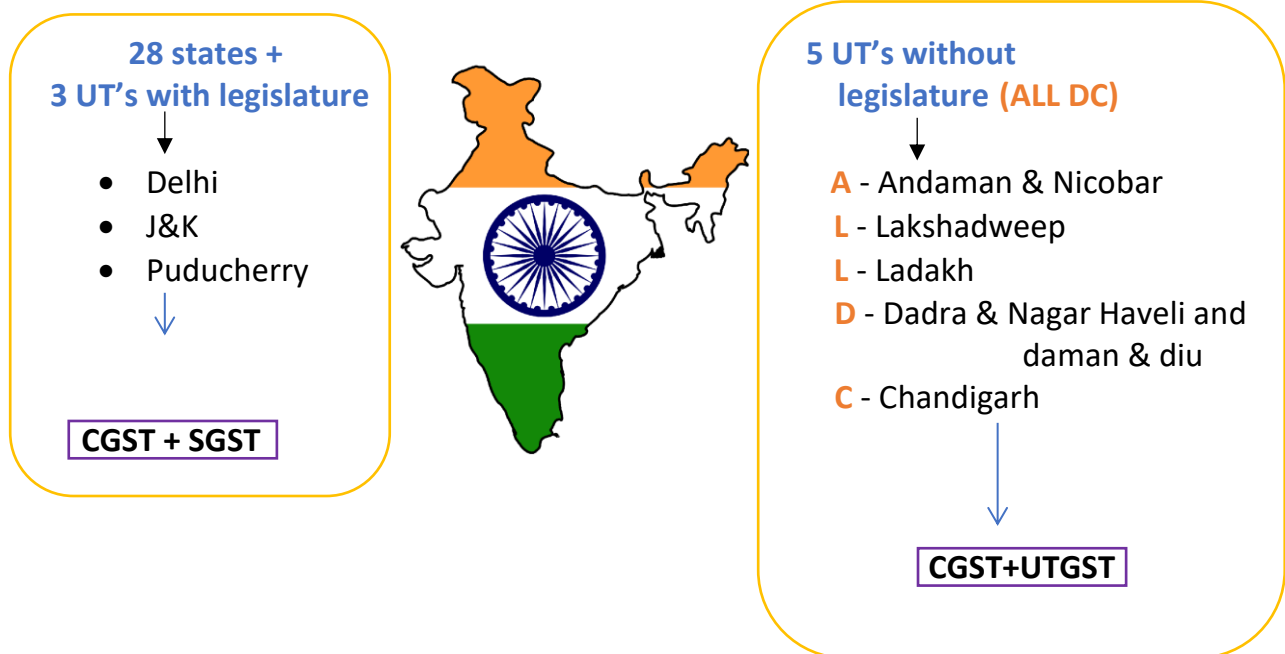
e. **IGST is approximately the sum total of CGST and SGST/UTGST** & is levied by Centre on all inter-State supplies.



Body of GST Law:

Acts	<ul style="list-style-type: none"> • Central Goods & Services Tax Act, 2017 • Integrated Goods & Services Tax Act, 2017 • Union Territory Goods & Services Tax Act, 2017 • State Goods & Services Tax Acts 2017 • Goods & Services Tax (Compensation to States) Act, 2017
Rules	<ul style="list-style-type: none"> • CG has power to issue rules. • It is for proper & effective implementation of law.
Notifications	<ul style="list-style-type: none"> • It is issued by SG & CG. • Mostly It is related to procedure or exemption from tax (for changes in rules).
Circulars	<ul style="list-style-type: none"> • It is issued by CBIC • It is issued as direction or instruction in area where law is ambiguous or have lack of clarity.

States & UT's for GST Purpose



3) Registrations:

Every supplier of goods/service is required to obtain registration in State/UT from where he makes taxable supply if his aggregate turnover **exceeds specified limit (10/20/40 Lakhs) during FY.**

4) Composition Scheme:

For providing relief to small businesses making intra-State supplies, a simpler method of paying taxes & accounting thereof is also prescribed, **known as Composition Levy**, if **turnover does not exceed specified limits (150/ 75 Lakhs)**

5) Exemptions:

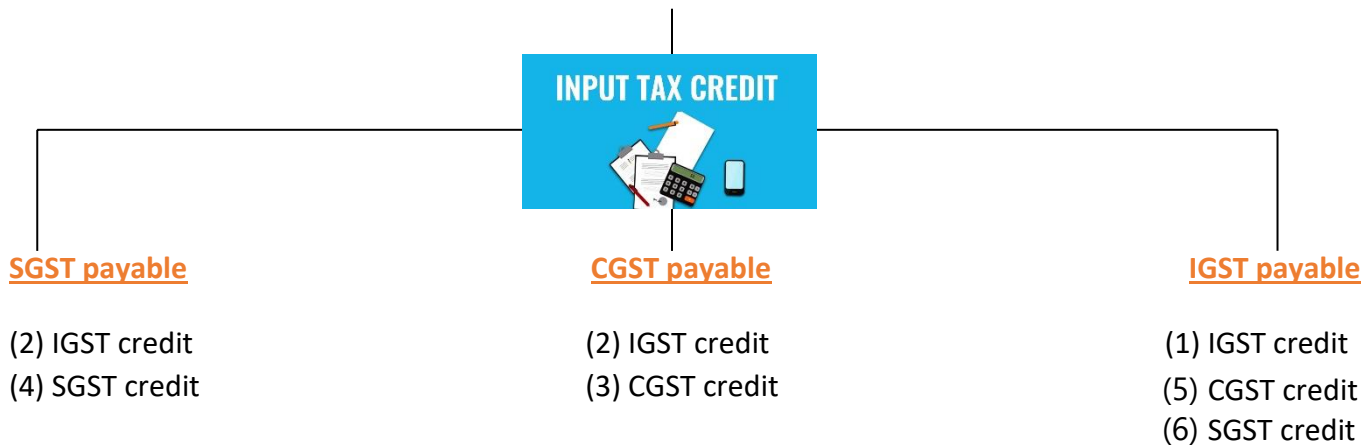
The law also contains provisions for granting **exemption from payment of tax on essential goods/ services.**

6) Seamless flow of credit:

IGST Credit available for **CGST, SGST, UTGST**. **CGST, SGST, UTGST Credit** available for **IGST**.

7) Manner of utilization of ITC:

IN WHICH ORDER TO ADJUST INPUT TAX CREDIT



1) **Firstly, IGST credit** needs to be utilized completely +

2) **ITC of IGST should be first used for payment of IGST then** can be used for payment of **SGST or CGST as per wish** +

3) **SGST/UTGST credit** can be used to adjust IGST liability **only when CGST credit has been fully utilized**

This means **SGST credit cannot be used pay CGST & CGST credit cannot be used to pay SGST.**

8) GST Common Portal:(SMQ)

- **Common GST Electronic Portal** –<https://www.gst.gov.in>– a website managed by Goods & Services Network (GSTN).
- The GST portal is accessible over internet (**by tax payers & their CAs/ Tax Advocates**) & Intranet by Tax Officials etc.
- The portal is **one single common portal for all GST related services.**



9) Goods and Services Network (GSTN):

A non-government private limited company [incorporated under provisions of section 8 of Companies Act, 2013] has been set by Government to establish **a uniform interface for tax payer & a common and shared IT infrastructure between Centre & States.**

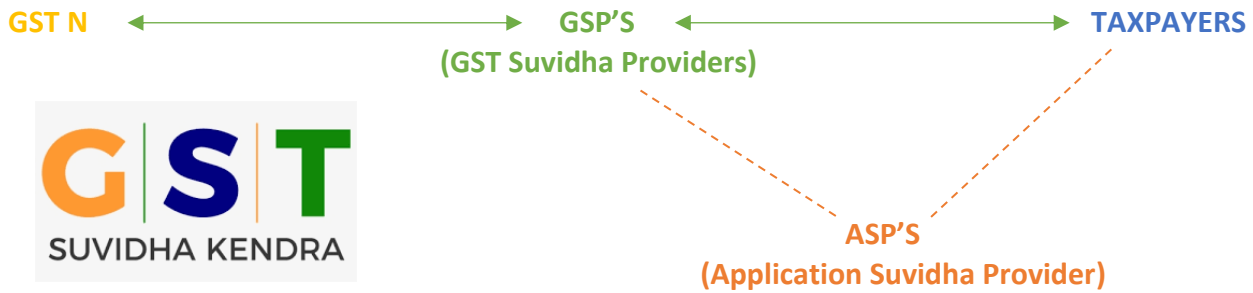
The functions of the GSTN include: [CM 2 PF]

- Facilitating Registration; [F]
- Forwarding returns to Central & State authorities; [F]
- Computation & settlement of IGST; [C]
- Matching of tax payment details with banking network; [M]
- Providing various MIS reports to Central & State Govt; [P]
- Providing analysis of taxpayers' profile. [P]



10) GSPs/ ASPs:

- GSTN has selected certain IT enabled Services & financial technology companies, **to be called GST Suvidha Providers (GSPs).**
- GSPs **develop applications to be used by taxpayers for interacting with GSTN.**
- GSPs facilitate tax-payers in uploading invoices as well as filing of returns & act as single stop shop for GST related services.
- **GSPs may take help of Application Service Providers (ASPs) who act as a link between taxpayers and GSPs.**



11) Compensation Cess:

- GST Compensation Cess is levied to compensate loss incurred by states/UT on implementation of GST.
- It shall be levied for period of 5 years from date of implementation of GST & can be extended for further period, as decided by GST Council.
- Therefore, levy of GST Compensation Cess expired on 1.7.2022 (i.e., 1.7.2017 + 5 years)
- However, with effect from 01.07.2022, the period for levy and collection of Compensation Cess has been extended up to 31st March 2026.

12. CONSTITUTION [101st AMENDMENT] ACT, 2016

It was enacted on 8th September, 2016, with Next significant amendments:

No tax can be levied without authority of law

Seventh Schedule to Article 246: (SMQ)

Need for Constitutional Amendment??

To Enable Integration of various taxes in GST & to empower both centre and state to levy & collect it.

LIST-I UNION LIST	LIST-II STATE LIST	LIST-III CONCURRENT LIST
It contains matters in respect of which Parliament (Central Govt.) has exclusive right to make laws. i.e. income tax, railway	It contains matters in respect of which State Govt. has exclusive right to make laws. i.e. police	It contains matters in respect of which both Central & State Govt. have power to make laws. i.e. education






Article 246A: Concurrent powers to both, **Parliament and State Legislatures** is given to make laws with respect to GST

Except: parliament has exclusive power with respect to interstate supply

Article 269A: GST on inter-State trade/commerce shall be levied & collected by Government of India & such tax shall be **apportioned between Union & States** in manner as may be provided by Parliament by law on **recommendations of the GST Council.**

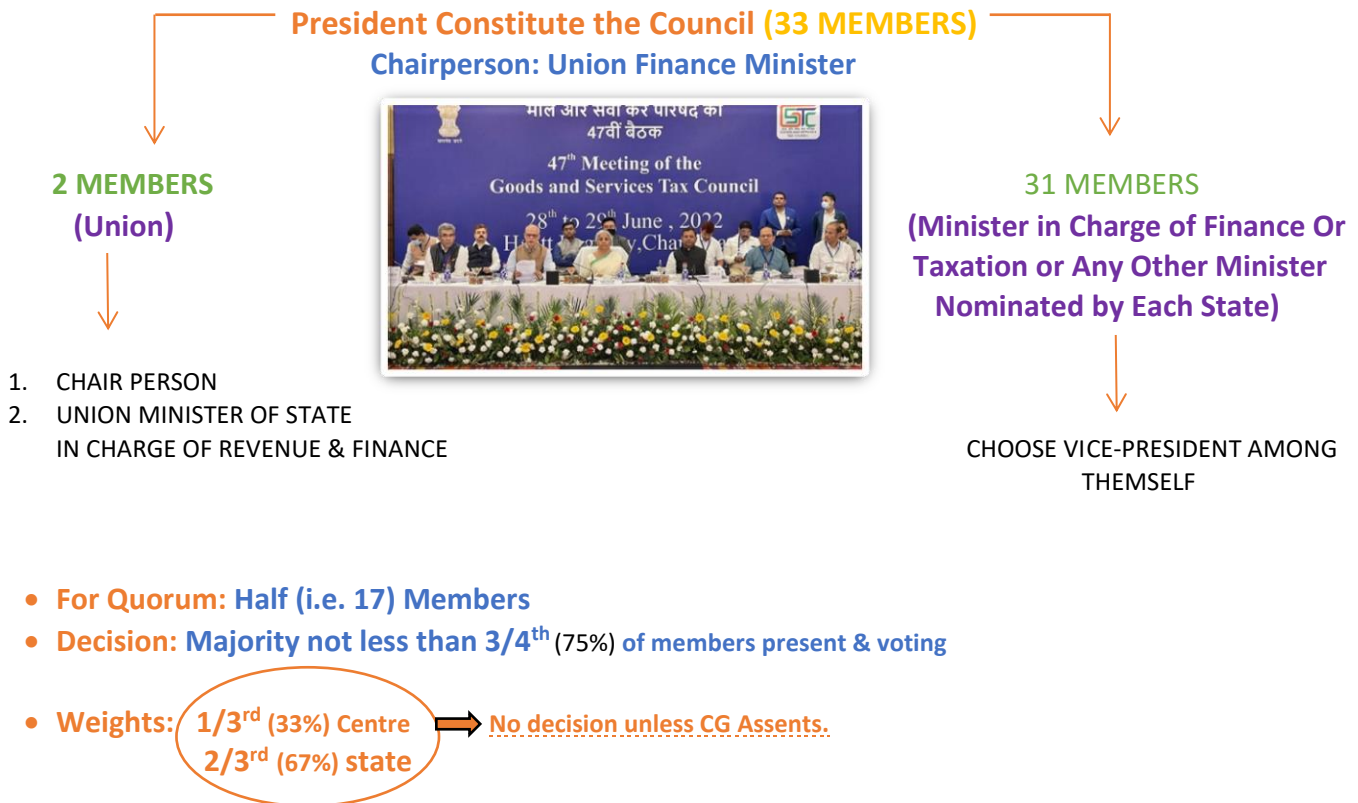
Article 366(12A): GST will be levied on all supply of goods & services **except alcoholic liquor for human consumption.**

Article 279A (5): (SMQ) (MCQ)**TAXES NOT SUBSUMED IN GST**

<p>1. Alcoholic Liquor for Human Consumption</p> 	<p>Outside GST (power to tax remain with states)</p> <p style="text-align: center;">State Excise + VAT / CST ↓ ↓ (Intra) (Inter)</p>
<p>2. 5 PETROLIUM PRODUCTS (DP MAN)</p> <ul style="list-style-type: none"> • High Speed Diesel • Petroleum Crude • Motor Spirit • Aviation turbine Fuel (ATF) • Natural Gas 	<p>GST Council to decide the date from which GST will be applicable</p> <p style="text-align: center;">Central Excise + VAT / CST ↓ ↓ (Intra) (Inter)</p>
<p>3. ENTERTAINMENT TAX (By Local Bodies)</p> 	<p>Power Still Remain with Local Bodies</p>
<p>4. TOBACCO</p> 	<p style="text-align: center;">Central Excise + GST</p>
<p>5. OPIUM, INDIAN HUMP, OTHER NARCOTICS</p> 	<p style="text-align: center;">State Excise + GST</p>
<p>6. REAL ESTATE SECTOR (SALE & PURCHASE OF IMMOVABLE PROPERTY)</p> 	<p>Out of GST</p> <p style="text-align: center;">(Stamp Duty, Property Tax)</p>

13. GST Council (imp.)

ARTICLE 279A: GST COUNCIL



i.e.

- 2 members of union & 31 member of state present & voting
- Mater put in council
- 2 union say no
- & 31 members of state say yes

STATE: $31/31 \times 67\% = 67\%$
UNION: $0/2 \times 33\% = 0\%$

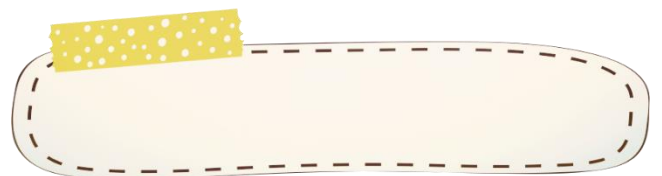
It means no decision until assent of union i.e. 2 votes 33% value rkhte h

Functions of the GST Council

GST Council is to make recommendations to Central Government & State Governments on

1. Tax rates to be applied
2. Goods & services to be Exempted
3. Threshold limits for registration
4. Dispute resolution
5. GST legislations including rules & notifications etc.

STUDENT NOTE



14. LIST THE SPECIAL CATEGORY STATES AS PRESCRIBED IN CONSTITUTION OF INDIA:

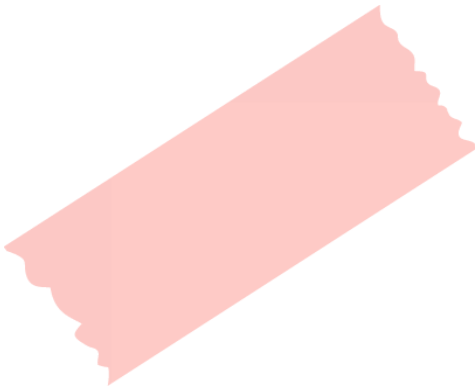
(SMQ)

THERE ARE 11 SPECIAL CATEGORY STATES**MT NAGMANI**

- Mizoram
- Tripura
- Nagaland
- Manipur

USA JAM in HIMACHAL

- Uttarakhand,
- Sikkim
- Arunachal Pradesh
- J & K
- Assam
- Meghalaya
- Himachal Pradesh

**STUDENT NOTE**

CHAPTER: 2 SUPPLY



Taxable event: Supply + Composite / mixed supply

(SMQ) \downarrow **Sec.7** of CGST Act, 2017 \downarrow **Sec.8** of CGST Act, 2017

- **Schedule I** = Activity: treated as supply even if made without Consideration
- **Schedule II** = Activity or transactions treated as “SOG” or “SOS”
- **Schedule III** = Negative list of GST (not liable to GST)

SOME IMPORTANT TERMS:

1. GOODS & SERVICES

Goods

- ANY movable property
- Actionable claim
- Growing crops, grass and things attached to land

Services

- Anything other than goods
- Use of money
- Conversion of Money

EXCLUDE

Money and Securities



Actionable claim means: i. e. Lottery, betting and gambling, secured debt, insurance.

2. CONSIDERATION

- Any payment in **Money** \rightarrow Against supply of goods/services
- **Other than money (act or forbearance)**

Paid by recipient/3rd person

Not include subsidy given CG/SG




Note: Deposit to be considered as payment only when applied as consideration for said supply.

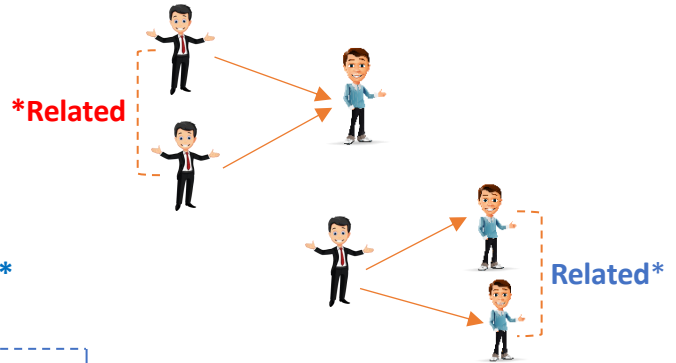
3. BUSINESS

INCLUDE:

- Trade/commerce/manufacture/profession/vocation
- Facility by club to its members
- Admission to any premises (zoo, movie hall etc.)
- Race club, book maker etc
- Any other business activity for profit/not for profit

4. RELATED PERSON (PET FB DP)

- partner/officer/directors
- employer & employee
- together they control a third person*
- direct/indirect control/share $\geq 25\%$
- principle agent
- Both of them controlled by a third person*
- **same family members** 



Spouse/Children
ALWAYS

Parents/Grand Parents/Bro/Sis.
IF DEPENDENT UPON YOU

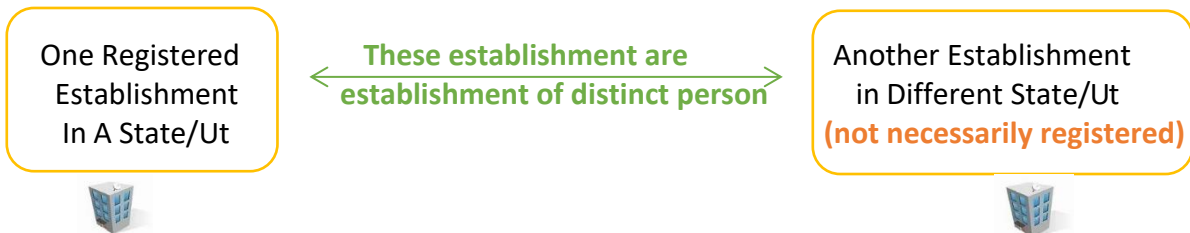
5. DISTINCT PERSON (SMQ)

Separate Registration
 - Whether Same State/Ut
 - Or Different States/Ut's



- E.g. 1. Stock transfer from Gurgaon to Rohtak branch under same registration – **Not Distinct person**
2. If Gurgaon and Rohtak were separately registered even though same state – **Distinct person**

6. ESTABLISHMENT OF DISTINCT PERSONS



E.g. A registered restaurant in Haryana & an unregistered liquor shop in Mumbai.

SECTION 7: SCOPE OF SUPPLY

SEC 7 (1) SUPPLY INCLUDE

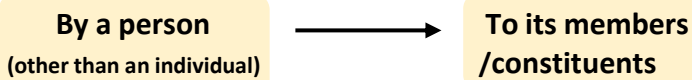
If for a consideration

Sec 7(1)(a)

All forms of supply of goods or services or both
 - such as sale, transfer, barter, exchange, license, rental, lease or disposal *
 - **made/agreed to be made** by a person(advance)
 - **in the course or furtherance** of business

Sec 7(1)(b) Import of services

- **Personal**
or
- **business purpose**

Sec 7(1) (aa)**Activities or transactions**

For: cash, deferred payment or other valuable consideration.

Explⁿ: person & its constituents treated as sperate person.

E.g.

Tenants of a society form a club & club procure beverage items & provide to members when required on sale basis ↓

So, any goods supplied by club to its members Considered as supply of goods

*** (Examples)**

- **Sale** (A laptop dealer sells laptop to ram)
- **Transfer** (hire purchase)
- **Disposal** (sale of old machine)
- **Barter** (goods k badle me goods)
- **Exchange** (goods + money for goods or goods +money)
- **License** (software license)
- **Lease** (machine given on finance/operating lease)
- **Rental** (bike is given on rent)

Without consideration

Sec 7(1)(c) Activities specified in schedule I (SMQ) [TRAI]

- 1. Permanent transfer or disposal of business asset.**
(input tax credit has been availed on such assets)

E.g.

(a) Holding company $\xrightarrow{\text{Asset transfer for nil}} \text{subsidary company}$
Consideration

(b) Dhruv gives old laptops being used in his business to his friend free of cost. This will qualify as supply if ITC has been availed by Dhruv on such laptops.

- 2. Supply between related person/distinct persons**
(only if business purpose) **(SMQ)**

E.g. Stock transfer between branches: supply even without consideration

Exception:

Employer $\xrightarrow{\text{Gift up to Rs 50000}} \text{Employee}$
(per employee per year)

Note: Incentive not gift i.e. production /sales bonus

- 3. Supply of goods (only goods not service)**

- by a principal to his agent** where the agent undertakes to supply such goods on behalf of the principal; or **(agent issuing his own invoice)**
- by an agent to his principal** where the agent undertakes to receive such goods on behalf of the principal **(agent issuing his own invoice)**

c)

- 4. Import of services from (SMQ)**

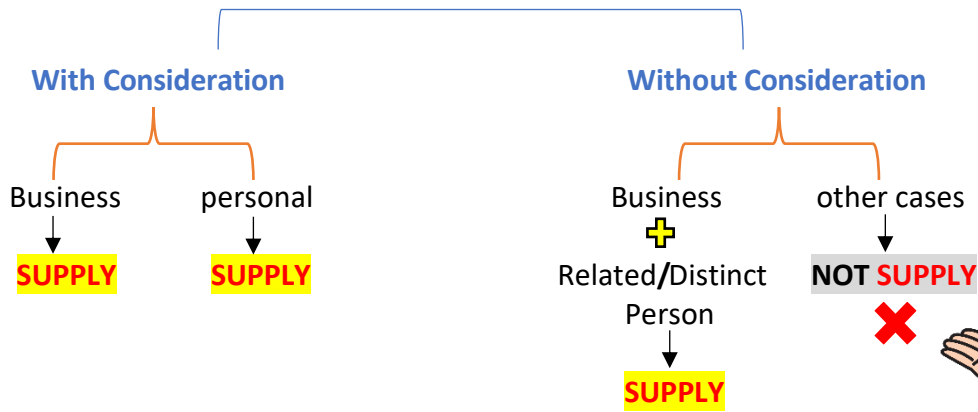
+

related person/Oun establishment

+

in the course or furtherance of business

(business purpose)


Clarification regarding import of services. Goods**EXAMPLES FOR PRACTICE:**

1. A doctor got his hair cut from a barber and provides him medical consultancy in return
 - It is supply under 7(1)(a) (BARTER)
2. Salman khan received interior design service for residential house from japan for yen 5000
 - It is supply under 7(1)(b) (personal + consideration)
3. Papu & co. received legal service from Dubai for \$200
 - It is supply under 7(1)(b) (business + consideration)
4. Rahul obtained consultancy service from his son staying in Canada for his office purpose without any consideration
 - It is supply under 7(1)(c) (business + related + no consideration)
5. Shivam Nagpal & co. chartered accountant donated its old laptop in charity to CA students (ITC Taken)
 - It is supply under 7(1)(c) (business asset transfer+ ITC taken + no consideration)
6. Modi pvt. Ltd. Sold old car for 2 lakhs
 - It is supply under 7(1)(a) (furtherance of business + consideration)
7. Jetha gifted a mobile worth Rs 50000 to Daya
 - No consideration, no supply (related person but not for business purpose hence not covered under schedule I)
8. Jetha gifted a mobile worth Rs 60000 to bagha
 - It is supply under 7(1)(c) (as gift to employee & value > 50000 GST applicable on entire Rs 60000)

SCHEDULE II: DETERMINING SUPPLY OF GOODS OR SERVICE



1. Transfer of goods: (SMQ)

- Transfer of 
 a. Title in goods: **supply of goods**
 b. Title in goods at a future date: **supply of goods** (hire purchase)
 c. Right in goods: **supply of services**

2. Transfer of business assets:

- a. Permanent transfer/disposal: **supply of goods**
 b. Temporary transfer or private use: **supply of services**
 c. On closure of business/
 Business cease to be taxable person: **supply of goods**



Exception:

- Transfer as a going concern
- business carried on by representative

3. Land and Building:

- a. Any lease, tenancy, letting out: **supply of services**
 b. Renting of immovable property: **supply of services**
 c. Construction of building, civil structure: **supply of service**

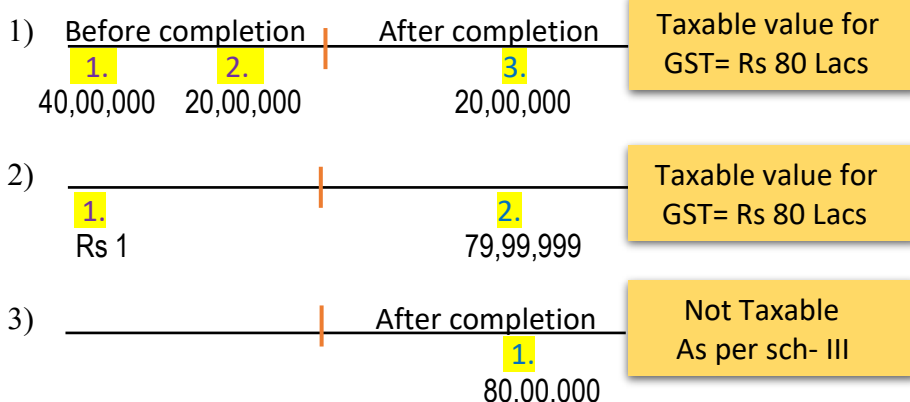
↓
 * consideration should be received **“before”**
 - issuance of completion certificate
 - 1st occupation
 } → w.e.is earlier

Note: Here **“before”** word is important as **“after”** would treated as sale of land & building

⇒ Which is outside scope of GST



E.g.: Construction Service (flat value 80 lakh)



4. Software:

- a. Customized software: **supply of services**
 b. Readymade software: **supply of goods**



5. Intangible Property:

- a. Permanent transfer: **supply of goods**
 b. Temporary transfer: **supply of services**
 i.e. patents



6. Always Supply of Services:

- Restaurant/ catering: supply of service
- Work contract: supply of service
- Job work: supply of service



Job work means: Any treatment or process applied to another person's goods.

- Agreeing to the obligation to refrain from an act or to tolerate an act: supply of service
e.g. Non-compete agreement

**SCHEDULE III: NEGATIVE LIST (NOT TREATED AS SUPPLY - NO GST)****[ECG LAB]****1. Services under employer -employee relationship. [E]****Include**

- Premature termination ₹
- Wages to casual worker
- Salary to director
[if TDS u/s192]

exclude

- contractual basis
- non-compete fees
- salary to director
[if TDS other than 192]

Clarification**Perquisites provided by employer to employee: if**

- in terms of contract then not be treated as supply under Schedule III
- Not in terms of contract then value more than 50000 is taxable under schedule I
i.e. company car, medical facility, rent free home

2. Services by any Court (SC, HC, DC) /Tribunal. [C]

Note: consumer dispute redressal commission also deemed as tribunal

3. Services by Govt. [G]

- MP/MLA/Member of local authority
- Duties on constitutional post
- Chairperson/member/director of body established by govt. (not deemed employee)

4. Sale of land and building [except: Schedule II] [L]

Clarification: sale of land after levelling, laying down of drainage line/water line/electricity is considered as sale of land only & no supply

5. Actionable claims other than lottery, betting and gambling. [A]**6. Services of funeral, burial, crematorium or mortuary including transportation of the deceased. [B]**

****Govt may notify** on recommendations of Council, certain activities undertaken by the Central Government, a State Government or any Local Authority as **neither supply of goods nor services**

**Two activities
Notified up to now**

Activities in article **243G**(panchayat) & **243W**(municipality)

Grant of **alcoholic liquor license** by state govt (**SMQ**)

CIRCULAR & CLARIFICATIONS (imp.)

1) DONATION received by charitable institutions from individual donors without quid pro quo.
 i.e. nothing is to be done by done in return

⇒ If all below conditions satisfied then – **no supply** otherwise supply

Gift/donation
To charitable institution

payment in terms of
gift/donation

purpose is philanthropic
& not advertisement
(no commercial gain)



*Merely displaying name plate for gratitude is no consideration, no GST.

2) ART WORK SEND BY ARTIST TO GALLERIES FOR EXHIBITION

- Till it's not sold ⇒ No consideration ⇒ **No supply**
- Sold from exhibition ⇒ supply ⇒ **GST payable**



3) CLARITY ON COURSE OR FURTHERENCE OF BUSINESS

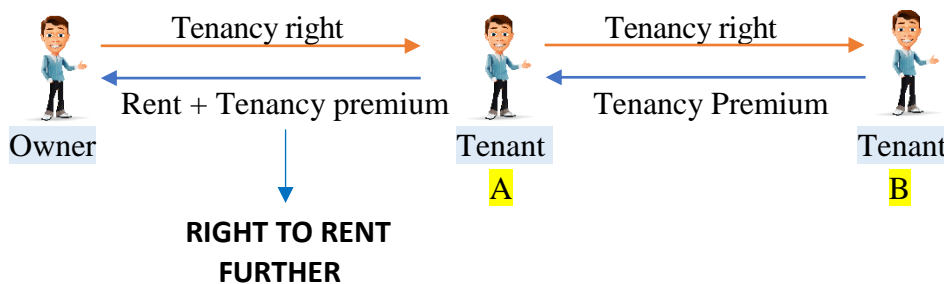
GST is essentially a tax on commercial transactions

- Selling **personal car** after use
 - Selling **old jewellery** after use
- } **Not Supply**
- A famous actor paints **painting** → **Supply**
& **sell them & donate** the earning



*donating the earning will have no impact

4) Tenancy right taxability (pagdi system)



⇒ Transfer of **tenancy right** against premium: **supply of service**

*However, rent on residential dwelling is exempt

5) SALE PROMOTION SCHEME: (SMQ)

- **Free Samples and Gifts:** No Consideration, No Supply
Except: Schedule I



i.e. Pharmaceutical companies which provide drug samples to their stockiest, dealers, medical practitioners, etc. Without charging any consideration.

- **Buy One Get One Free Offer:** This is not without consideration as two or more goods supplied at a single price
Apply provisions of composite & mixed supply.

6) PRINCIPAL-AGENT-RELATIONSHIP

Clarification: -

(1) Supply by Principal to Agent, where Agent shall issue, for further supply

- **Invoice in his name:** - Agent shall be covered under, Schedule I
- **Invoice in the name of Principal:** - Agent shall not be covered under, Schedule I



(2) Supply by Agent to Principal, where goods being procured by Agent on behalf of Principal

- **Invoice in his name:** - Agent shall be covered under, Schedule I
- **Invoice in the name of Principal:** - Agent shall not be covered under, Schedule I

7) PERQUISITES PROVIDED IN TERMS OF CONTRACTUAL AGREEMENT TO EMPLOYEE



NOT liable to GST [schedule III]

E.g. Rent-free accommodation, company car, medical facility

8) DEL CREDERE AGENT (DCA)

- A selling agent engaged by principle to **assist in supply of goods/ service** by contracting potential buyers on behalf of principal
- DCA for **guarantee timely payment to principal**
- DCA provide **various loans to buyers & paying to supplier himself** and recover amount from buyer after some time with interest.

So How Interest Is Treated in This Case??

Invoice of Original Supply in Whose Name??

PRINCIPLE



loan given by agent is an independent supply & thus outside preview of GST

AGENT



Interest on loan will form part of value of original goods supplied & not considered as sperate supply

9) Inter-State movement of various modes of conveyance (SMQ)

Inter-State movement of various modes of conveyance, between distinct persons including-

- Trains,
- Buses,
- Trucks,
- Tankers,
- Trailers,
- Vessels,
- Containers,
- Aircrafts,



1. Conveyance carrying goods/ passenger/ both: - Treated neither as SOG/SOS, No IGST.

2. Conveyance for repair & maintenance: - Treated neither as SOG/SOS, No IGST.

(On such Repair and maintenance charges: - GST payable)

3. Conveyance moved for further supply: - Treated as SOG/SOS, IGST shall be levied.

[Same treatment in case of interstate movement of rigs, tools and spares and all goods on wheels [like cranes].

SECTION 8: COMPOSITE AND MIXED SUPPLIES

- When **goods or/ & service supplied in combination**, each individual component **may attract a different rate of tax creating challenges for decision** of rate of tax.
- **GST law identify composite & mixed supplies and provide certainty** in respect of tax treatment.

1. Composite or mixed supply? (SMQ)

Composite supply

Condition:

- two or more taxable supplies
- naturally bundled
- one of them is a principal supply



if all condition satisfies **composite supply** otherwise **mixed supply**.

2. Tax rates? (SMQ)



Principal Supply: predominant element in combination and other supply forming part of that composite supply is ancillary.

Naturally bundled: whether combination made is bundled in ordinary course of business

Factors: 1. Normal business practice

2. Consumer perception

3. Ancillary service help in better enjoyment of main service/goods

4. Normally advertised as package.

Example of composite supply:

1. **television set with mandatory warranty:** TV is principal supply; warranty is ancillary.

2. **Stay in hotel with breakfast:** stay in hotel is principal supply; breakfast is ancillary.

Example of mixed supply:

1. A package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply.

2. Face cream with nail paint.

Note:

EXTRA ANALYSIS:

Particulars	Composite Supply	Mixed Supply
Naturally bundled	Yes	No
Supplied together	Yes	Yes
One is predominant supply for recipient	Yes	Yes/No
Other supplies are ancillary or they are received because of predominant supply	Yes	No
Each supply priced separately	Yes/No	No
All supplies can be goods	Yes	Yes
All supplies can be services	Yes	Yes
Some supplies can be goods & others can be services	Yes	Yes

Note: More than one supply made together & taxed at individual rates

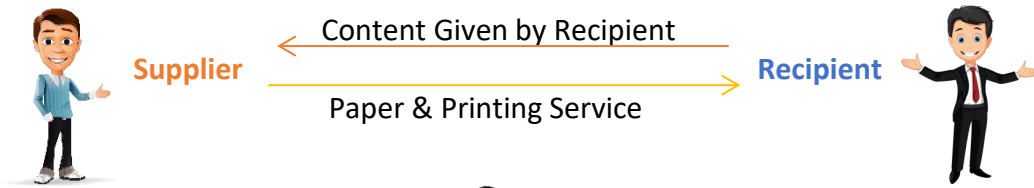
- When both supplies carry independent significance
- Separate consideration is indicated & charged against each supply
- Neither considers as composite nor mixed

Shall be charged @ respective applicable rate to particular supply

i.e. you buy Maggi, Kurkure, Pepsi, from a shop & shopkeeper make a single bill & show each item separately

CIRCULAR & CLARIFICATIONS

1. PRINTING SERVICES



CASE 1.

Books, pamphlets, brochures, annual reports, where content is principal

Supply of Service



CASE 2.

Envelopes, printed boxes, tissues, napkins etc. Where logo/design ancillary to supply of physical input

Supply of Goods

2. ACTIVITY OF BUS BODY BUILDING

Determined on the basis of facts and circumstances of each case.

3. RETREADING OF TYRES



Old Tyres Belong to Supplier

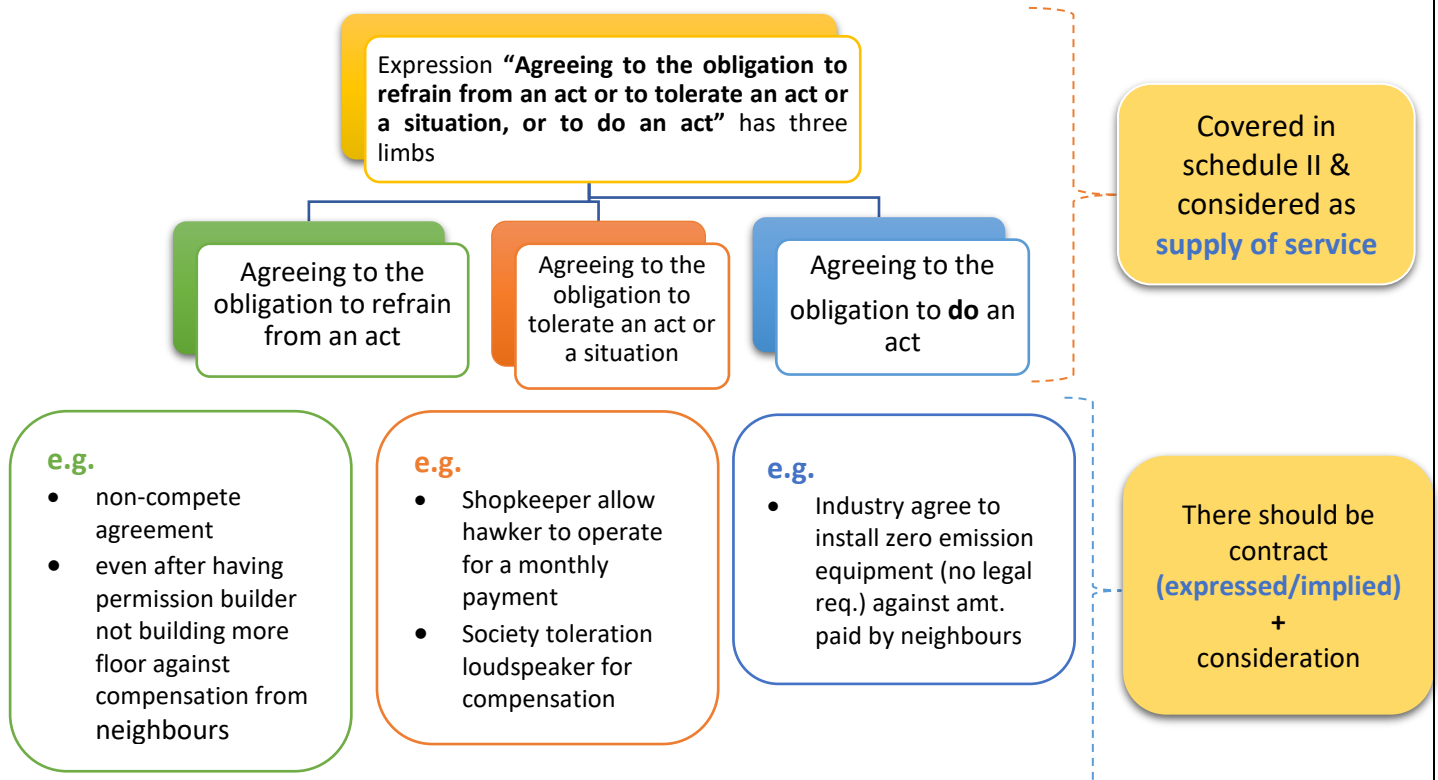
supply of goods

Old Tyres Belong to Recipient

supply of service

STUDENT NOTE

4. GST applicability on liquidated damages, compensation & penalty arising out of breach of contract/other provisions of law



Taxability of some transaction in this regard:

1) Liquidated damages:

compensation payable to aggrieved party for breach of contract

- Where amt. is paid **only to compensate for injury/loss/damage suffered by aggrieved party**, there is no agreement by aggrieved, hence **not taxable**.

E.g.:

- damages resulting from damage to property, negligence, piracy, unauthorized use of trade name, copyright
- If payment represents consideration **for another independent contract, it constitutes a 'supply' & taxable @ principal supply rate**

E.g.:

- Security deposit forfeiture for cancelled package tour.
- Early termination fee/penalty in lease contracts. (We are tolerating the early termination)

2) Cheque dishonour fine/penalty:

Not taxable, no contract (supplier wants to receive payment, there is no implied/expressed willingness of supplier to earn from fine)

3) Penalty imposed for violation of laws:

Not taxable, no contract
i.e. traffic violations, pollution norms

4) Forfeiture of salary for pre-termination:

Not taxable (Imposed for discourage non-serious employees & also employee doesn't get anything in return)

5) Late payment surcharge or fee:

Late payment with interest/penalty/fee are ancillary supply naturally bundled with principal supply, taxable rate of principal supply.

6) Fixed Capacity charges for Power:

minimum fixed amt. payable even if 0 units electricity consumed. Not taxable as electricity is exempt from GST.

7) Cancellation charges:

Supplier of service like hotel accommodation, tour and travel, transportation, etc., normally provide facility of cancellation. Taxable @ rate of principal supply.

8) Forfeiture of Earnest Money:

Forfeiture of earnest money in cases like breach of agreement to sell immovable property is not a consideration for any supply & is not taxable.

5. Taxability of No Claim Bonus offered by Insurance companies

No-claim bonus (NCB) is discount in premium offered by insurance companies if vehicle owner has not made a single claim during term of motor insurance policy. The no-claim bonus is reward to vehicle owner for prudent use of vehicle.

- The customer buys insurance policy to **indemnify himself** from any loss, & not under any contractual obligation **not to claim insurance claim** during any period covered under policy, in lieu of No Claim Bonus.
- there is **no supply provided by insured to insurance company** in form of agreeing to obligation to refrain from the act of lodging insurance claim
- **No Claim Bonus cannot be considered as a consideration** for it.

STUDENT NOTE



CHAPTER: 3 CHARGE OF GST & RCM

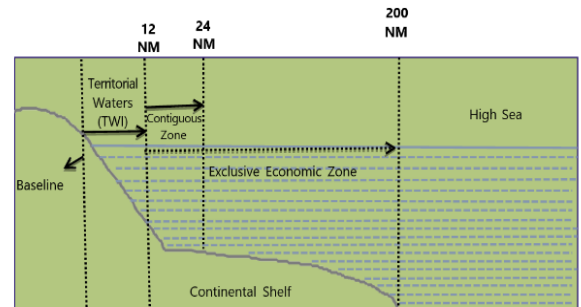
- **Basis of Charge** Is Taxable Event I.e. Occurrence of An Event Which Triggers Levy of Tax
- **Taxable Event** in GST Is **Supply**
- GST Extend to **Whole of India**

SOME IMPORTANT TERMS:

1. INDIA MEANS:



- territory of India** as referred to in **Article 1 of the Constitution**
(state and the union territories)
- >its **territorial waters (12NM)**,
>seabed and sub-soil underlying such waters,
>**continental shelf**
>**exclusive economic zone** or
>any other maritime zone as referred to in the **Territorial Waters, Continental Shelf, Exclusive Economic Zone & other Maritime Zones Act, 1976 (200 NM)**
- the **air space** above its territory & territorial waters



2. INTER & INTRA STATE SUPPLY MEANS:

Intra-State Supply - Sec 8 of IGST Act, 2017

Supply of goods/services shall be treated as intra-state supply Where the location of the supplier and the place of supply are in

- same State
- same Union territory

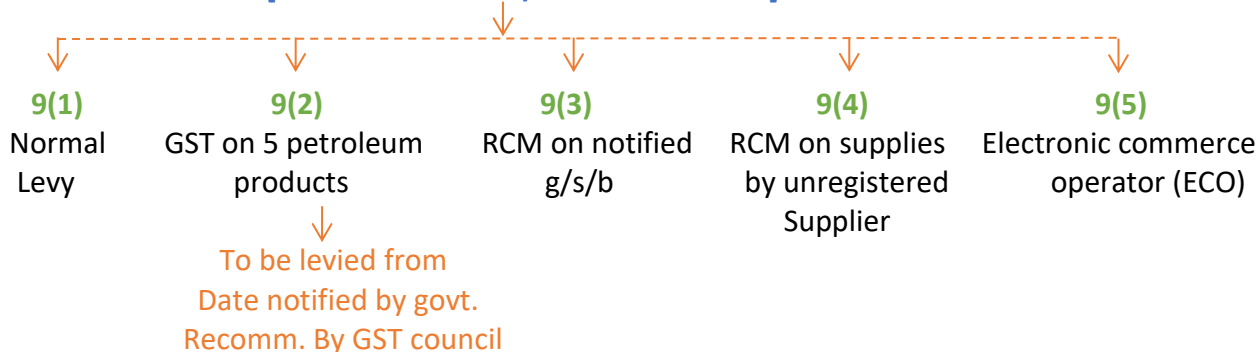
Inter State Supply - Sec 7 of IGST Act, 2017

Supply of goods/services shall be treated as inter-state supply Where the location of the supplier and the place of supply are in-

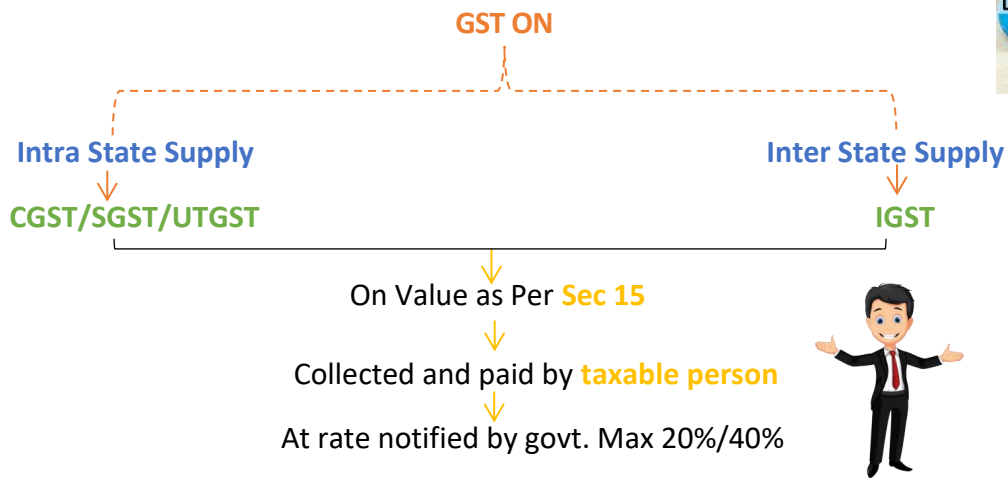
- two different States
- two different Union territories; or
- a State and a Union territory



LEVY & COLLECTION [SEC 9 OF CGST ACT /SEC 5 OF IGST ACT]



SECTION 9(1) NORMAL LEVY

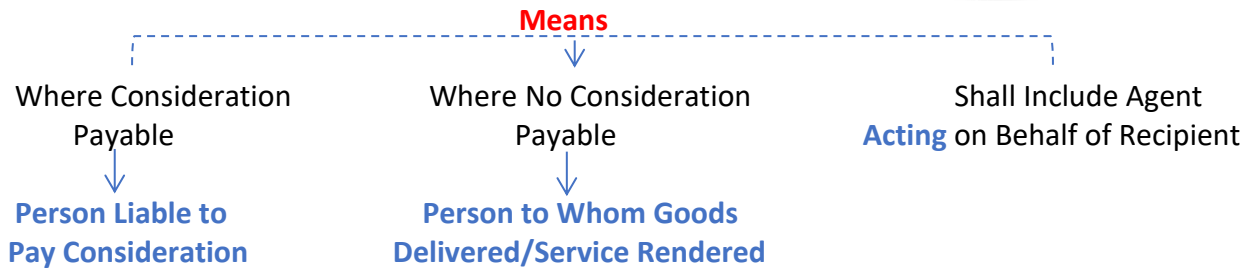


SOME IMPORTANT TERMS:

1. SUPLIER

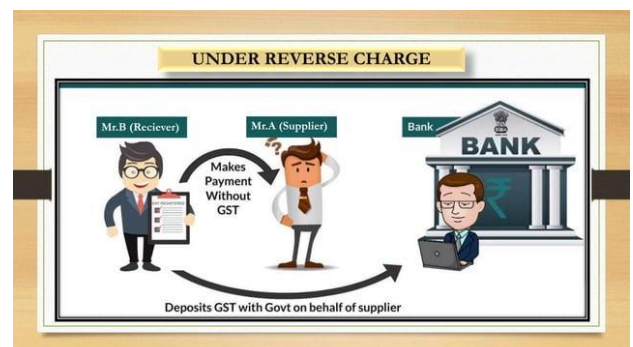
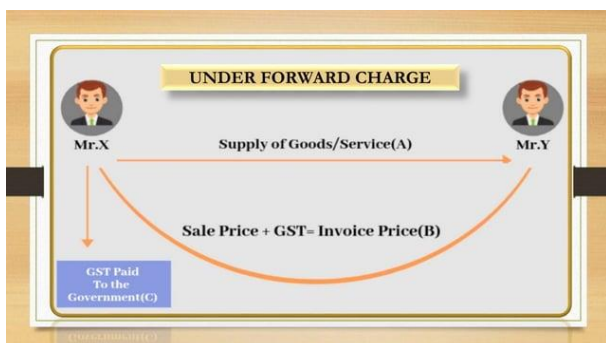
- **Means** person supplying the said goods/service/both
- **shall include** an agent acting in his behalf

2. RECIPIENT OF GOODS & SERVICE



3. REVERSE CHARGE MACHANISAM(RCM)

- Normally **supplier liable** to collect & pay tax to govt.
- In RCM **recipient is liable** for same
(all the burden which was on supplier is on recipient in RCM for compliance & tax deposit)



4. TAXABLE PERSON

- Means a person who is **registered or liable to registered** u/s22 or sec u/s24



Forward Charge Sec 9(1)	Person Making Supply
Reverse Charge Sec 9(3)/9(4)	Recipient of Supply
E-Commerce Sec 9(5)	E-Commerce Operator

SEC 9(3) SUPPLY OF SERVICE TAXABLE UNDER RCM

Note: RCM in case of goods not applicable for exam

Sl. No	Services	Supplier	Recipient
--------	----------	----------	-----------

Transport and Motor vehicle Sector

1. Transport of goods



BY (GTA)
Goods Transport Agency
 Not Opted for FCM

TO Specified person

- » Regd. factory
- » Regd. Society
- » Cooperative Society
- » ANY Regd. person
- » Body Corporate
- » Regd./unregd. Partnership Firm/AOP
- » Casual Taxable Person [CTP]

Located in taxable territory
[3RCB PC]

Note: However not applicable in case of service provided to

- Unregistered individual customers ➤ **Exempt**
- Dept./establishment of government
 - local authority
 - Government agency

➔ Taken registration only for TDS purpose

» TAX rate applicable in case of GTA



***Condition for opting FCM**

- GTA has to take registration under GST
- issue tax invoice & make declaration on such invoice about it

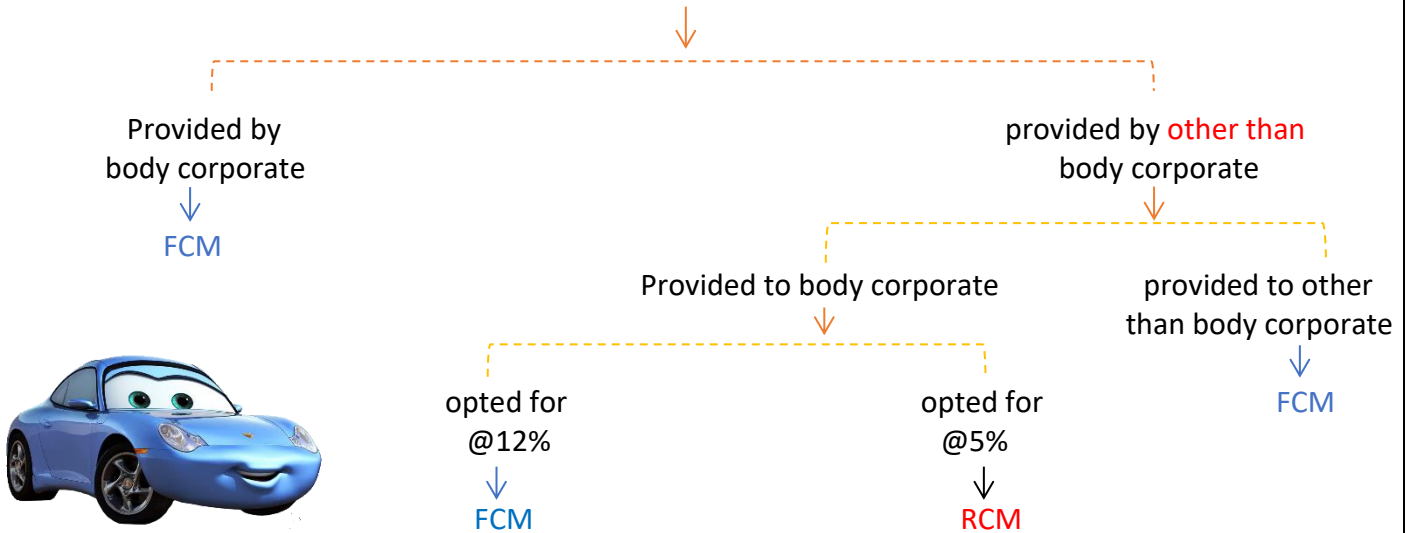
Note: Recipient should be person who is liable to pay freight.

2. Services of renting of motor vehicle (passenger)
 +
 cost of fuel is included in the consideration

BY Any Person other than a Body corporate

TO Any Body corporate in TT

ANALYSIS



Clarification

There is distinction Between
 → Renting of motor vehicle designed to carry passenger – **RCM**
 → Service of transportation of passenger – **NO RCM**

i.e. RCM apply when company hires a bus on rent for transportation of employee & not when co. buy ticket in bus for fixed route

Legal Sector

3. Legal services

BY individual advocate/ Senior adv./firm

TO Any business entity in TT

4. Tribunal services

BY Arbitral Tribunal

TO Any business entity in TT

"legal service" advice, consultancy/assistance in any branch of law, representational services.

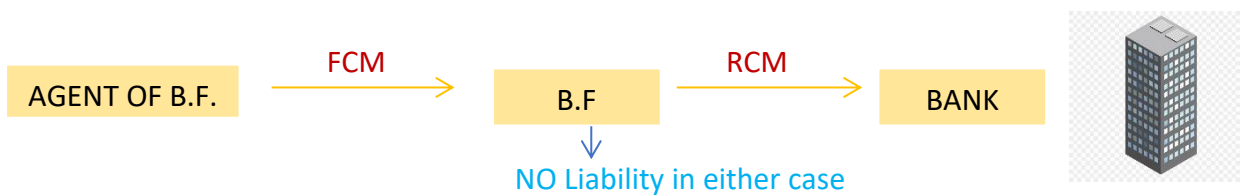
Insurance & Banking Service Sector

5. Service

BY Insurance Agent

TO Insurance Business in TT (life/general)

6.	Service	BY	Recovery Agent	TO	» Banking Co./ » Financial Inst./ » NBFC in TT
7.	Service	BY	Members of Overseeing Committee	TO	RBI
8.	Service	BY	Individual direct Selling agents (DSA)	TO	Banking Co/NBFC in TT
9.	Service	BY	Business Facilitator	TO	Banking Co In TT



10.	Service	BY	agents of business correspondent	TO	business correspondent
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    graph LR
      A[AGENT OF B.C.] -- RCM --> B[B.C.]
      B -- FCM --> C[BANK]
      B --- D[Liability in both the cases]
      C --- E[Building Image]
  
```

Govt. Sector

11.	Service	BY	CG/SG/Local authority Courts/Tribunals	TO	Business entity in TT
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EXCEPT:
[PATI]

1. Post department Service[P]
2. Aircraft or vessel related services inside/outside port[A]
3. Transportation of goods/passengers [T]
4. Immovable property renting. [I]



12.	Renting of immovable Property	BY	CG/SG/Local authority Courts/Tribunals	TO	Any registered person
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Note: services by court/tribunal are in schedule III (negative list), however, RCM Apply to above limited purpose

i.e. renting of premise to telecom co. for towers, rending of chamber to lawyers

Construction Service Sector

13.	Transfer of Development rights or floor space index [FSI] For construction	BY	Any person	TO	Promoter
14.	Long-term lease of land [30 years or more]	BY	Any person	TO	Promoter

Un-organized to Organized Service Sector

15.	Sponsorship services	BY	Any person	TO	Any Body Corporate/ Partnership firm in TT
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E.g. IPL

- Babu Ltd. — RCM
- Shivam Nagpal — FCM
- Apple Inc. — EXPORT

16.	Service	BY	Director	TO	Any Co./ Body Corporate in TT
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ANALYSIS

REMUNERATION Declared as TDS U/S 192

↓
NOT SUPPLY

↓
SCHEDULE III

REMUNERATION Declared as OTHER THAN TDS U/S 192

↓
SUPPLY

↓
TAX Paid by Co. Under RCM

17.	Security services (as a security personnel)	BY	Any person other than Body Corporate	TO	Registered person in TT
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Except:

- Department of Govt./local authority/Govt. Agency
- Composition Reg. person

Other Service Sector

18.	Copyright relating to Original work	BY	Author, music composer, photographer, artist (2ACP)	TO	Publisher, Music Co. producer in TT
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However, Author has option tax under FCM subj, to these conditions: (RTP MAY 20)

1. The author has taken registration, and filed a declaration
2. Shall **not withdraw the option within a period of 1 year** from the date of exercising option
3. Make **declaration on invoice**

19. Renting of residential dwelling | BY Any person | TO Registered person

clarification: RCM not applicable when residential dwelling is used by proprietor as his residence - exempt i.e. RCM apply on when used for business purpose

20. Lending of securities | BY Lender | TO Borrower

SPECIAL PNTS:

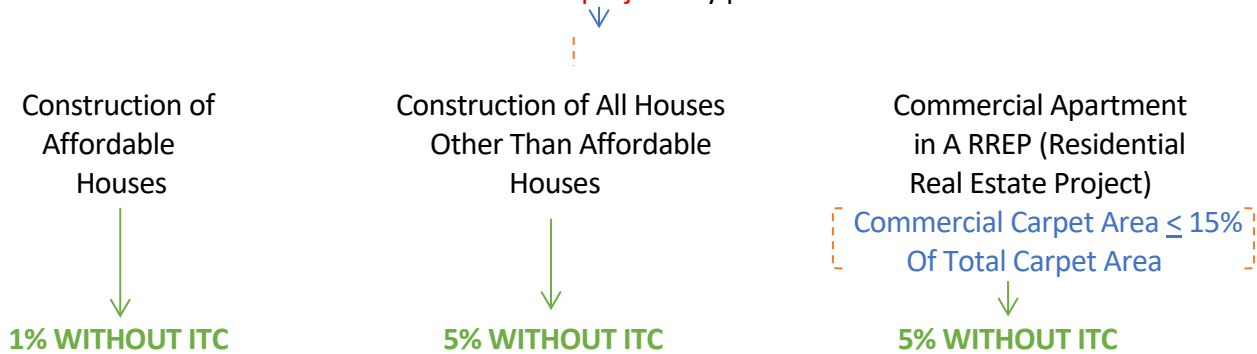
1. LLP will be included in Partnership Firm (SMQ)
2. Body Corporate
 - **Include** – Company incorporated outside India
 - **Exclude** – Regd. Cooperative society

SEC 9(4)

Unregistered Supplier → Supply Notified G/S → Specified Class of Regd. Recipient

1. Notified in this section: REAL ESTATE SECTOR

Effective rate of GST on real estate sector for **new projects** by promotor

**AFFORDABLE HOUSES:**

AREA 60 SQM IN METRO
90 SQM IN NON-METRO → **& VALUE UP TO 45 LAKHS**

2. Notified supplies: Promoter has to pay GST on RCM on Next-

- **CEMENTS:** RCM @ APPLICABLE RATE
- **CAPITAL GOODS:** RCM @28%
- **On other goods or services:** Purchased from registered suppliers <80% then pay under RCM on such (80% - % actually purchased from registered suppliers).
(Excluding TDR/FSI, Electricity, 5 petroleum pdts.)

SEC 9(5) ELECTRONIC COMMERCE OPERATOR (ECO)

Means any person who owns, operate or manage digital/electronic facility or platform for electronic commerce

GST payable by ECO: - (just read)

(a) **Passenger Transportation:** Always ECO pay tax. (e.g.: OLA, UBER)

↓ by

- Radio taxi
- Motor cab / maxi cab
- Motor cycle
- Omnibus/other motor vehicle

(b) **Hotel Accommodation residential /lodging purpose**

Except supplier liable to register (e.g.: OYO)

(c) **Housekeeping service:**

Except supplier liable to register (e.g.: Urban Clap, like plumber/Carpenter)

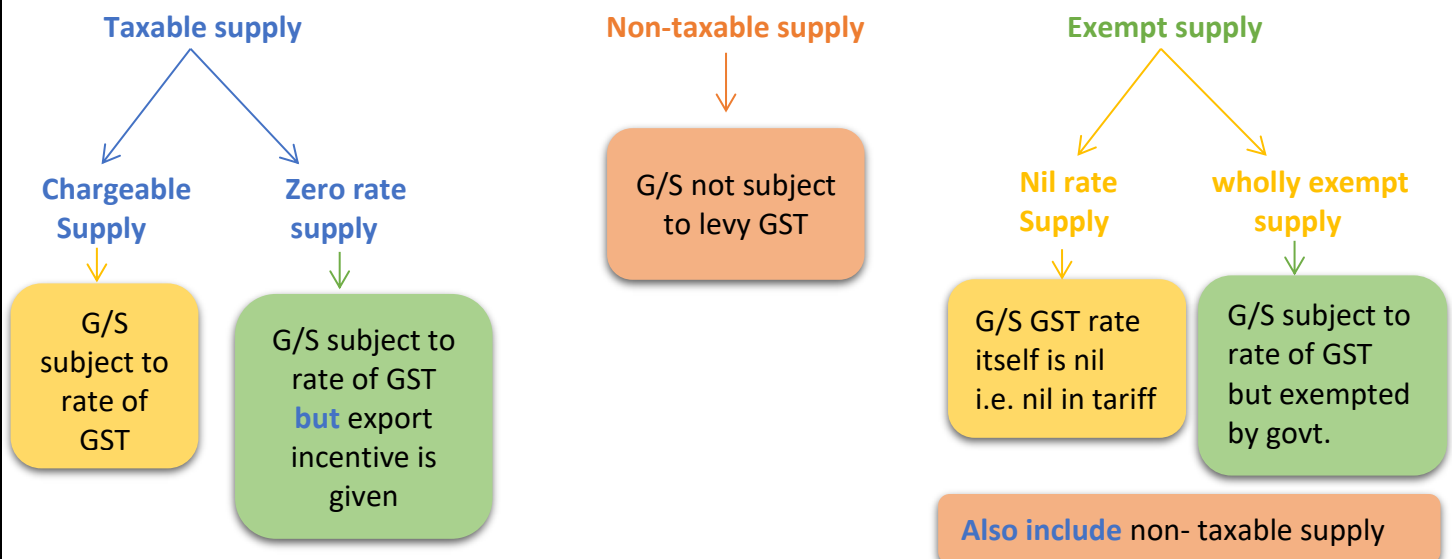
(d) **Restaurant service:**

Except through specified premise (e.g. Zomato, swiggy)

Specified premise: where hotel accommodation tariff > 7500 per day or equivalent

PERSON LIABLE TO PAY:

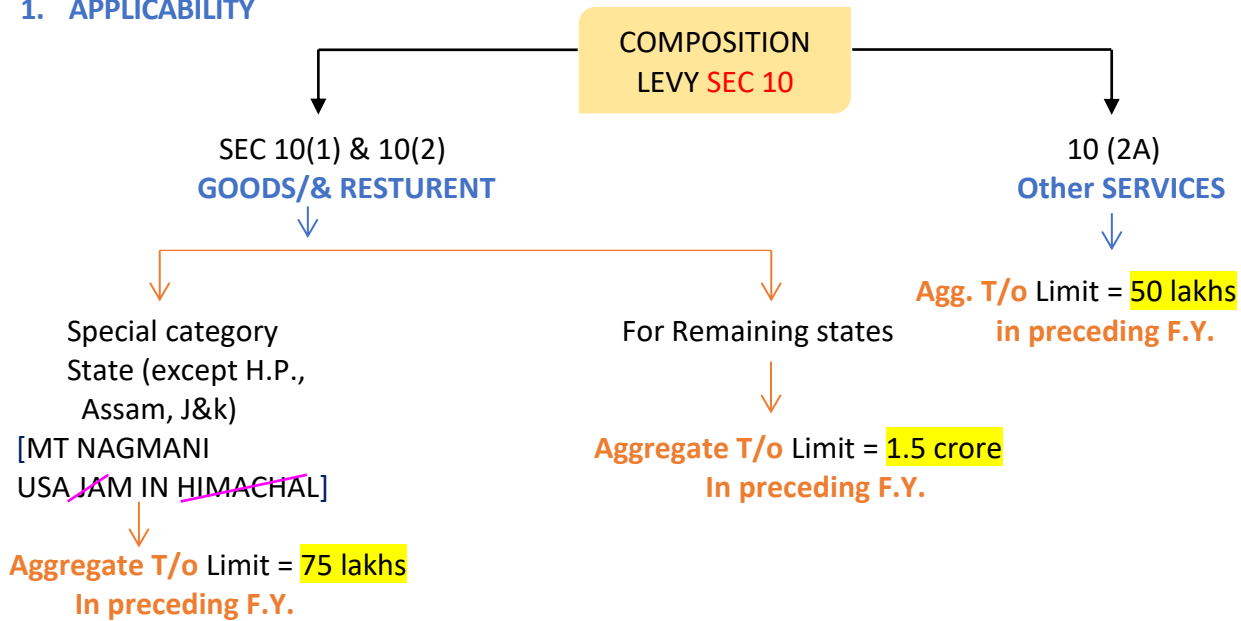
- If ECO in India – then **ECO** liable to pay.
- If ECO not a physical presence in India, - **Person representing ECO** liable to pay.
- If ECO not have a physical presence & representative in India – **Person appointed by ECO** for GST purposes.

STUDENT NOTE**LET'S UNDERSTAND TYPE OF SUPPLY**

CHAPTER: 4 COMPOSITION LEVY

Composition levy	Advantages
An option for specified categories of small taxpayers to pay GST at a very low rate on the basis of turnover. (voluntary & optional)	<ul style="list-style-type: none"> • Low rates of tax • Hassel free simple procedures for such taxpayers • Simple calculation of tax based on turnover • A very simple annual return.

1. APPLICABILITY



➡ May opt To Pay Tax @ Specified Rate on **Total T/o In State**

Aggregate Turnover

- All India Basis of Person Having Same PAN

Total Outward Supply of

- Taxable Supply
- Exempt Supply
- Inter State Supply
- Export Of G/S

+

**T/o Before Became
Liable to Register**

Exclude

- Inward Supplies Under RCM
- Taxes Incl. Cess Under GST
- Value of Exempt Service i.e. Interest on Loan /Deposit/Advance



Turnover in State/UT

- In State/Ut in Current F.Y

Total Outward Supply of

- Taxable Supply
 - Exempt Supply
 - Inter State Supply
 - Export Of G/S
- X T/o Before Became
Liable to Register**

Exclude

- Inward Supplies Under RCM
- Taxes Incl. Cess Under GST
- Value of Exempt Service i.e. Interest on Loan /Deposit/Advance

Exempt Supply

Means a supply of any goods or services or both

- Which attracts nil rate of tax
 - Wholly exempt from tax
- Include** non-taxable supply

2. PROCEDURE FOR OPTING FOR THE SCHEME**I. New registration under GST:**

- Intimation in the registration form GST REG-01 PART B
- Effective From the date of registration

II. Registered person opting for composition levy

- Intimation in form CMP-02 before commencement of F.Y.
- Effective from beginning of F.Y.

Also provide statement within 60 days from commencement of F.Y (for ITC Reversal)

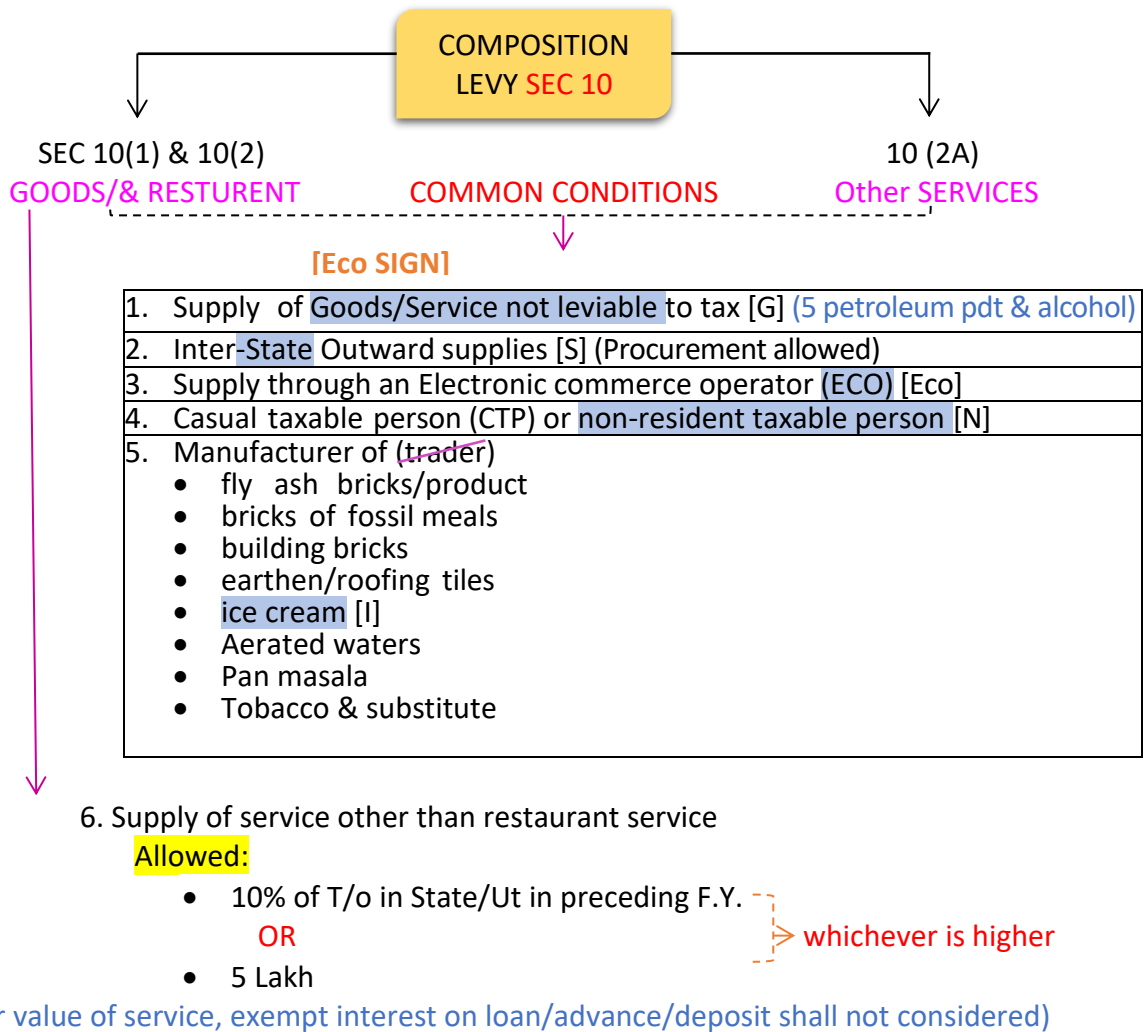
Rates of tax

For Goods	Manufacturer	0.5% + 0.5% of turnover in State/Ut
	Trader	0.5% + 0.5% of turnover of taxable supplies* in State/Ut (IMP.)
	Restaurant service	2.5% + 2.5% of turnover in State/Ut
For Services		3% + 3% of turnover in State/Ut

Other points:

- Bill of supply to be issued (~~tax invoice~~) mention "composition tax payer not eligible to collect tax".
- Mention "composition taxable person" at every place of business.
- Can't claim ITC, no tax to be collected from customer pay liability in cash.
- Irregular availment of the composition scheme → **penalty + tax u/s 73 & 74.**
- Same PAN → All business → opts for composition scheme.
(If one ineligible/opt out ➤ then all ineligible)

3. CONDITION TO FULFILL (NOT ELIGIBLE TO OPT IF) (RTP N21)



4. WITHDRAWAL FROM COMPOSTION SCHEME

(a) Mandatory (SMQ)

- **Fails to comply** prescribed conditions.
- Pay tax under **normal tax** system.
- File within **7 days** intimation (form **CMP-O4**) for such event.

(b) Voluntary

- File an application for withdrawal

Note: IN all withdrawal cases furnish statement within 30 days of withdrawal date

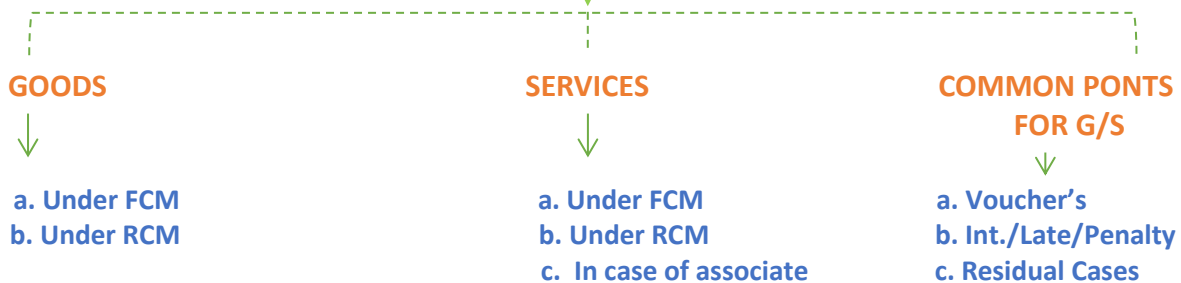
Of

[Stock of input raw material, semi- finished goods, finished goods]

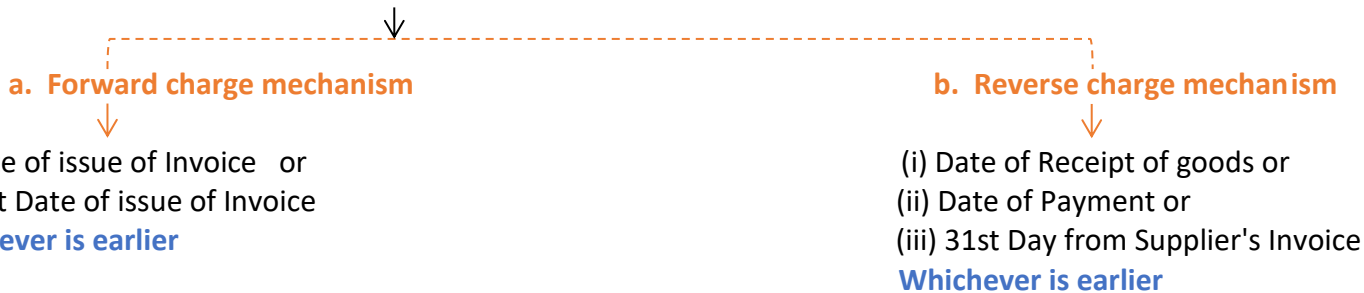
CHAPTER: 5 TIME OF SUPPLY(TOS)

- Liability to pay GST arise at time of supply (TOS) (20th of next month)

AN OVERVIEW(TOS)



1. TIME OF SUPPLY FOR GOODS (SEC 12)



Note: TOS is not on receipt of advance

Note: If (i) (ii) or (iii) is not possible
Date of Entry in Books of Accounts

Last date for invoice issue for goods (sec 31):



3. Continuous supply of goods

At time of

- Issuance of periodical statement or
- Receipt of payment

e.g. Gas supply through pipelines, supply to builder etc.

4. Goods sent on approval/return basis

- At the time of supply or
- 6 months from the date of removal

Whichever is earlier.

2. TIME OF SUPPLY FOR SERVICE (SEC 13)**a. Forward charge mechanism****b. Reverse charge mechanism**

- (i) Date of Payment or
(ii) 61st Day from Supplier's Invoice
Whichever is earlier

Note: If (i) or (ii) is not possible
Date of Entry in Books of Accounts

Invoice issued within time

- (i) Date of invoice or
(ii) Date of payment
Whichever is earlier

Invoice not issued within time

- (i) Date of service provision or
(ii) Date of payment
Whichever is earlier

Note:

- if above not possible date when recipient show receipt in his books
- Payment 1000 in excess of Invoice:

At option of supplier

- Receipt/date of invoice issue

**c. In case of associate enterprise (RCM)
& supplier located outside India**

- Date of entry in books of recipient or
 - Date of payment
- Whichever is earlier**

**Last date for invoice issue for services (sec 31):**

- Within **30 days** of provision of service
(**45 days** in case of insurance/banking/financial institution/Nbfc.)
- In case of continuous supply of service in this order

• Due date of payment visible	Due date of payment
• Due date not clear	Date of receipt of payment
• Millstone/even based	On completion of milestone/event

However, if supply of service ceased before completion
Raise invoice before such cessation

3. COMMON POINTS FOR GOODS & SERVICE (SEC 12)

a. Vouchers for goods/service

- **If supply is identifiable:** date of issue of voucher i.e. Zomato voucher
- **In other cases:** date of redemption of voucher i.e. reliance trend voucher

b. Interest/late fee/penalty for delayed payment of consideration

Date on which supplier receive such addition in value

c. Residual cases

- **If periodical return is filled** - due date of return
- **Otherwise** - date of payment of tax

Note:

Date of payment (received):

-date of book entry
-credited to bank] w.e Earlier

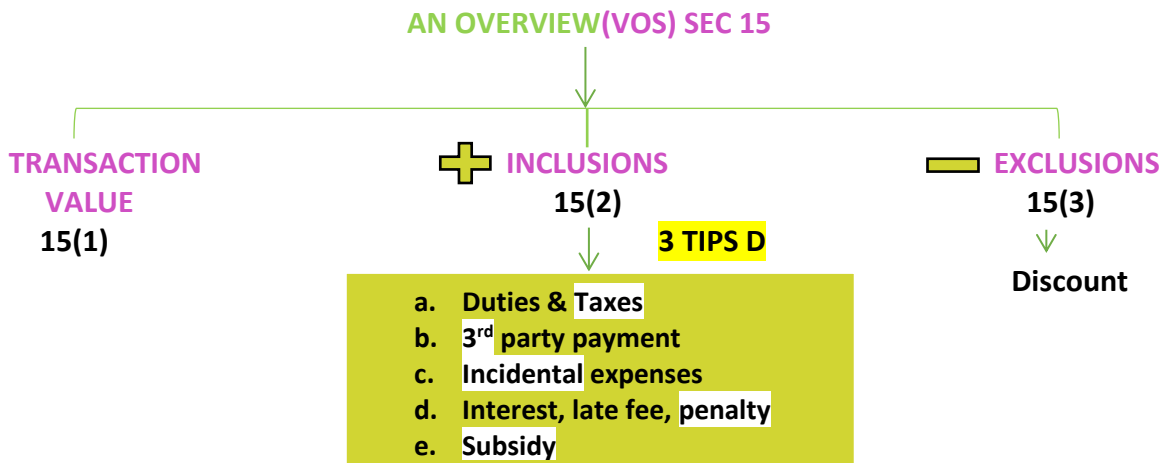
Date of payment (RCM):

Date of payment entered in books
Date of debit to bank] w.e Earlier

STUDENT NOTE



CHAPTER: 6 VALUE OF SUPPLY(VOS)



When value cannot be determined under section 15, the same is determined using CGST rules.

1. SECTION 15(1)

VALUE OF A SUPPLY = TRANSACTION VALUE



Price actually paid or payable.

Condition:

- Not Related Party
- Price Is Sole Consideration



2. SECTION 15(2) INCLUSIONS +

- a. **Duties & taxes**, fees, cess other than GST **i.e.** municipal tax, excise duty

Note: Tax collected at source (TCS) not included as it is not separate tax it's just a mechanism of tax collection

- b. **Payment to 3rd party by recipient**

Only if supplier **contractually liable** to provide that part of supply

Even

- Amount not added in bill
- Directly paid to 3rd party by recipient Doesn't matter → include in VOS

i.e.

1. transport cost paid by recipient supplier liable to pay(contract) – yes include
2. transport cost paid by recipient but supplier liable to arrange transport – not include

- c. **Incidental expenses (SMQ)**

- Amount charged for anything done by the supplier in respect of the supply of goods (**before delivery**)
i.e. commission, packing, loading exp., customisation, testing, transportation

Clarification

When supplier pay for freight/insurance	Composite supply GST @ applicable rate on main supply
Supply on ex- factory basis (buyer pays freight /insurance)	Not to be included in VOS

d. Interest or late fee or penalty for delayed payment

- Only if actually recovered, if waived not part of supply
- Considered composite supply tax rate same as main supply
- Interest usually considered inclusive of GST

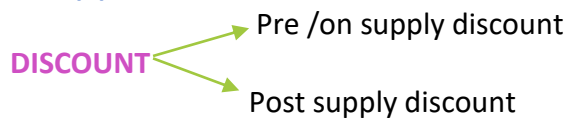
Hence value of interest
To be included in VOS $\longrightarrow \left(\frac{\text{INTEREST}}{100 + \text{RATE}} \right) \times 100$

Note: only interest on loan/advance exempt **but above interest if different from it (in form of penalty)**

e. Subsidies (SMQ)

Only if:

1. Provided by other than CG/SG &
2. directly linked to the price

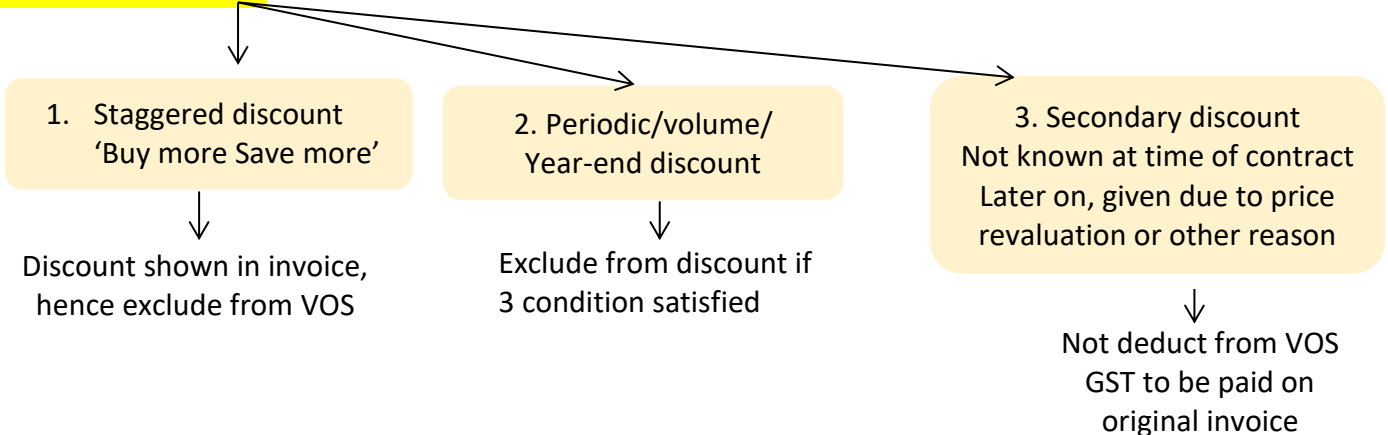
**3. SECTION 15(2) EXCLUSIONS**

(A) Pre or on supply discount: Discount given before or on making supply & shown in invoice

(B) Post supply discount: all discount can't be decided on or before delivery
i.e. payment discount, volume discount

Post supply discount not reduced from VOS however discount allowed if:

1. Prior agreement
2. Can be linked to invoices
3. Proportionate ITC reversed by the recipient

Clarification on discounts**EXAMPLES**

1. Example - Get 10 % discount for purchases above Rs. 5,000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-.
2. 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.
3. Example- 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.

Deduction of No Claim Bonus permissible as Discount: (imp.)

Discount given before or on making supply (pre-supply discount) & shown in invoice

Are deducted from VOS

As Insurance companies make disclosure in policy documents about it. It is, therefore, clarified that No Claim Bonus (NCB) is permissible deduction. GST payable on actual insurance premium amount, payable by the policy holders, after deduction of No Claim Bonus mentioned on invoice.

Q. Samriddhi Advertisers conceptualised and designed the advertising campaign for a new product launched by New Moon Pvt Ltd. for a consideration of ₹ 5,00,000. Samriddhi Advertisers owed ₹ 20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt Ltd. Such liability of Samriddhi Advertisers was discharged by New Moon Pvt Ltd. New Moon Pvt Ltd. delayed the payment of consideration and thus, paid ₹ 15,000 as interest. Assume the rate of GST to be 18%.

Determine the value of taxable supply made by Samriddhi Advertisers.

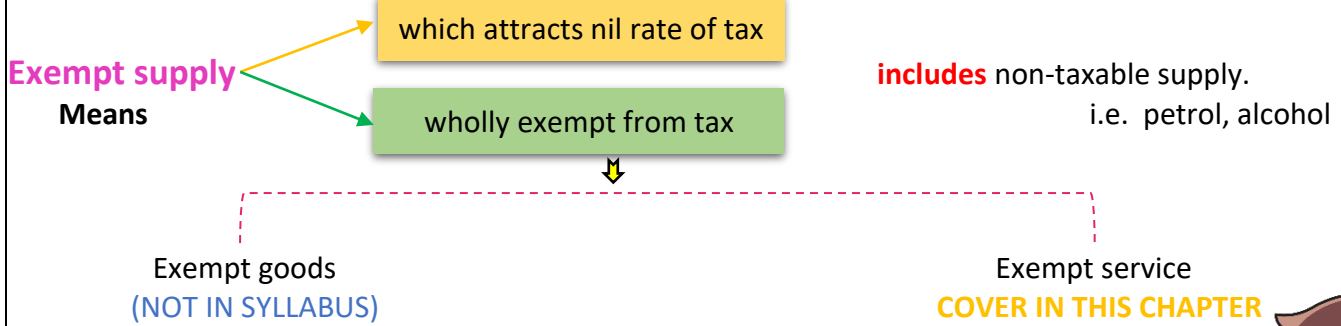
Solution:**Computation of value of taxable supply**

Particulars	₹
Service charges	5,00,000
Payment made by New Moon Pvt. Ltd to vendor of Samriddhi Advertisers [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)]	20,000
Interest for delay in payment of consideration [Includible in the value in terms of section 15(2)(d) – Refer note below] (rounded off)	12,712
Value of taxable supply	5,32,712

Note: The interest for delay in payment of consideration will be includible in the value of supply but the time of supply of such interest will be the date when such interest is received in terms of section 13(6). Such interest has been assumed to be inclusive of GST and thus, the value has been computed by making back calculations $\frac{\text{Interest}}{100 + \text{tax rate}} \times 100$. It is also possible to assume the interest to be

exclusive of GST. In that case, the value of supply will work out to be ₹ 5,35,000.

CHAPTER: 7 EXEMPTIONS FROM GST



- CG/SG grants exemption (on the recommendations of GST council) by issue of notification or special order [exceptional circumstances]
- If govt add any explanation to entry in notification/order within 1 year

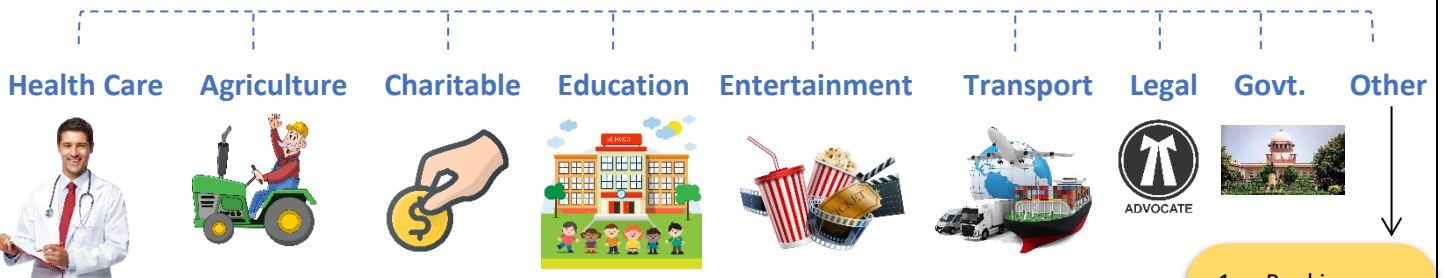


Such explanation shall have retrospective effect since date of original notification/order

Example: New entry is inserted w.e.f. 21.09.2018. Subsequently, an explanation is also inserted with respect to entry on 26.07.2019. (within 1 year of insertion of entry). The said explanation will be effective retrospectively From 21.09.2018.

How to cover this chapter

1. We have divided services Sector wise:



- Banking
- Insurance
- Specified Body
- Sports
- Construction

2. Also, bifurcation done

A. LEARN -

Memorise & Write
As it is

MEMORY TECHNIQUES

limit based
Exemption

LIMIT BASED SUMMARY

Difficult to
Understand

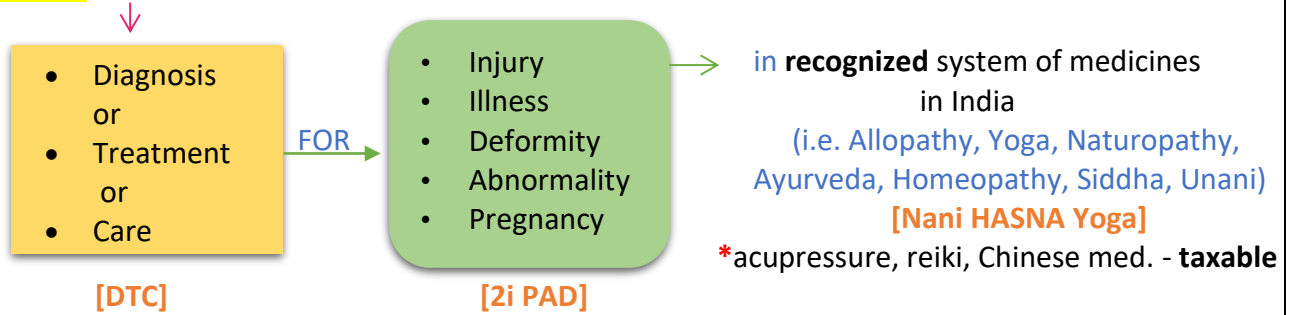
CHARTS & EXAMPLE

B. READ ONLY - Just do plane reading

Health Care Sector

Part A:

Health care services means



Includes: Transportation of the patient to and from a clinical establishment i.e. ambulance

Exclude: Hair transplant or cosmetic/plastic surgery (Except: restore/restructure due to defect/injury)



1. Health care services by

- A clinical establishment i.e. Hospitals
- An authorised medical practitioner i.e. Reg. Individual doctor
- Para- medics i.e. Trained healthcare professional like nurse, physiotherapist

However, service by way of providing room charges > 5000 per day → Taxable

Except: ICU (intensive care unit), CCU (Critical Care Unit), ICCU (Intensive Cardiac Care Unit), NICU (Neo natal Intensive Care Unit) → exempt (any amt.)

Some clarifications

1. Senior doctors/ consultants/ technicians hired by hospital & remuneration paid to them by hospital exempt i.e. Hospitals charge patient Rs.10,000 & pay to doctors only Rs. 7,500 and keep 2,500 for providing ancillary services then entire amount is exempt.
2. Retention money charged from patient exempt
3. Renting of shops, auditoriums in hospitals, display of advertisements etc. will be taxable
4. Food services <ul style="list-style-type: none"> Provided by hospital <ul style="list-style-type: none"> In patient → Exempt others → taxable Outsourced to third party → taxable
5. IVF (In vitro fertilisation) service: exempt

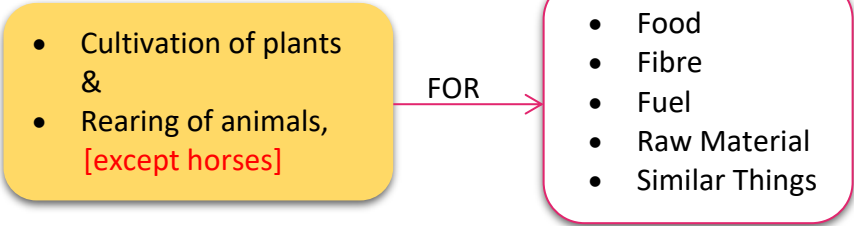
Part B:

2. Transportation of a patient in an ambulance(other)
3. Services by veterinary clinic in relation to health care of animals or birds

Agriculture Sector

Part A:

Agriculture:



Agriculture produce (AP):

Any produce of agriculture on which

- Either no further processing is done
- such processing is done
 - ➔ Usually done by a cultivator/producer
 - ➔ Doesn't alter essential characteristics to make it marketable

1. Service by **Agriculture** operation **such as**

- Cultivation, harvesting, threshing, plant protection or testing (intermediate production process **such as job work**)
- supply of **farm labour**
- processes carried **at agricultural farm** which do not alter the essential characteristics of agricultural produce & make it marketable **for primary market**

(Milling of paddy into rice - not an intermediate production process. Hence not exempt)
- renting of **agro machinery or vacant land**
- loading, unloading, packing, storage or warehousing** of agricultural produce **RICE**
- agricultural extension** services (i.e. farmer education & training)
- services by any **Agricultural Produce Marketing Committee (APMC)** by a commission agent for agricultural produce.
 - **Other than AP:** not exempt
 - **Renting of shop:** not exempt

Agriculture produce (AP) or not??

Agriculture Produce Tomato	Non-Agriculture Produce Tomato Ketchup	Agriculture Produce Sugar Cane	Non-Agriculture Produce Sugar & Jaggery	Agriculture Produce Potato	Non-Agriculture Produce Potato Chips
Agriculture Produce Grams	Non-Agriculture Produce Pulses	Agriculture Produce Paddy	Non-Agriculture Produce RICE	Agriculture Produce Raw Cotton	Non-Agriculture Produce Ginned Cotton Cotton Baled
Rearing of Animals Cow	Agriculture Produce Dunk	Processing Milk Pasteurization <small>Note : Usually not done by producer</small>	Non-Agriculture Produce Pasteurized Milk		
Agriculture Produce Grains	Processing <small>Note : Usually done by producer & does not essential character</small>	Processing Wheat <small>Note : Usually not done by producer</small>	Non-Agriculture Produce Flour		

- **Processed products such as tea** (i.e. black tea, white tea), **processed coffee beans or powder, pulses(split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc.** fall outside the definition of agricultural produce.

Part B:

2. warehousing of minor **forest produce**. (i.e. honey, bamboo)
3. Storage/**warehousing of cereals/pulses/fruits & vegetables (Imp Only)**
4. pre-conditioning, pre- cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which **do not alter the essential characteristics**
5. Services provided by the **National Centre for Cold Chain Development** by way of cold chain knowledge dissemination.
6. artificial **insemination of livestock** (except horses)

Charitable & Religious Activities**[3C2R]****Part A:**

1. Services by entity registered u/s 12AA/AB of Income-tax (TRUST)
By way of **charitable activities**. [C]

- a. **[ACP SP]** **Public health**
- | | |
|---|---|
| <p>Care or counselling of:</p> <ul style="list-style-type: none"> • Terminally ill persons • HIV or AIDS affected • Addicted to narcotics/alcohol | <p>Public awareness of:</p> <ul style="list-style-type: none"> • preventive health • family planning • HIV prevention |
|---|---|
- b. **Advancement of**
- Religion
 - spirituality
 - yoga
- c. **Educational/skill development to-**
- Abandoned/orphaned/homeless children;
 - Physically/mentally abused
 - Prisoners
 - **Persons age > 65 years + rural area (URBAN)**
- d. **Preservation of environment**
- Watershed
 - Forest
 - Wildlife
- Any activity other than this liable to GST i.e. advertisement etc.



2. **Renting of precincts of a religious place i.e. mandir /gurdwara[R]**
By charitable/ religious trust reg. Under 12AA/AB, 10(23C) (V), 10(23BBA) of IT Act
 - **Rooms** rent up to **999/day**
 - **Premises/halls/Kalyan mandapam/open area** rent up to **9999/day**
 - **Shop/space for business** rent up to **9999/month.**

CLARIFICATIONS

1. Fitness camps, dance/music class – **taxable**
2. Residential camp/program which are exempt

But provided taxable services along with (i.e. food/drink/stay etc.)

↓

Composite supply & exempt supply is principal supply

↓

Then full service is **exempt**

3. Any service provided to trust isn't exempt

Part B:

3. **conduct** of any **religious ceremony** by any person [C]
i.e. pandit ji doing Hwan
4. **religious pilgrimage service** by [R]
 - Kumaon Mandal Vikas Nigam (KMVN) for Kailash Mansarovar yatra
 - **Haj Committee** for haj
5. training or **coaching** relating to- [C]
 - **arts or culture**, by an individual or
 - **sports** by charitable entities registered under 12AA /AB

ART: dance/singing/painting/theatre/
Literature/script etc.

Education Sector
Part A:

Educational institution: means institution providing

- pre-school & up to higher secondary education
- college/university providing education for qualification recognized by law (Indian)
- education as approved vocational education course (NCVT/SCVT/ITI)

[Central/state board considered as EI only for purpose of conduct of examination i.e. CBSE]

1. Services provided **by** educational institution to:
 - **Students - faculty – staff** (i.e. fee/catering/transport)
 - conduct of **entrance examination** against entrance fee

Note: Service to another person is taxable i.e.

- a. Auditorium of school given to other for seminar
- b. Placement services to corporate



2. Services provided **to** educational institution of:

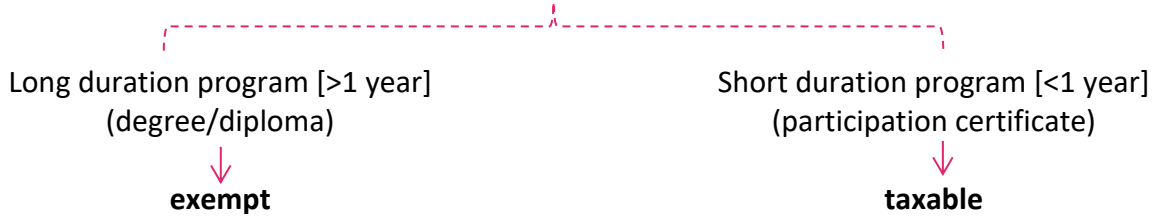
1) Transportation students - faculty - staff	Only if provided to pre-school and Up to higher secondary school
2) Catering , including mid-day meals	
3) Security/cleaning/house-keeping services (only if performed within educational institution) i.e. outside taxable	
4) Online educational journals/periodicals [only college/university for qualification recog. By law]	
5) Admission to/conduct of examination	[To any Educational institution]

Note: only service (~~goods~~ not exempt) i.e. school provide stationary to students – taxable

Part B:**Clarifications:**

1. Private coaching or obtaining a qualification recognized by law of a foreign law → **Taxable**
(However if > 75% exp. Borne by govt: **exempt**)
2. Approved Vocational courses
 - » Course run by ITI/ITC → **Approved by national council for vocational training (NCVT) / (SCVT) for designated trade**
 - » Employee skill course.

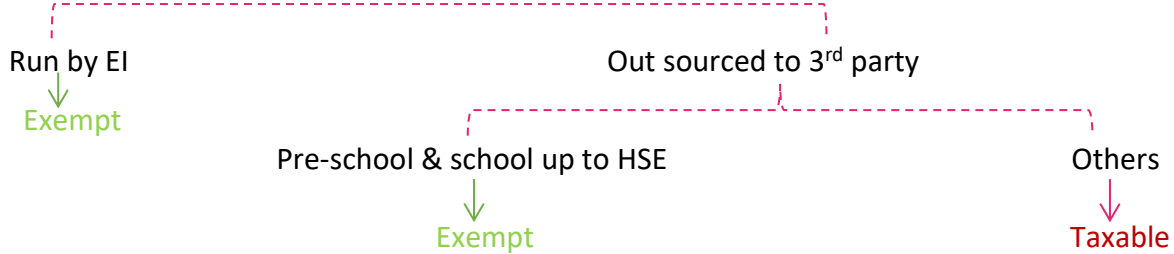
3. IIMs providing



- 4. Maritime training course - exempt
- 5. Anganwadi considered pre-school hence mid-day meal service to/by anganwadi - exempt
- 6. Fee charged for admission/eligibility certificate /migration certificate exempt
- 7. As state/central education board considered as ed. Inst. For purpose of examination

a. Output service related to exam i.e. entrance	Exempt
b. Input service related to exam i.e. testing/printing/admission	Exempt
c. Other i.e. accreditation to institute/professional	Taxable

8. Food catering service



- 9. Authority/board/body set up by CG/SG incl. National Testing Agency shall be treated as educational institution for limited purpose of providing services by way of conduct of entrance examination for admission to educational institutions.

Entertainment & Museum Sector

1. Services by way of right to admission to- Entertainment event

- circus, dance, theatrical performance
- award function, concert, pageant, musical performance
- sporting event (both recog & unrecognised)
- planetarium

→ Amt up to 500



Zoo & monument

- museum, national park, wildlife sanctuary, tiger reserve or zoo.
- protected monument.

→ Any Amount

2. Services by an artist by way of

a. brand ambassador: Fully Taxable

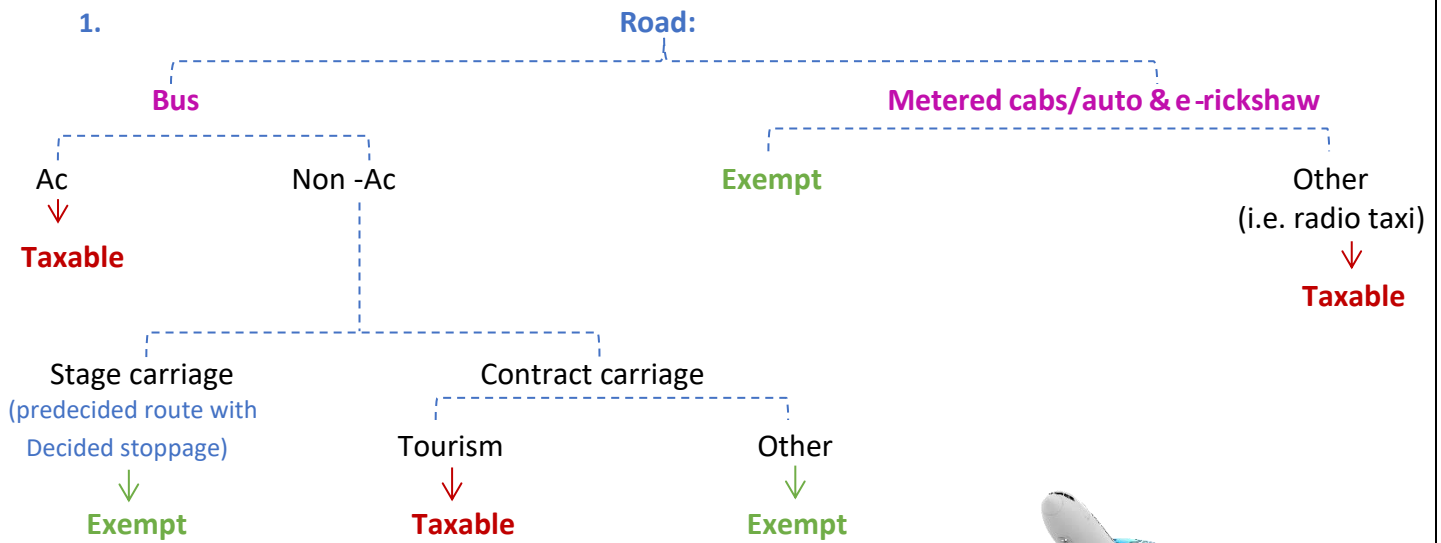
- b. performance in →
- Music
 - Dance
 - Theatre

(Classical/folk): Exempt if consideration up to Rs 150000
(if more than entire amt. taxable)

Transport Services

Part A:

Passenger transport services



Note: All Exempt are also taxable if provided through ECO

2. Railway

- a) Metro/monorail/tramway, Non-Ac Rail: **Exempt**
- b) **First class/Ac Rail: Taxable**

3. Water

- a) Inland waterways(river): **Exempt**
- b) Public Transport (vessel-sea) in India: **Exempt**
- c) **Tourism purpose(vessel), transportation (o/s India): Taxable**

4. Air

Journey embarking from/terminating to **BATSMAN**

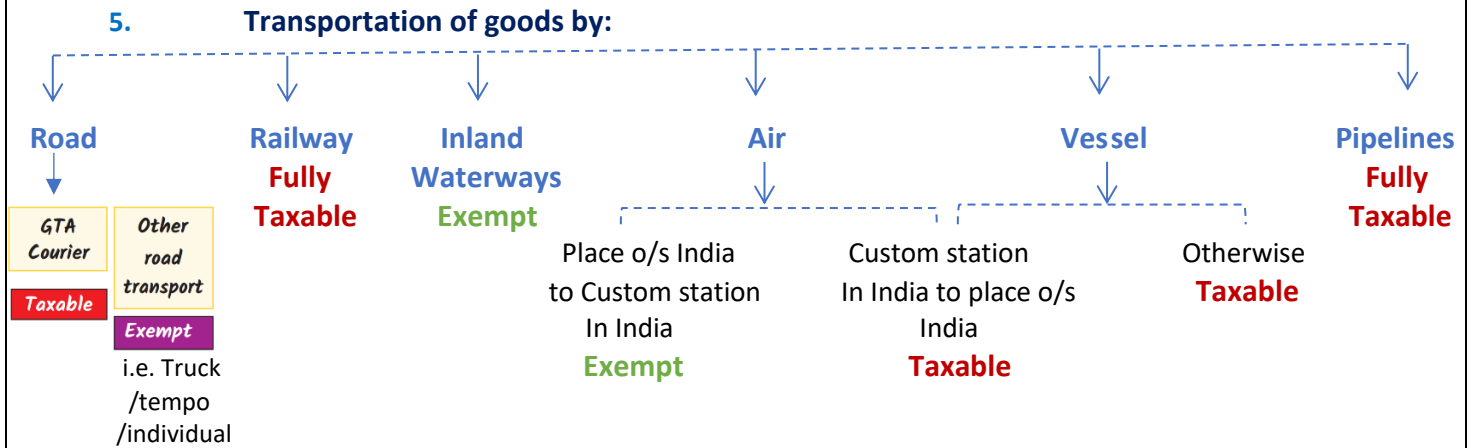
- **B** Bagdogra (West Bengal)
- **A** Assam
- **T** Tripura
- **S** Sikkim
- **M** Manipur, Meghalaya, Mizoram
- **A** Arunachal Pradesh
- **N** Nagaland

Only in economy class



STUDENT NOTE

Goods transport services



If Next goods are transported by GTA/Rail/Vessel then exempt (AIR not covered here)

- 1) Relief materials for victims
- 2) defence or military equipment's
- 3) newspaper or magazines
- 4) agricultural produce
- 5) milk, salt and food grain, flours, pulses & rice
- 6) organic manur

Part B:

Passenger transport services

6. Services provided to CG by **transportation of passenger embarking/terminating at RCS** (Regional Connectivity Scheme) airport, against consideration via. Viability Gap Funding
7. Services by **way of hiring** –
 - a) to a state transport undertaking, **motor vehicle >12 passenger (i.e. Bus)**
 - b) to a local authority, **Electric vehicle > 12 passenger**
 - c) to a **goods transport agency**, means of transport goods.
 - d) motor vehicle for transport of students/faculty/staff/**to a person** providing services of transportation to **educational institution** of pre-school education or school up to HSC

Goods transport services

8. Service provided **by a GTA to unregistered person**

Except: 3RCB PC

- registered factory,
- Society,
- Co-operative Society
- body corporate
- partnership firm (regd. or not)
- casual taxable person
- registered person (RCM)

➤ IN SHORT INDIVIDUAL RECIPIENT IS EXEMPT

9. Services by **GTA to:**

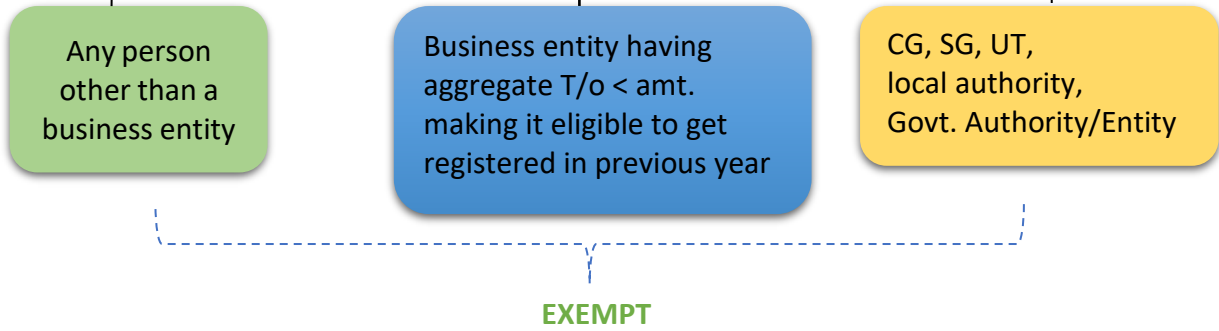
- Department/Establishment of the CG/ SG/ UT
- local authority; or
- Governmental agencies taken reg. just for TDS

Also include intermediary & ancillary services
i.e. loading/unloading/packing

- 10. Service by way of **access to road/bridge for toll charges or annuity**
(Also, any add. Fees charge for not having Fastag also exempt)
- 11. services associated with **transit cargo to Nepal and Bhutan**
- 12. Services by granting **National Permit** to goods carriage

Legal Services

1. Legal Services provided by **law firm/arbitral tribunal/advocate/senior advocate TO:**



2. **legal services to advocate/firm of advocate by:**

- advocate/firm advocates: **Exempt**
- senior advocate: **Taxable**

By/To Govt. Services

Part A:

1. **PATI** (Link with RCM)



P

Services by Department of Post



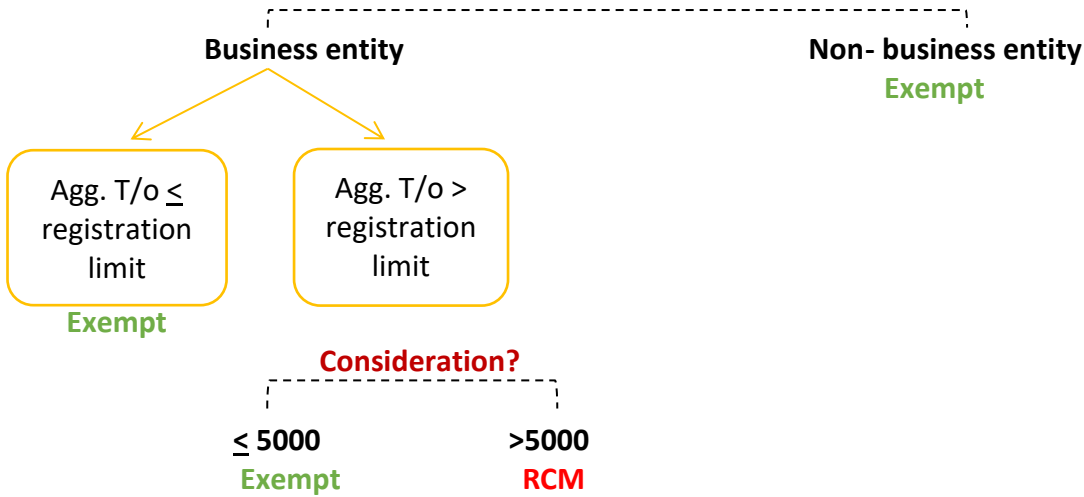
A/T

Services in relation to an **Aircraft/vessel** inside/outside airport and **Transport services** (goods/passengers) - **Taxable FCM**

I

Renting of Immovable property
 → Reg: **RCM**
 → Un reg: **FCM** } Up to 5000 exempt

2. All other service (except - PATI) provided to:



3. Services by old age home to its residents ≥ 60 years & amt < 25000 p.m.

Run by:

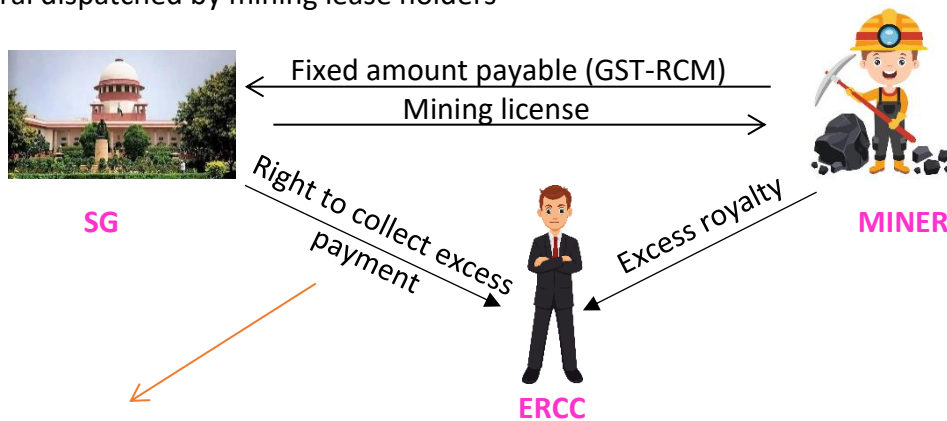
- CG/SG
- Entity registered u/s12AA/AB

4. Service by Rehabilitation professional by way of therapy/counseling at

- medical establishment
- Educational Institution
- Rehabilitation Center

Established by Govt./trust u/s12AA/AB

5. Assigning the right to collect royalty to ERCC (excess royalty collection collector) on behalf of SG on mineral dispatched by mining lease holders



GST exempted up to amt. of tax paid by Mining lease holders

Example: Miner did contract with govt. for mining 100000 ton for fixed 1 crore payable. right to collect royalty bought by ERCC 1.5 crore. Miner **actually** mined 150000 tons (total)

Excess mined = 150000 – 100000 = 50000 ton @ 100 /ton = 50 lacs

Then GST paid by miner 50lacs × 18% = 9 lacs
(on excess royalty)

So **(RCM)** to be paid by ERCC = 1.5 crore × 18% = **27 lacs**

9 lacs exempted (paid by miner)

18 lacs GST to be paid by ERCC on RCM basis

Definitions

1. **Government authority/entity: means**
 - Set up by an act of parliament
 - Established by govt with > **90%** participation
2. **Local authority: means**
Panchayat/municipality/zillah parishad/district board/contentment board/regional or district council/development board
But exclude: development authority like JDA/DDA

Note:

- a) Service by police/security agency of government to PSU/BE – Not exempt & taxable under RCM
- b) accommodation services provided by Air Force Mess/other similar messes, such as, Army mess/Navy mess/ Paramilitary & Police forces mess to their personnel/any person other than a business entity are exempt. (reason: all service by govt. to other than business entity exempt except explained above)

Part B:

6. Services **by** governmental authority **in relation to any function entrusted**
 - to **municipality** under article 243W
 - to **Panchayat** under article 243G
7. **Service by CG/SG/UT/LA by way of:**
 - a) Issuance of passport/visa/driving license/birth/death certificate
 - b) **Registration** required under any law, **testing, calibration, safety check or certification** related to workers protection including Fire license.
 - c) **Guaranteeing loans** to its PSU'S/undertakings from bank/FI (Only by CG/SG/UT)
 - d) CG/SG/UT/Local authority to **another** CG/SG/UT/LA (except **PAT**)
 - e) Tolerating **non-performance of contract against** fines/liquidated damage
 - f) Right to **use natural resources** to farmer for agriculture
 - g) **Deputing officers** after office hours or on holidays in relation to import export cargo on payment of **Merchant Overtime charges.**
8. **To govt:**
 - a) service by a **Government Entity** to CG, SG, UT, local authority or any specified person against **consideration in the form of grants.**
 - b) service provided by **Fair Price Shops** to CG, SG, UT under Public Distribution System **against commission**
 - c) **Insurance Service** to CG/SG/UT for which total premium is paid by govt
 - d) **Training programme** for which **75%** or more borne by the CG, SG, UT
 - e) Pure services/composite supply (goods not more than 25%) in relation to 243G/243W (Panchayat/Municipality) given to CG/SG/UT

Other Services (Just Read)**Banking & financial services**

1. Extending **deposits/loans/advances against interest or discount** (Except credit card)
2. **Sale/purchase of foreign currency** among banks/authorised dealers or amongst banks and such dealers.
3. Pradhan Mantri Jan Dhan Yojana (**PMJDY**).
4. transaction processing through **credit/debit card or other payment** card service up to **Rs. 2,000 per transaction (MCQ)**

5. Services by **intermediary located in International Financial Services Centre (IFSC)** to a customer located outside India for international financial service related to forex
6. Services by **business facilitator/correspondent to banking/insurance** company or intermediary to BC/BF in a **rural area. (MCQ)**

Note:

- a) interest under **finance lease** transaction is **like purchase the asset & lend it further**
Not purely loan hence taxable
- b) FD/loan/other deposit/mortgage loan/overdraft facility/commercial paper/certificate of deposit/repo/reverse repo

↓
Exempt



But fee charge/processing fees ARE TAXABLE

Insurance & pension business

1. **life insurance** services
 - by way of annuity under **National Pension System**
 - by **Army, Naval and Air Force** Group Insurance Funds.
 - by the **Naval Group Insurance Fund**.
 - **Central Armed Police** to its personnel
2. Life insurance provide under scheme
 - Janashree/Aam Aadmi/varistha pension
 - PM Jeevan jyoti /PM jan dhan/PM vaya Vandana } → **bima yojana**
 - Life micro-insurance,
having maximum cover of Rs 2,00,000
3. Pradhan Mantri Suraksha Bima Yojna
4. **General insurance** i.e. hut insurance/cattle insurance/ Rastriya health/swasthya
5. **Reinsurance of above insurance schemes**
6. **Collection of contribution under**
 - Atal Pension Yojana.
 - any pension scheme of the SG.

Specified bodies:

1. **EPFO**: Services provided by the Employees Provident Fund Organization.
2. **ESI**: Services by the Employees State Insurance Corporation.
3. Services by Coal Mines Provident Fund Organization.
4. Services by National Pension System (**NPS**) Trust.
5. Satellite launch services supplied by Indian Space Research Organization (**ISRO**)

Sports

1. **Services provided to recognised sports body by- (MCQ)**
 - a) an individual as a player, referee, umpire, coach or team manager;
 - b) another recognised sports body.

- (b) **Sponsorship of sporting events organized** [Example: National sports federation, Association of Indian Universities, Inter-University Sports Board, Indian Olympic Association].
- (c) admission to the **events organised under FIFA U-17 Women's World Cup 2020** Whenever reschedule
- (d) Services provided **by and to** Fédération Internationale de Football Association (FIFA).

Construction services

- Pure labour contracts** of construction, installation, repair, maintenance of beneficiary-led individual house construction under the **Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana**.
- pure labour contracts** for a single **residential unit** (not as a part of a residential complex) **MCQ**
- Electricity Distribution Utilities** by construction/erection/commissioning of electricity distribution network up to the tube well of the farmer for agricultural
- Supply of TDR/FSI/long term lease** of land by owner to a developer is exempt
 - Only if flats are sold before issuance of completion certificate
 - Not exempt if sold after issuance of completion certificate tax rate 5%
- upfront amount payable for long term lease ≥ 30 years of**
 - industrial plots
 - plots for development of infra provided by the State Government Industrial Development Corporations /Undertakings/another entity having $\geq 20\%$ ownership of CG, SG, UT **to the industrial units**.
- Renting of **residential dwelling for use as residence to unregistered person**

Other

- Collecting/providing news** by an independent journalist/ Press Trust of India/United News of India.
- public libraries** by lending of books/publications
- Transfer of a going concern**, as a whole or an independent part
- public conveniences such as bathroom/washrooms/toilets
- Services by a **foreign diplomatic mission** located in India. **MCQ**
- providing information under **(RTI)**

7. Service by

- National Skill Development Corporation (NSDC)
- Sector Skill Council (SSC)
- assessment agency
- training partner

under →

- National skill development programme
- Vocational development course

- Assessments under the **Skill Development Initiative Scheme**.
- Services provided by **training providers** under Deen Dayal Upadhyaya Grameen Kaushalya Yojana **(DDUGKY)**.
- Services by incubatee up to a T/o of Rs. 50 lakhs in F.Y.** subject to below conditions: **-(imp)**
 - T/o not exceeded Rs. 50 lakhs during preceding F.Y. &
 - 3 years not elapsed from the date of entering as incubate.
- Services provided by non-profit entity (IMP)**
 - activities relating to the welfare of industrial/agricultural labour /farmers
 - promotion of trade/industry/agriculture/art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against membership **fee up to Rs. 1000/- per member per year**
- Service by non- profit entity to its own members by way of reimbursement of charges or share of contribution –(IMP)**
 - as a trade union;
 - for carrying out any exempt activity
 - up to Rs. 7,500 per month** per member for sourcing of G/S from a third person **for the**

common use of its members in a Housing society

[**Statutory dues** i.e. property tax, electricity charges would be **excluded** while computing the aforesaid monthly limit of Rs. 7,500]

Clarification

1. if amount **exceed 7500** then GST will payable **on entire amt.**
2. ceiling limit of 7500 to be **checked separately for each** residential apartment
3. RWA (residence welfare association) required to take registration **only if Agg. T/o \geq 20 lakhs** (/10lakhs)
Which means even if monthly amt. > 7500 but T/o threshold not crossed NO GST
4. RWA would be entitled to take ITC of GST paid

Under IGST

1. **Service by tour operator to foreign tourist in relation to tour conducted (imp)**

Wholly outside India

Exempt

Partly in India and partly outside India



To the extent of value of tour performed o/s India

However, exemption will be

- Proportionate value of tour operated outside India (in days)

Or

- 50% of value charged

Whichever is less

Note: duration >12 hours shall be considered a day

Illustrations: A tour operator provides a tour operator service to a foreign tourist as follows: - a. 3 days in India, 2 days in Nepal; Consideration charged for the entire tour: ₹ 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. Services received from service provider located in a non- taxable territory (NTT) by –
 - a) CG/SG/UT/LA/govt. authority/an individual
 - b) Entity reg. under 12AA/AB
 - c) By way of online education journal periodical to education institution i.e. providing degree as per curriculum
 - d) a person located in NTT

Exception:

- [OIDAR Services] received by (a) or (b) (means taxable)
- transportation of goods by a vessel from a place outside India up to the customs clearance in india.

3. **All goods & services imported** by unit/developer in the Special Economic Zone (SEZ) **are exempt from IGST.**

CLARIFICATIONS

1. Payment of honorarium to the Guest Anchors: **Taxable**
Subject to registration requirement -
2. tickets purchased for transportation from one point to another whether ferry is owned/operated by a private sector enterprise or PSU. **Exempt**
3. passenger Transport service by **non-AC contract carriage** exempt only if transportation taken at predetermined route, if hired for specified period then exemption not available
4. **GST on sanitation & conservancy services** supplied to Army & other Central/State Govt. dept. If not related to 243W/243G - not exempt
5. **location charges/preferential location charges (PLC)** paid upfront in addition to lease premium for long term of land constitute part of upfront amt. & exempt
6. renting of truck/other freight vehicle with a driver for a period of time is service of renting of transport vehicle with operator & not service of transportation of goods by road hence not exempt
7. **Incentive paid by MeitY(govt.) to acquiring banks under Incentive scheme** for promotion of RuPay Debit Cards & low value BHIM-UPI transactions up to Rs.2000/-. However, it is not consideration paid by the central government for any service supplied by the acquiring bank to CG. The **incentive is in nature of subsidy** directly linked to the price of service & same does **not form part of taxable value**

STUDENT NOTE



CHAPTER: 8 REGISTRATION

Basics

As per charging section **taxable person** liable to collect tax



Who is taxable person??

- Any person who is registered or liable to registered u/s 22/24
Hence un registered person is taxable person if he is liable to register



So, who is liable to register??

- Section 22 person liable to register
- Section 24 compulsory registration



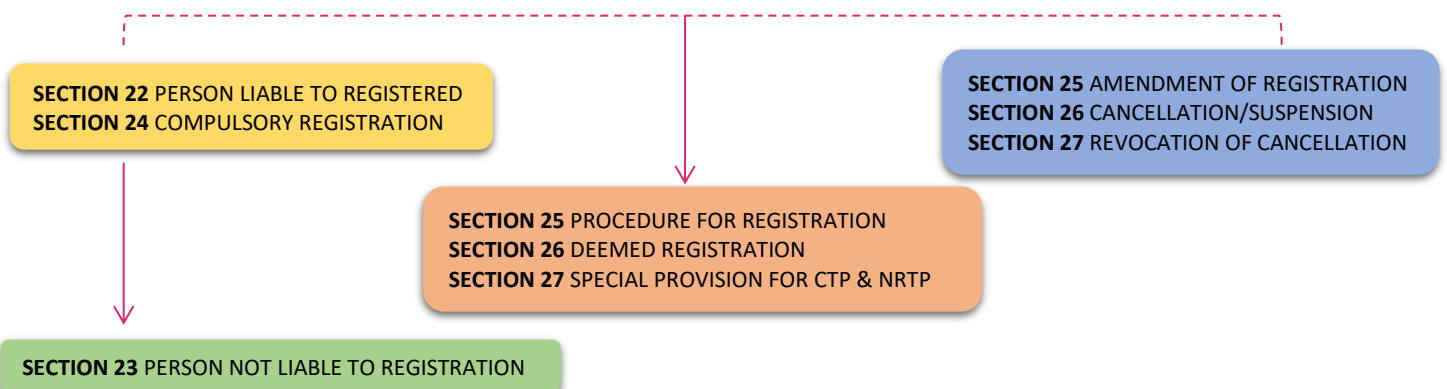
Other points

1. GST Registrations need to be taken **State-wise & PAN based**.
2. **Single registration for all the taxes** i.e. CGST/SGST/UTGST/IGST/Cesses.
3. Normally **one state one registration** is required even ≥ 2 place of business in a state
However taxable person ca takes sperate registration

Advantages to a taxpayer who obtain registration under GST:

1. He is **legally recognized as supplier** of G/S.
2. He is **legally authorized to collect taxes** from customers & pass credit.
3. He **can claim Input Tax Credit** of taxes paid.
4. Registered person is **eligible to apply for Government bids**.
5. Registered person under GST **can easily gain trust from customers**.

AN OVERVIEW



SECTION 22 PERSON LIABLE FOR REGISTRATION**Every** -supplier of goods/service **obtain registration****Where**-state from where **taxable supply** is made**When** -if Agg. T/o exceed **specified limit** in a F.Y.**“Aggregate turnover”**

All India basis of person having the same PAN

Total of outward supply of

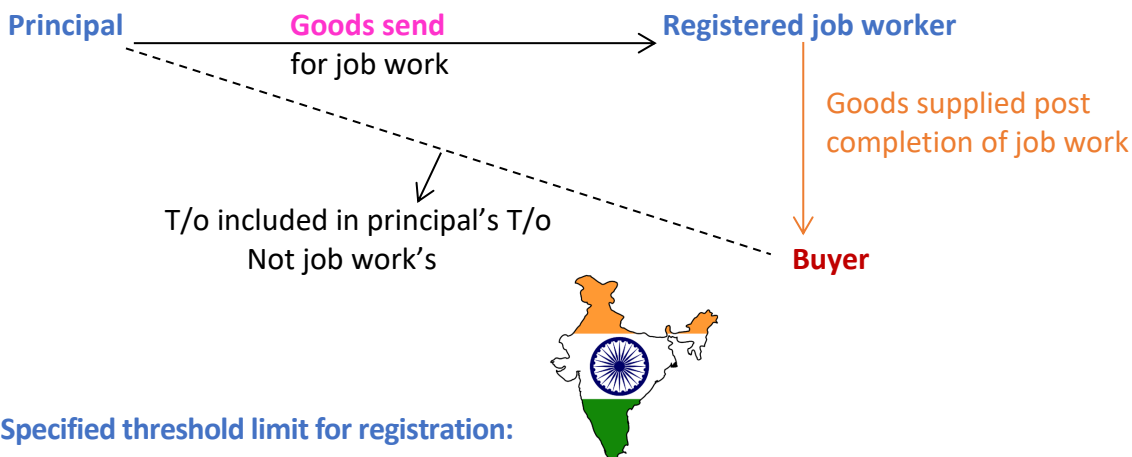
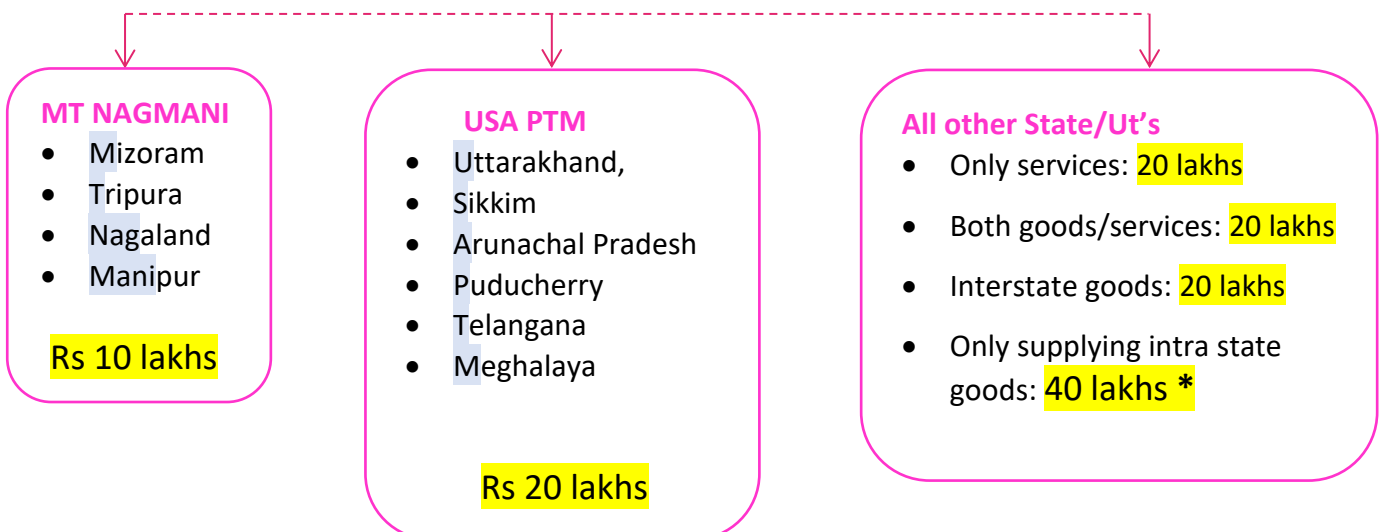
- taxable supplies
- exempt supplies
- inter-State supplies
- exports of G/S



- Outward supply under RCM
- Supplies between distinct person
- Supply made on behalf of principle

Excludes

- Inward supplies under RCM
- Taxes including cess under GST

NOTE:**Specified threshold limit for registration:**

Points to considered for threshold

1. person considered making supply of goods even supply of service provided by way of such as interest/discount on loan/advance.
2. * **40 lakh thresholds not available to Next(20/10lakh)**
 - a) Person required to take compulsory registration (sec 24)
 - b) Person engaged in supply of Next items:
 - ice-cream/edible ice
 - pan masala/tobacco pdts or substitute
 - fly ash bricks
 - building bricks
 - fossil meal bricks
 - earthen/roofing tiles
3. **If > 1 place of business covering > 1 state**

↓

lowest threshold applicable to any of those state will be relevant
however, state make exclusively exempt supply won't be considered
4. Registration is required to made **only in states from where taxable supply** is made
5. In case business transfer **due to succession/death/change in ownership**

↓

to another person **as a going concern**

↓

transferee/successor to be registered from date of transfer/succession.
6. Business transfer **due to two company's amalgamation / de-merger**

↓

transferee to be registered from date of certificate of incorporation by ROC

Examples

1. **Ram traders** (Haryana-exclusively engaged in making intra state supply of shoes) Agg. T/o 30 lakhs
 - Registration not required (limit applicable 40 lakhs)
2. **Modi Ltd.** (Haryana – makes intra state supply of goods & service both) Agg. T/o 25 lakhs
 - Registration required as limit applicable 20 lakhs
3. **Salman traders** has one shop in Nagaland (t/o 11 lakhs) & another shop in Haryana (t/o 28 lakhs) for supply of bags
 - As one shop in Nagaland making taxable supplies, entire limit will fall to 10 lakhs. so, registration required in both states
4. **Shivam enterprise** supplies taxable goods intra state in Punjab (t/o 28 lakhs) and has a shop for alcohol liquor for human consumption in Mizoram (t/o 14 lakhs)
 - Since taxable supply not made from Mizoram, threshold limit will not fall to 10 lakhs
 - Applicable limit 40 lakhs in this case
 - So, registration required in Punjab (Agg. T/o 28+14= 42 lakhs) but no registration in Mizoram as taxable supply not made from there

SECTION 24 COMPULSARY REGISTRATION (hona hi pdega)**15 CREATION**

1. Persons making **Inter-State** taxable supply

Exception:

- a. Supply of taxable service up to 20/10 lakh
- b. Notified handicraft & handmade goods up to 20/10 lakh

2. Person required to pay tax under u/s **9(5)** ECO

3. **Casual** Taxable Persons (CTP) making taxable supply

Exception:

Notified handicraft & handmade goods up to 20/10 lakh

4. Person liable to pay tax under **RCM** (inward supply)

5. **ECO** required to collect tax at source (TCS) u/s 52

Person supplying goods & service through ECO where ECO required to collect Tax u/s 52 (other than 9(5))

Note: threshold available in case of service through eco

6. Person acting as an **Agent** (issuing own invoice)

7. Deductor of **Tax** at Source (TDS) u/s 51

8. **Input** Service Distributor (ISD),

9. Supplier **OIDAR** services from place outside India

10. **Non-Resident** Taxable Persons (NRTP)

SECTION 23 PERSON NOT LIABLE FOR REGISTRATION

1. person engaged exclusively in **non-taxable/exempt supply** i.e. alcohol

2. agriculturist, to the extent of supply of produce from **cultivation of land**.

3. Persons making **only RCM supplies** (Suppliers).

4. person making **inter-State supplies of services** up to Rs. 20/10 lakhs

5. CTP/ Person making **interstate supplies of handicraft/handmade goods** up to 20/10 lakhs.

Condition: person obtained PAN & generated an e-way bill

6. Person making **supplies services through ECO** (other than u/s 9(5)) up to 20/10 lakhs.

**ALREADY
DONE**

Example**REGISTRATION REQUIRED OR NOT??**

1. Agriculturist engaged in cultivation of wheat + trading of rice	YES
2. Agriculturist engaged in cultivation of wheat + run a dairy	YES
3. Agriculturist takes land on rent & cultivation done by servants on wages	NO
4. Petrol pump selling engine oil with petrol	YES

SECTION 25 PROCEDURE FOR REGISTRATION

WHO	WHERE	WHEN
1. Person liable to registered u/s 22&24	In every such state/Ut in which he is so liable	Within 30 days from date on which he becomes liable
2. Person making supply from territorial waters of India	Nearest coastal state/Ut on baseline	
3. CTP/NRTP	In every such state/Ut in which he is so liable	At least 5 days prior to commencement of business

NOTE:

- Registration required state wise (not a centralise registration)
- > 1 place in a state**

Sperate registration

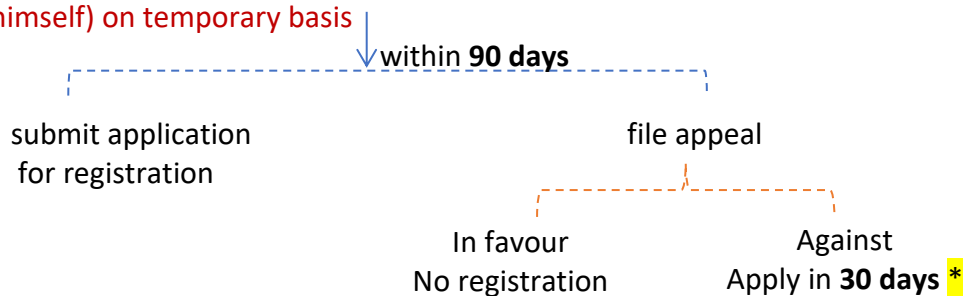
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Sperate **GSTIN**

Single registration

↓

Declare a place as principal place of business (**PPOB**) & other as **APOB**
- PAN is mandatory for registration **except NRTP can be granted reg. on basis of passport & TDS detector can use TAN.**
- If person taken registration Voluntary he is liable to pay tax
- If any unit in SEZ area & non-SEZ area in same state**
Sperate registration required for both
- person who is liable but fails to obtain registration, the proper officer may, may register such person **SUO MOTO (himself) on temporary basis**



*registration effective from date of order by po granting regⁿ

7. Effective date of registration

Application files from Liability date	Effective date of registration
Within 30 Days	Date on which becomes liable to register
After 30 Days	date of grant of registration
Voluntary registration	

Example:

Rahul Ltd. Exceed t/o of 20 lakhs on 01/11/21 applied for Regⁿ on 20/11/21 & RC granted on 5/12/21

Effective date of registration = 1/11/21

Or if application made on 2/12/21: Eff date will be 5/12/21

Procedure for registration

Procedure apply to every person **except** NRTP/TDS Deducter u/s 51/TCS collector u/s 52/OIDAR service provider

Application to be made in **GST REG-01**

PART: A

- PAN: Validated online by CBDT database
- Also verified through separate OTP sent to mobile number & e-mail address linked to PAN
- Select: state/Ut

Comment: Mobile n. & email ID will not be general one. Only linked with PAN will be verified.

Upon submission of part A, temporary reference (TRN) number is generated

PART B

Use TRN to open part B & fill detail relating to constitution of business, PPOB, APOB, G/S, authorized signatory, Aadhar authentication

Then acknowledgment generated & application forward to proper office

Note: Bank Account may be furnished after obtaining registration certificate (RC)*

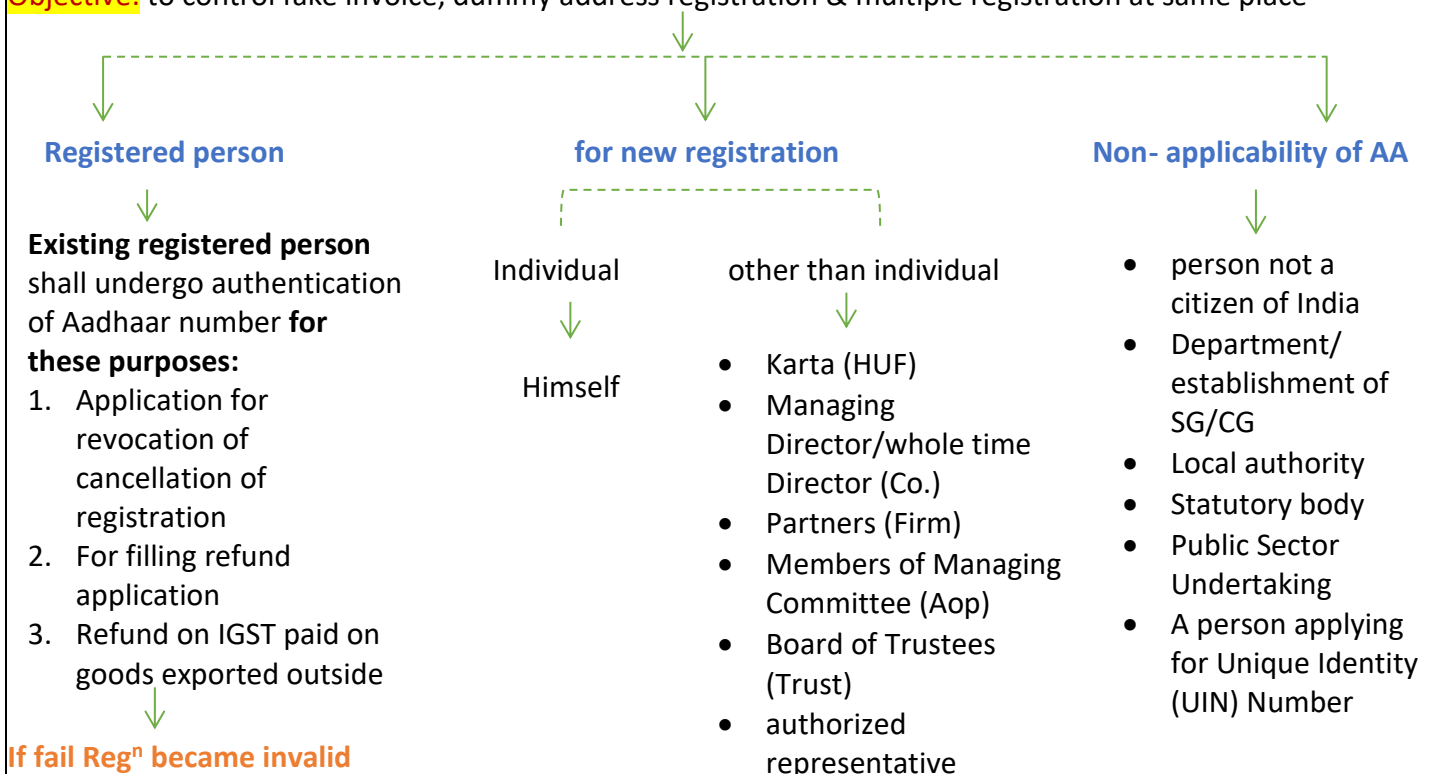
- within 45 days from grant of RC
 - or
 - due date of furnishing first return
- whichever is earlier**

* not for TDS/TCS/Suo moto registration → they have to furnished at the time of registration

Registration & Aadhar authentication

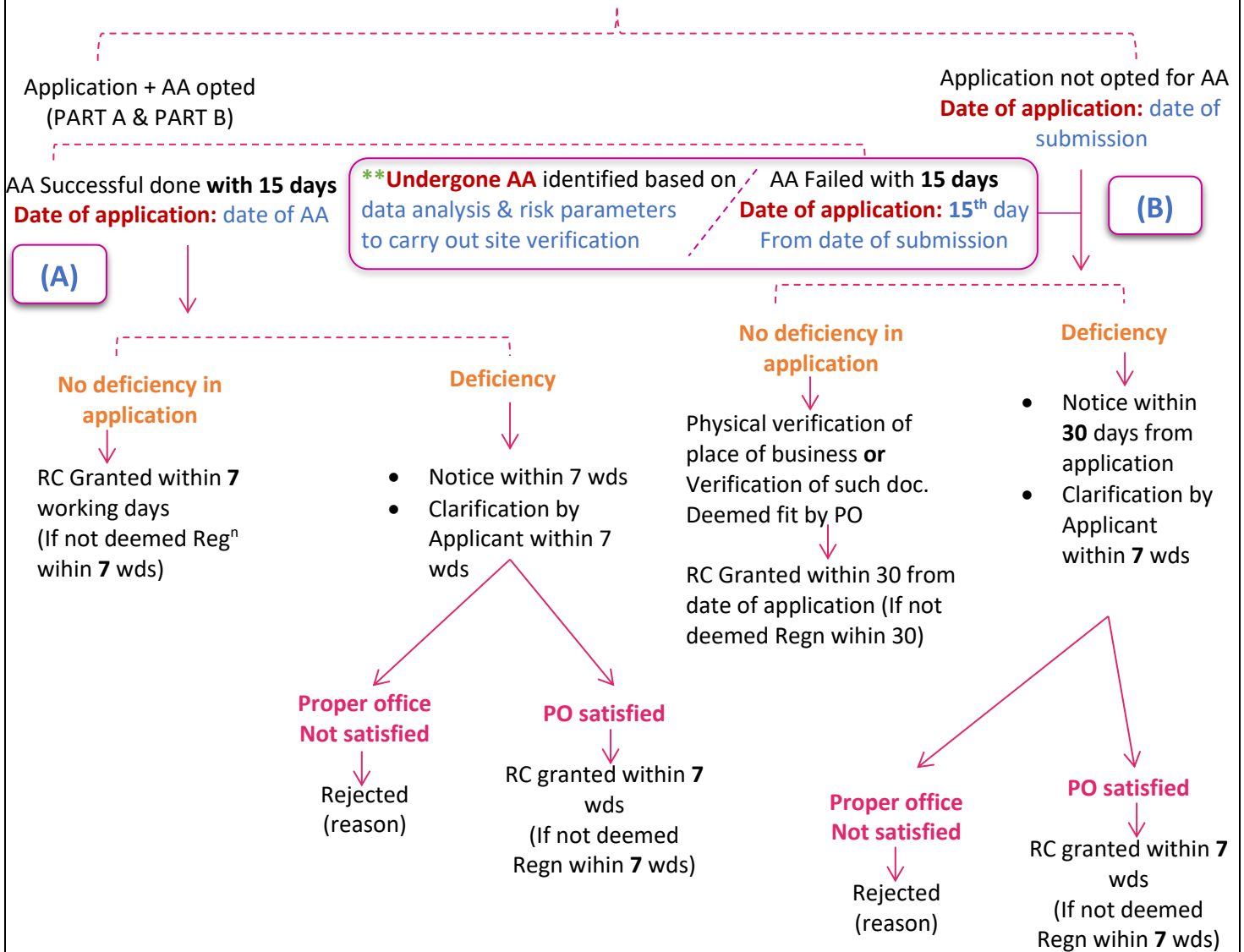
1. Aadhar Authentication (AA) under GST (just read)

Objective: to control fake invoice, dummy address registration & multiple registration at same place



If fail Regⁿ became invalid

2. Registration & Aadhar authentication



(IMP.) **** Applicant who opted for AA & identified on common portal, based on data analysis and risk parameters shall be followed by** **(Pilot project in Gujarat)**

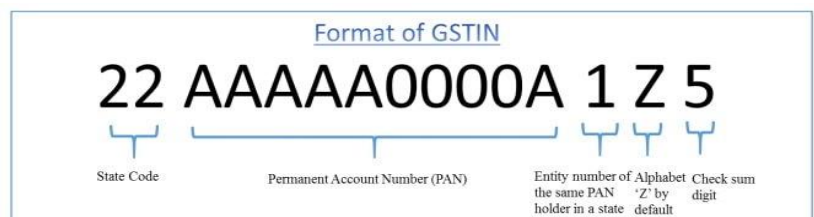
- 1) biometric-based Aadhaar authentication &
- 2) taking photograph
 - of individual applicant or
 - of such individuals where applicant is not individual (refer list on prev. page)
- 3) along with verification of original copy of documents uploaded with application in Form GST REG-01 at one of notified Facilitation Centres.

Application deemed to complete only after completion of the process laid down hereunder.

3. Goods & service identification number (GST IN)

Issued with 3 days of grant of RC

15 DIGITS



- Display RC in a prominent location at PPOB/APOB & display GST IN on the name board at PPOB/APOB

4. Grant of Registration to TDS deductor (sec 51) or TCS collector (sec 52)

- Shall apply in GST REG-07.
- PO to take action within 3 working days
- If no physical presence in State or UT

Mention name of said state in PART A

Name of State of PPOB in PART B

} Both may be different

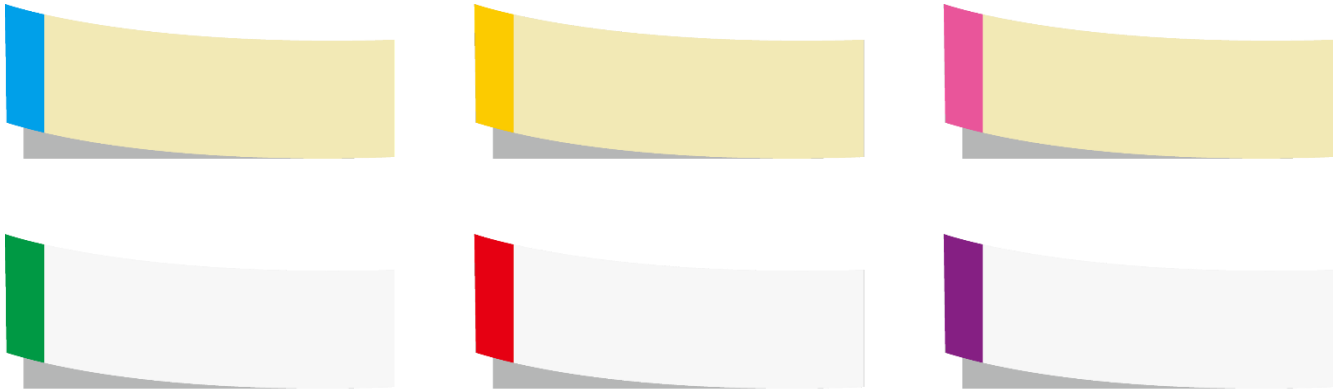
- Registration can be canceled when liab. To collect /deduct tax no longer

5. In case of an already registered persons

If Aadhaar number is not assigned to alternate means has been prescribed as follows:
such person can furnish following documents

- 1) his/ her Aadhaar Enrolment ID slip; and
- 2) Bank passbook with photograph/Voter id card/Passport/Driving license

once Aadhaar number is allotted, shall undergo AA within 30 days allotment

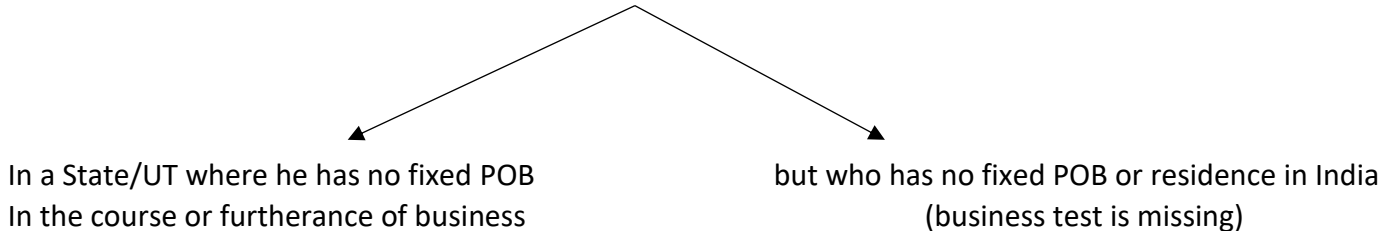
STUDENT NOTE

SECTION 26 DEEMED REGISTRATION

- Registration under SGST/ UTGST deemed to be registration under CGST
- Cancellation under SGST/ UTGST deemed to be cancellation under CGST

SECTION 27 SPECIAL PROVISIONS FOR CTP & NRTP

- **A person who occasionally undertakes transactions whether as principal/agent/other capacity**



CTP	NRTP
REGISTRATION <ul style="list-style-type: none"> • Compulsory reg. U/s 24 • Registration 5 days before commencement of business • Form REG-01 • PAN required 	REGISTRATION <ul style="list-style-type: none"> • Compulsory reg. U/s 24 • Registration 5 days before commencement of business • Form REG-09 • Valid Passport required
<ul style="list-style-type: none"> • Composition scheme N.A. • ITC on input /input service/capital goods available 	<ul style="list-style-type: none"> • Composition scheme N.A. • ITC only on imported goods
<ul style="list-style-type: none"> • Required to submit advance tax at time of submission of application 	<ul style="list-style-type: none"> • Required to submit advance tax at time of submission of application

Other points:

1. Registration valid for:
 - Time Period applied for
 - or
 - 90 days

whichever is lower
[further extendable by 90 days]
2. In cases of long running exhibitions (> 180 days)

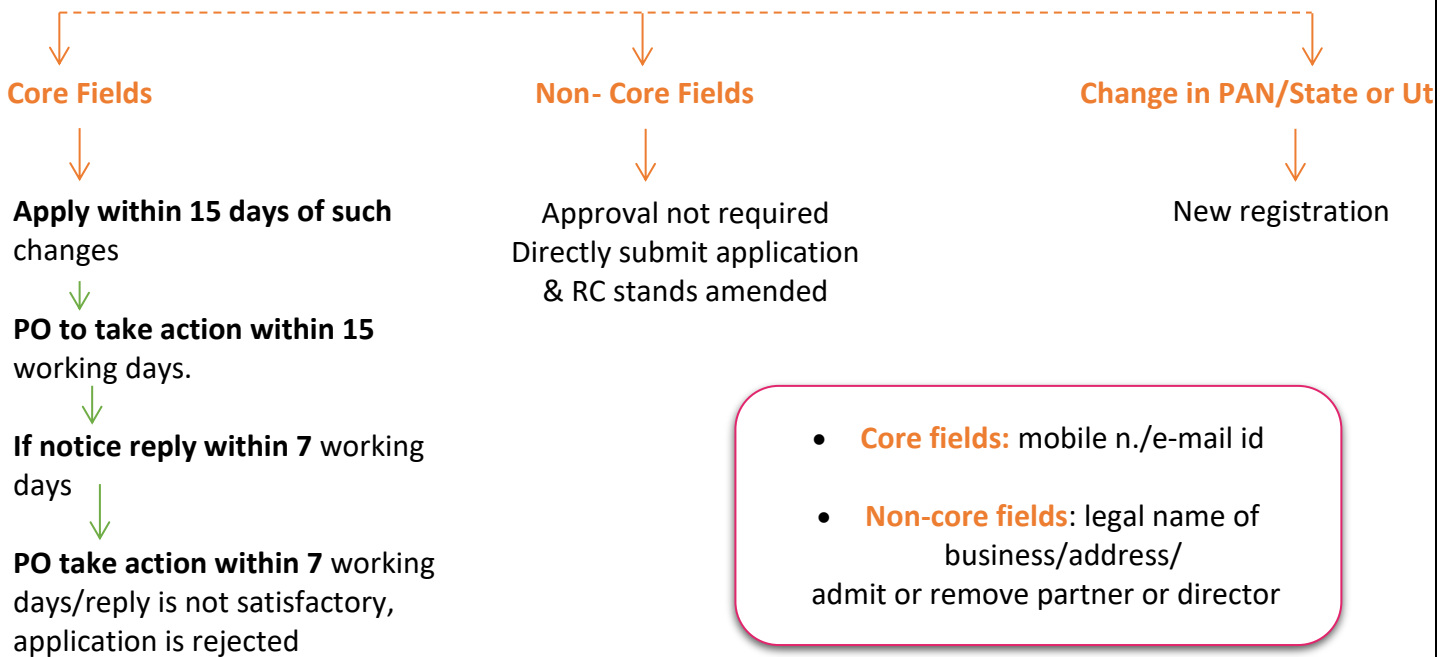
cannot be treated as a CTP

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 - have to obtain registration as a normal taxable person
(can surrender registration once exhibition is completed)

**STUDENT NOTE**

SECTION 28 AMENDMENT OF REGISTRATION

**Note:****If po fails to take action:**

- within **15 working days** from submission of application
or
- within **7 working days** from date of reply to Notice
deemed to be amended

SECTION 29 CANCELLATION/SUSPENSION OF REGISTRATION

Voluntary cancellation

By registered person

SUO MOTO cancellation

by department

1. Circumstance to cancel registration

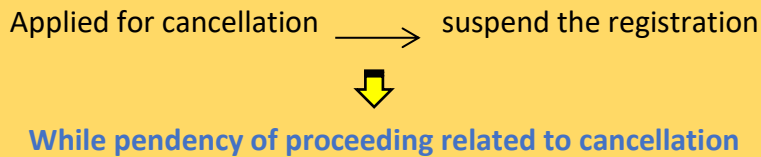
- Business **discontinued**/transferred for any reason incl. Death/amalgamated/demerged/disposed off
- Change in constitution** of business
- No longer liable** to registered u/s 22/24
- Intend to **opt out** of voluntary registration

2. Circumstance to cancel registration by dept. (PO)

- Registration by fraud:** Registration was obtained by means of fraud/wilful misstatement/suppression of facts.
- Voluntarily registered:** person not commenced business within 6 months from date of registration
- Not filling of return:** A Composition taxpayer not file return beyond three months from due date
- If contravened these provisions:**
 - Doesn't commenced** business from regd. Place
 - Violate anti profiteering** provisions
 - Doesn't provide bank detail** within prescribed time
 - Issue **invoice/bill without** supply of G/S
 - Avail ITC in violation** of act
 - Monthly return** filler fails to file return for continuous **period of six months**
 - Quarterly return** filler fails to file return for **2 tax periods**

* Proper officer shall not cancel without opportunity of being heard.

3. Suspension of registration



CASE	EFFECTIVE DATE OF SUSPENSION
1. Registered person applied for cancellation →	<ul style="list-style-type: none"> • Date of submission • Or • Date from which cancellation sought <p>whichever is later</p>
2. Cancellation initiated by department →	Date determined by PO

Note:

- While registration has been suspended regd. **Person shall not**
 - make any taxable supply (**can't issue tax invoice**)
 - required to **furnish any return**
- suspension shall be revoked upon completion of the cancellation proceeding

↓

with effect from date of suspension
(provision of revised tax invoice & first return shall apply during suspension period)
- Where registration suspended due to non-filing of return shall be deemed to be revoked upon furnishing of all pending returns

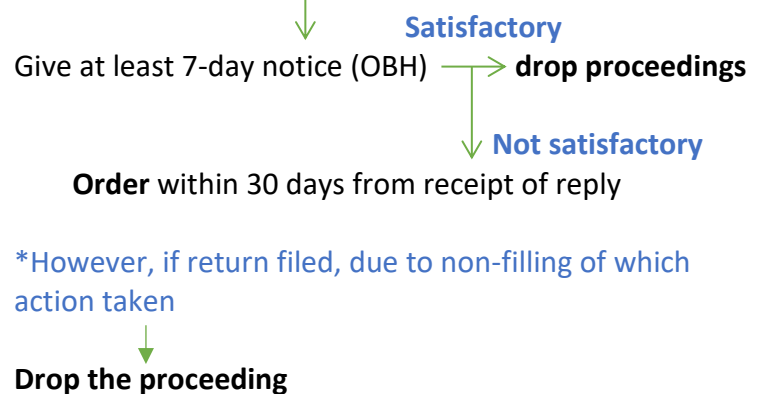
4. Cancellation of registration procedure

by registered person

- Apply **within 30 days** of occurrence of event
- Proper officer issue **order** of cancellation **within 30 days**
- Detail to be submit**
 - Input held in stock (RM/SFG/FG)
 - Capital goods

[on date of cancellation of registration]

By department



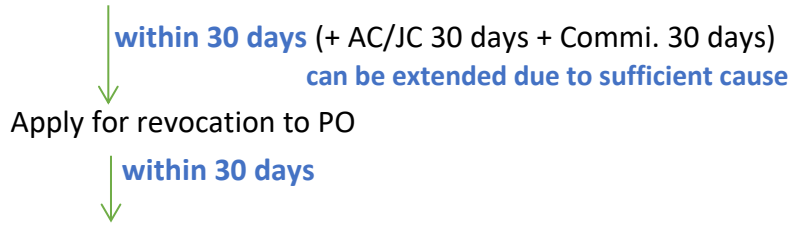
Note:

- taxpayer not allowed to file return post cancellation period
- Regn can be canceled by retrospective effect
- Cancellation not affect liability of reg person prior to cancellation

Note: cancellation of Tax deductor/collector reg. was possible only on request made in writing by a person to whom registration has been granted/on inquiry/pursuant to any proceedings

SECTION 30 REVOCATION OF CANCELLATION OF REGISTRATION

procedure for revocation of cancellation when **SUO MOTO** cancelled by po



1. Po satisfied

Revoke cancellation

2. Po not satisfied

↓
Issue show case notice

↓ **7 days**
Clarification by taxable person

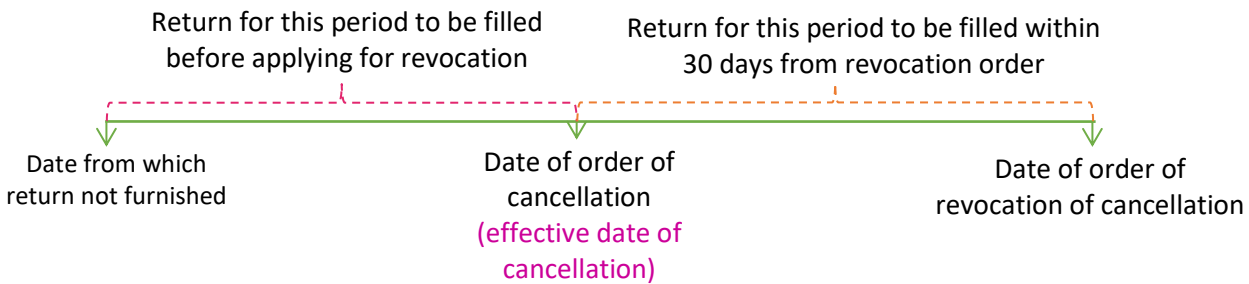
↓ **30 days**
Po to accept/dispose the application

3. When registration was cancelled due to failure to file return:

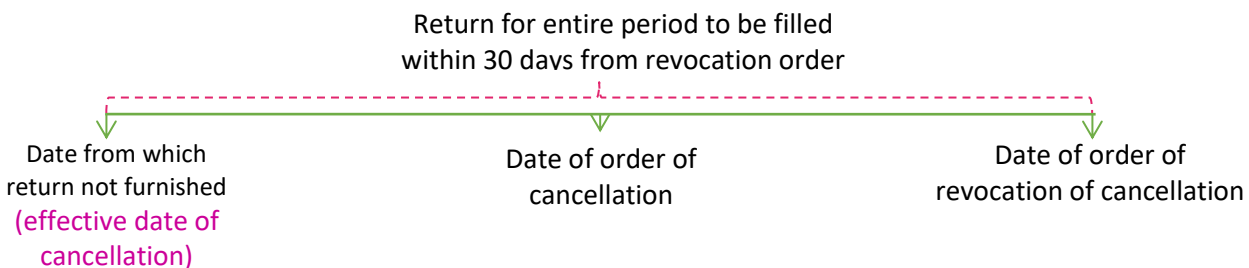
Person has to file all pending return along with all dues before applying for revocation



Case 1: date of order is effective cancellation date



Case 2: registration cancelled with retrospective effect



STUDENT NOTE

UIN [Unique identification number]**1) Who**

- Specialized agency of United Nations/any Multilateral Financial Institution under UN
- Consulate
- Embassy

2) PURPOSE

- TO OBTAIN refund of taxes paid on supplies of G/S to them

3) What

- Centralized number not states wise (single Regn for entire India)
- UIN holder not registered person hence not taxable

4) How to get it

- Submission of application
 - ✚
- Recommendation from MEA & GOI
 - ✚
- Within 3 days of submission of application
UIN allotted

STUDENT NOTE

01 |

02 |

03 |

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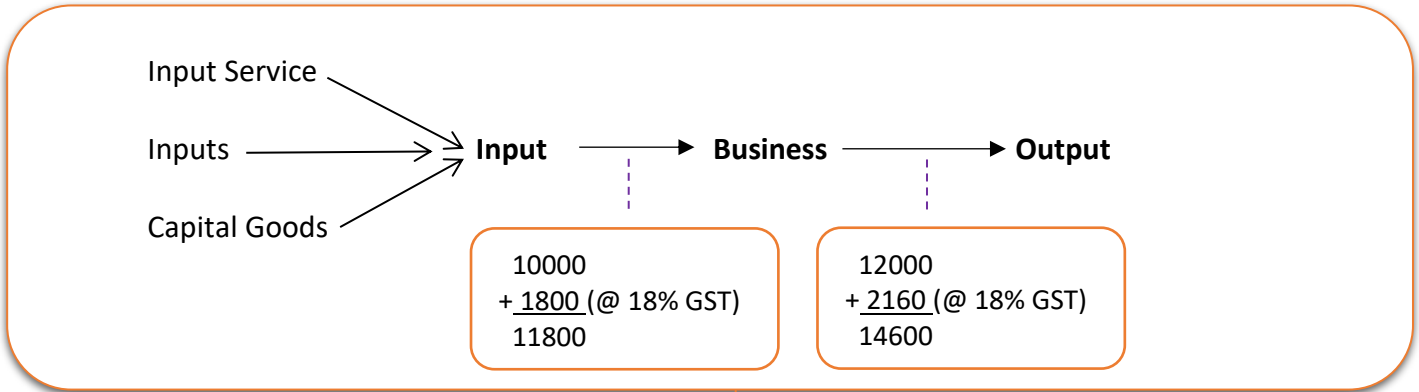
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CHAPTER: 9 INPUT TAX CREDIT (ITC)

The GST promises seamless credit on G/S across the entire supply chain

How ITC FLOWS??



Tax liability	2160
Already paid (ITC)	(1800)
Tax to be paid	<u>360</u>



How IT WORK ON GST PORTAL??

- Supplier(I/IS/CG) files **GSTR-1 with detail** of sale made Rs 10000 & tax collected 1800 on it & **pay** to govt by filling **GSTR-3B**
- After filling of detail by supplier it reflects in **GSTR-2B** of businessman & t/f to **E-credit ledger**
- So, when business man make sale he can use this credit & pay remain amt. to govt.
i.e. **(2160-1800[ITC]=360)**

TWO TERMS NORMALLY USED??

1. **ITC Availment:** means taxpayer claimed ITC & credited to his E- credit ledger
2. **ITC Utilisation:** Using the ITC availed to make payment

SOME IMPORTANT TERMS:

1. **Input:** any goods other than capital goods
2. **Capital goods:** goods, value of which capitalised in books of accounts
3. **Input service:** any service
4. **Input Tax:** means CGST/SGST/IGST/UTGST charged on supply of G/S made to registered person

Used or intended to be used in the course or furtherance of business

Includes

- The tax paid on Reverse Charge (RCM) basis
- IGST charged on import of goods

Doesn't include

- Tax paid under Composition levy

SECTION 16: ELIGIBILITY AND CONDITIONS FOR TAKING INPUT TAX CREDIT

1. Eligibility criteria:

- Should be a registered person
- Goods/service to be used for business purpose

2. Conditions for availment of ITC

a) Possession of tax paying document:

Valid tax paying doc.

- Tax invoice/ debit note/ revised invoice
- Self-invoice (RCM)
- Bill of entry (in case of import)
- Doc. By ISD.

Mandatory detail Required on tax paying doc.

- I. Details of tax
- II. Descriptions of G/S
- III. value of supply
- IV. GSTIN
- V. place of supply.

b) Receipt of goods/service

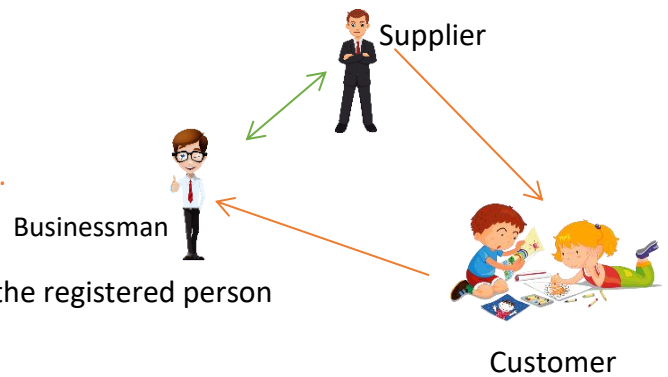
- he has received the goods or services

Note:

1. In case goods received in **lots or instalments**
ITC can be availed on receipt of last lot or instalment.

2. "Bill to Ship to" Model

- goods are **delivered to a third party** on the direction of the registered person
- in this case goods **deemed to be received**



c) Tax paid to govt:

- has been actually paid to the Government by supplier

Availment of Input Tax Credit [Sec 41]:

- 1) recipient can take ITC on self-assessment basis in his return & such amount shall be credited to his E-credit ledger.
- 2) However, if tax payable on such supplies is not paid by supplier, then, such ITC shall be reversed by the recipient along with applicable interest (if ITC is utilised).
- 3) Further, when supplier subsequently makes payment of tax recipient may re-avail ITC reversed by him

d) Filling of return

- Tax payer to file return u/s 39 presently GSTR-3B to avail ITC

e) Restricted ITC

1. If tax has been paid & demand is confirmed because of **fraud**
2. No ITC shall be availed in respect of invoices/debit notes of which detail required to furnished u/s 37(1)- Unless:
 - (i) details of such invoices/debit notes furnished by supplier in **GSTR-1** or invoice furnishing facility (IFF) &
 - (ii) details communicated to registered person in **GSTR-2B**
 - (iii) **ITC details communicated under Section 38(GSTR-2B) have not been restricted.**

So, invoice only reflecting in 2B can be availed for ITC

f) ITC in respect of the said supply has not been blocked u/s 17(5)

Discuss in detail

Note:

Payment to supplier shall be made within 180 days from date of issue of invoice

1. **Default:** Failure by Recipient to pay (**VALUE+TAX**) to the supplier within 180 days from Invoice date.
2. **Consequence:** Amount equal to ITC availed by recipient + Interest @ 18% P.a. (**from date of utilization to payment to govt.**) shall be added to output tax liability or reverse it. (GSTR-3B of tax period when 180 days end)
3. **Regain of Credit:** Regain when payment is made (no time limit)
4. **Non-Applicability:** This provision not applicable
 - a) Tax payable under RCM
 - b) Deemed supplies
 - c) addition to value being payment made by recipient to third party

In case part payment has been made, proportionate credit will be allowed.

e.g.

MR. Popatlal received goods & invoice on 15/4/21 & he has taken ITC in April month return filled on 20/5/21
ITC amount 1000 the payment was made to supplier on 26/1/23

Determine interest payable on reversal of ITC

Sol:

Date of invoice 15/4/21

Date of taking ITC 20/5/21

180 days expired in 12 oct 2021

So, date of reversal of ITC = 20/10/21

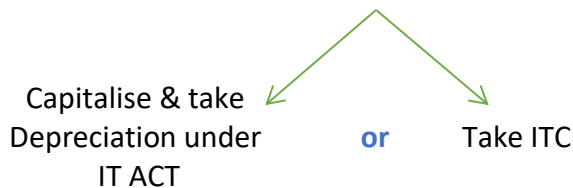
(Sep. month return)

Note: date of avialment considered to be date of utilisation

Interest = $1000 \times 18\% \times \frac{153}{365}$ (from 20/5/21 to 20/10/21) = Rs 75.45 (approx.)



3. GST part on purchase of capital goods



- any one option can be taken (**i.e.** if taken Depⁿ on it then ITC not allowed)

4. Time limit for availing ITC:

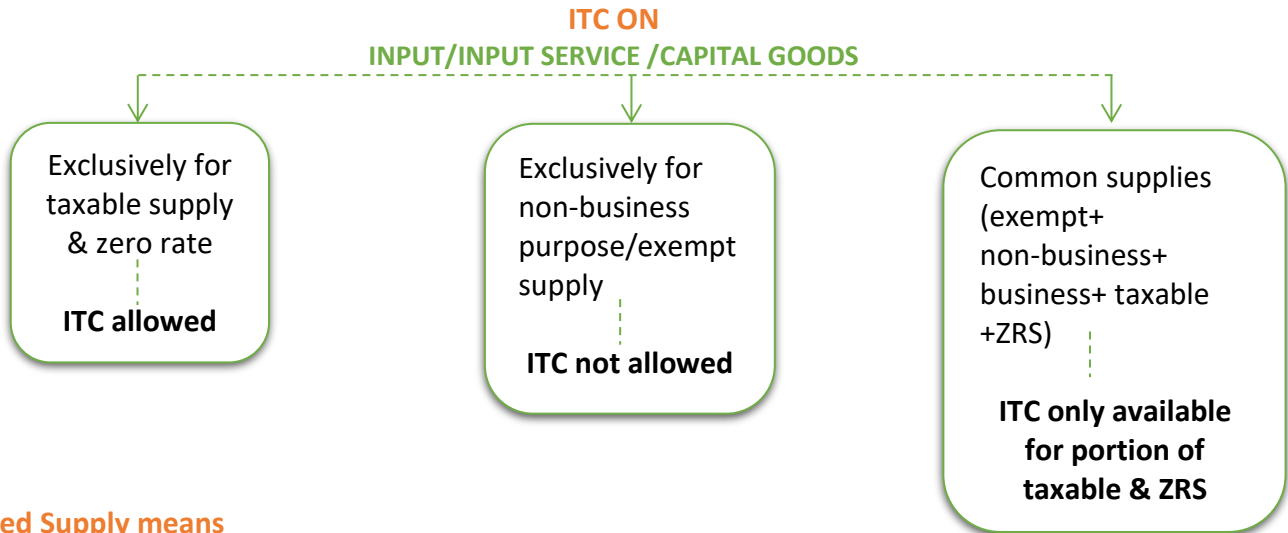
- 30th NOV of Next the year to which such invoice/debit note pertains
 - or
 - date of filing annual return
- whichever is earlier.**

EXAMPLE:

- **Invoice date 02/02/2020** & further additional changes through **debit note dated 03/04/2020** SO,
- **ITC on original invoice** can be taken by 30/11/2020 or actual date of annual return
- **ITC on debit note** can be taken by 30/11/2021 or actual date of annual return

SECTION 17: APPORTIONMENT OF CREDIT & BLOCK CREDITS

1. APPORTIONMENT OF CREDIT



NOTE:

Zero-Rated Supply means

- Export of G/S
- Supply of G/S to Special Economic Zone (SEZ) developer/unit.

Exempt supply means

- = Nil rate + exempt + non-taxable

Special provision for banking company/financial institution/NBFC

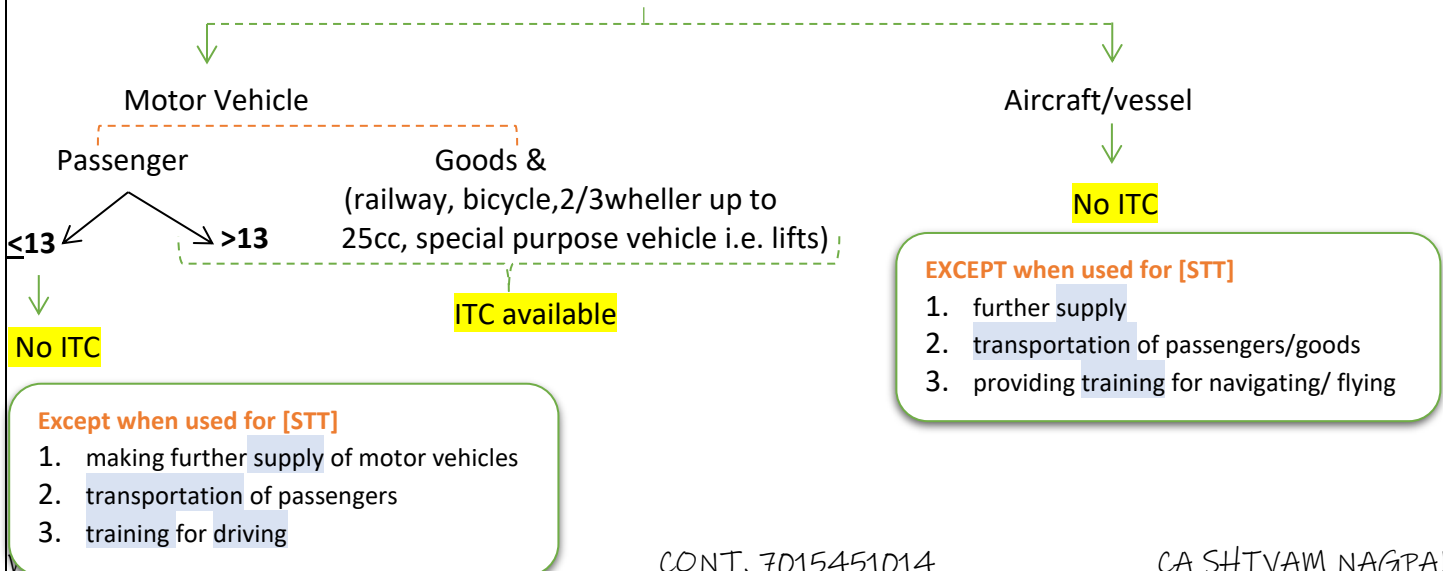
- 1. COMMON CREDIT**
- Takes proportionate credit **or** Avail 50% eligible input tax credit & rest shall lapse

2. once exercised **shall not be withdrawn during remaining part of year**
3. However, 100% credit available when supplies made by one registered person to another registered person **having the same PAN (distinct person)**

2. Blocked credits: Sec 17(5)

Reason: to avoid administration burden of controlling the actual use of G/S which may be easily used for business & private purpose

1. Motor vehicles designed to carry up to 13 passengers (including driver), Vessels and aircrafts



Insurance, servicing, repair and maintenance (IRSM)**IS motor vehicle/aircraft/vessel eligible for ITC??**

Yes
IRSM eligible for ITC

No
IRSM not eligible for ITC

However, IRSM eligible in Next cases [MI]

1. **Manufacture** of such motor vehicle/vessel/aircraft
2. insurance service provider of such motor

Note: above provision applies **whether buy/lease/rental/hire**

Example:

1. Authorized dealer of motor vehicle	ITC Available
2. Trucks used by manufacturer for giving delivery of goods to customer	ITC Available
3. Car used by call center for bringing employee to work	No ITC
4. Lift used inside the factory i.e. special purpose vehicle	ITC Available

2. Goods /services used in business not eligible for ITC (mostly for employee, director, Guest etc.)**(A) Food/beauty/health**

1. Food & beverages
2. Outdoor catering
3. Beauty Treatment
4. Cosmetic plastic surgery
5. Life/health insurance/ Health Services
6. Leasing, renting, hiring of Mv /vessel/ aircraft

No ITC

Except when used for [OC]

1. Same category of **outward taxable supply**
2. Element of **composite/mixed supply**

(B)
**Membership of a club,
health and fitness centers**

No ITC

(C)
**Travel benefits to employees
on vacation such as LTC
or home travel concession**

No ITC



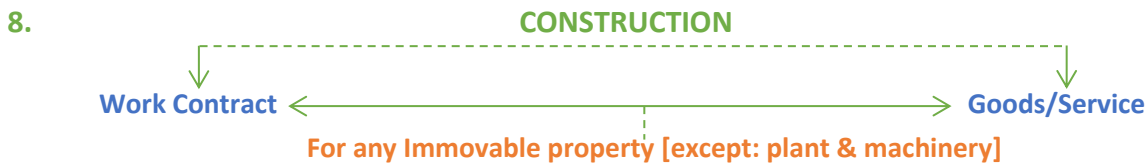
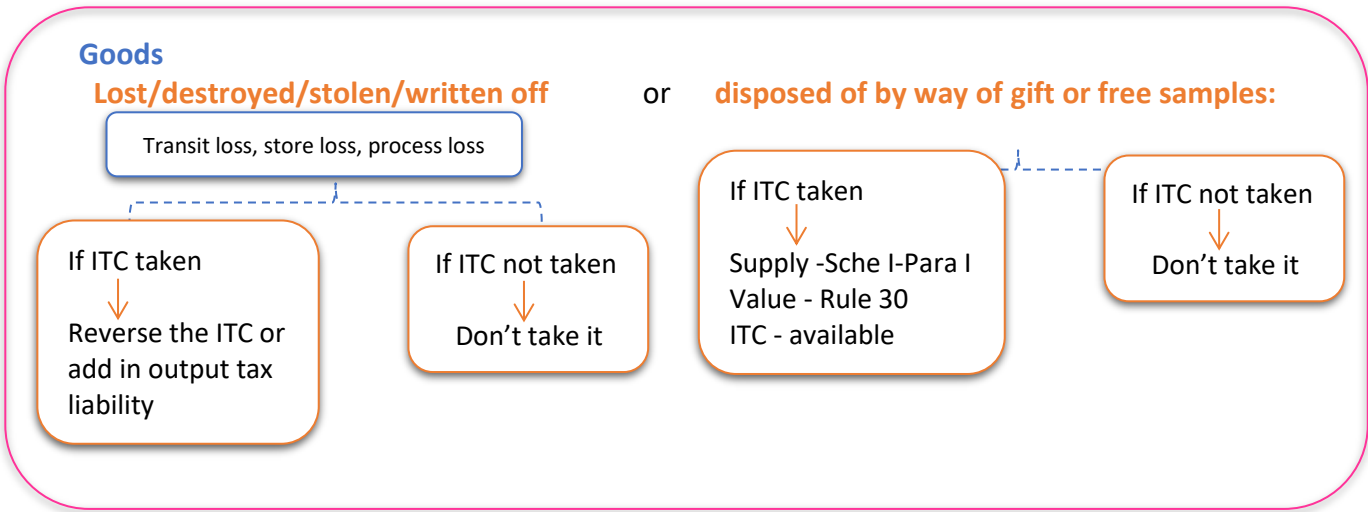
NOTE: When such services are provided by an employer under a **statutory obligation**
ITC available

EXAMPLES:

1. Catering service taken by modi ltd. for event organized for its customers	NO ITC
2. Director of company take membership of club fee paid by company	NO ITC
3. Catering service taken for free canteen in factory because of factory act requirement	ITC Available
4. Company avail service of travel agency for free vacation of its top employees	NO ITC

3. Goods/services (inward supply) used for personal consumption**4. Tax paid (on inward supply) under composition scheme**

- 5. Tax paid u/s 74 (fraud), 129(seizure goods in transit) and 130 (Confiscation of goods)
- 6. Any Goods or services (in India) purchased by NRTP except goods imported by him.
Note: exception only available for imported goods, not service
- 7. Goods that are lost, stolen, destroyed, written off or disposed of by way of gift or free samples



Except: obtained to make further supply

Note:

1. **Plant & machinery means**

- Apparatus/equipment/machinery
- fixed to earth by foundation
- Including such structure/foundation

ITC Available

Not considered as P&M

- Land/building/other civil structures
- telecommunication towers
- pipelines laid outside the factory premises (Inside factory considered as P&M imp.)

NO ITC

2. **Construction**

Repair /construction

- Capitalized in books: No ITC
- Not capitalized in books: ITC available



i.e.
 work contract service taken by software co. for its office ITC is blocked
 work contract for manufacturing pipeline outside factory ITC is blocked

Clarification & special cases

- 1. **Buy one get one free:** Not any goods given free
 It's a supply of two items for a single price, hence ITC available

2. ITC reversal in case of medicine expired/returned

Regular scheme distributor

Considered as fresh supply

Issue fresh invoice (wholes/MFG can take ITC)

Note: If such item destroyed: reverse ITC taken

Composition scheme distributor

Considered as Fresh supply

Issue bill of supply & pay composition tax

Note: ITC not allowed to wholes/MFG

Reversal of ITC in case of non-payment of tax by supplier & re-avialment thereof. (new rule 37A)

- Where ITC taken by registered person in GSTR-3B for tax period in respect of invoice details of which furnished by supplier in GSTR-1/IFF. but GSTR-3B for that tax period has not been furnished by supplier till 30th September following end of F.Y. in which ITC in respect of such invoice has been availed amt. of ITC shall be reversed by regd person, while furnishing GSTR-3B on or before 30th November following end of F.Y.
- However, where ITC not reversed by regd. person in GSTR-3B on or before 30th November following end of F.Y. such amount shall be payable along with interest (u/s)50.
- When supplier file GSTR-3B then regd. person retake ITC in GSTR-3B for tax period just after it

SECTION 18: CREDIT IN SPECIAL CIRCUMSTANCES

Remember

Effective date of registration

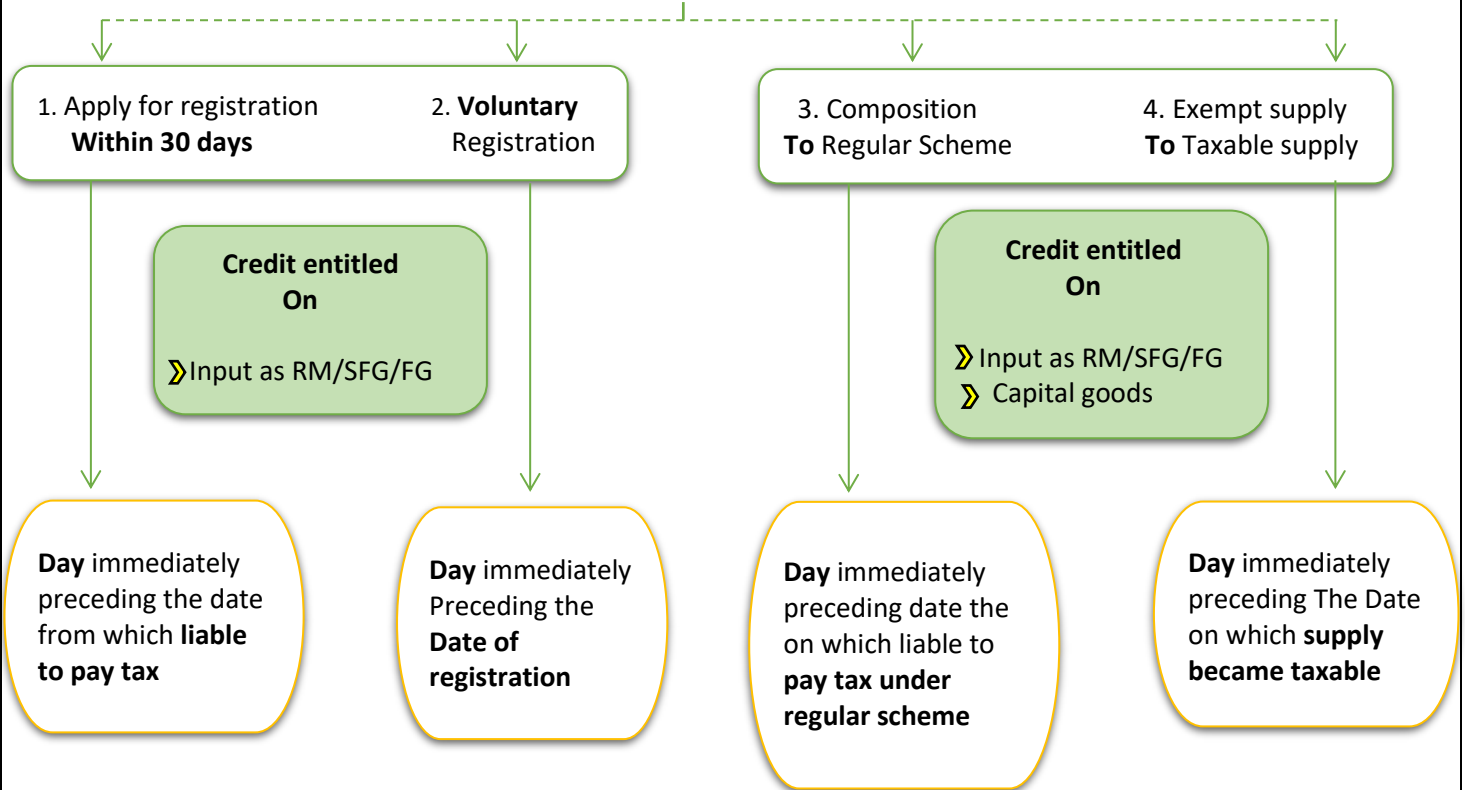
Application files from Liability date	Effective date of registration
Within 30 Days	Date on which becomes liable to register
After 30 Days	Date of grant of registration
Voluntary registration	

Example:

Rahul Ltd. Exceed t/o of 20 lakhs on 01/11/21 applied for Regⁿ on 20/11/21 & RC granted on 5/12/21

Effective date of registration = 1/11/21

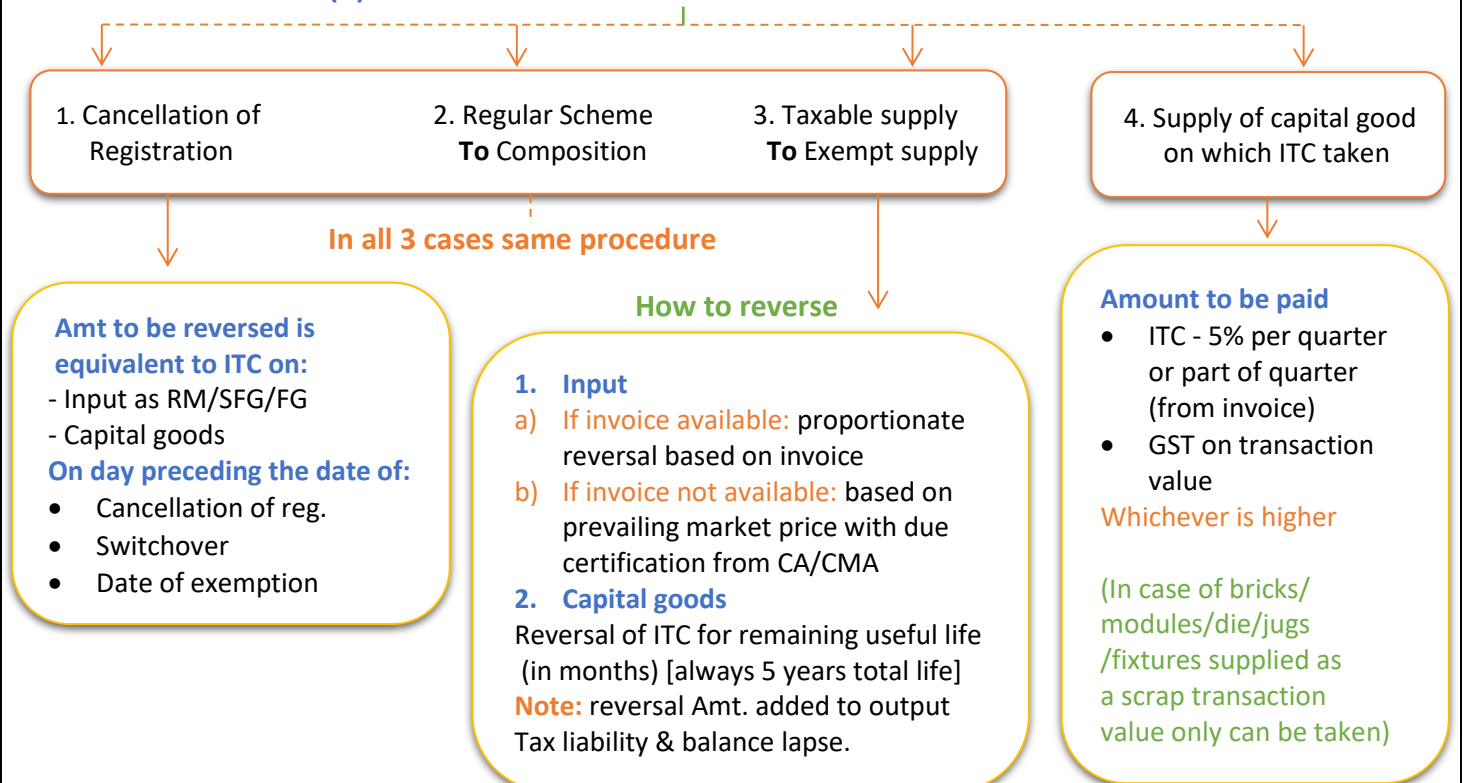
Or if application made on 2/12/21: Eff date will be 5/12/21

(A) SPECIAL CASES OF AVIALMEMMNT OF CREDIT

[however, ITC can be availed only if invoice is not older than 1 year & no ITC for input service]

Note:

1. **In case of capital goods**
ITC = total ITC – 5% for each quarter/ part of quarter (from date of invoice)
2. If person failed to apply for reg. within 30 days then he is not eligible to take such ITC.
3. **Condition to avail credit:**
 - a) File electronic Declaration within 30 days from relevant date contains detail of I/IS/CG
 - b) If aggregate credit > 2,00,000 – detail to be certified by CA/CMA

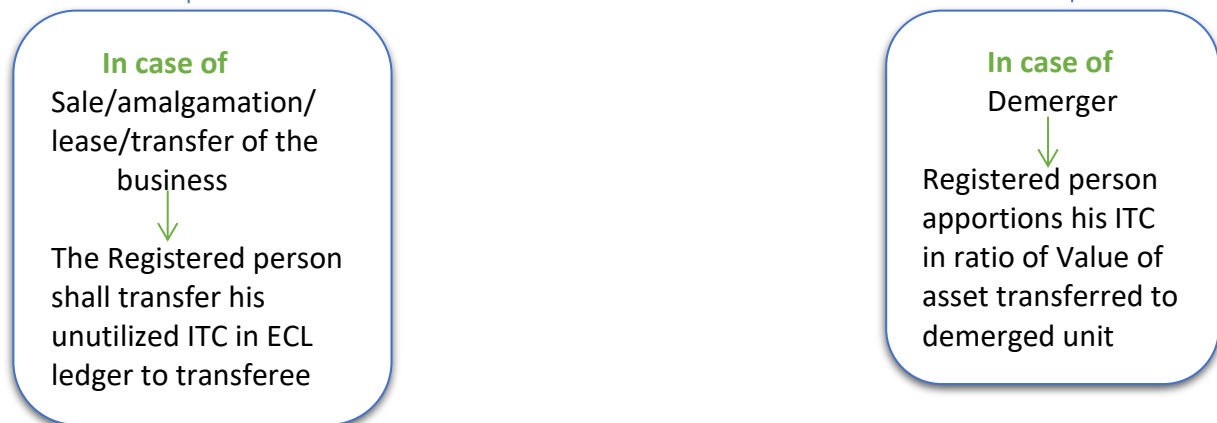
(B) SPECIAL CASES OF REVERSAL OF CREDIT

Example for capital goods treatment:

- Capital goods have been in use for 4 years, 6 month and 15 days.
- The useful remaining life in months= 5 months ignoring a part of the month
- Input tax credit taken on such capital goods= 10000
Input tax credit attributable to remaining useful life= 10000 multiplied by 5/60= 833.33

Example:

- Mr. ram purchased machine RS 20 lakhs @ 18% GST on 14/9/21
- He sold this machine on 7/5/23 for 10 lakhs
A) tax on transaction value = 10lakhs × 18%=180000
B) 20lakhs × 18% - 360000 × 5% × 8 quarter = 260000 – 144000 = **216000 Higher**

(C) Transfer of ITC on account of change in the constitution

Note:
“Value of assets” means: the value of the entire assets of the business, whether or not input tax credit has been availed thereon

Conditions

1. Reg. person to **provide detail** of such reconstitution in form ITC 02
2. **Certification** of transfer of liabilities from CA/CMA
3. **Acceptance** of transferred credit by transferee on common portal
4. Transfer would be **state wise not all India level**
5. inputs & capital goods so transferred are **duly accounted by** transferee in his books of a/c
6. **Transfer of ITC on obtaining sperate registration** for multiple place of business within a state /Ut ITC can be transferred in ratio of value of asset **within 30 days**

EXAMPLE:

- **A company babu ltd. is registered in two states:**

Haryana: Asset 40 crore (10 crore transfer to Sona ltd.)

Gujrat: Asset 60 crore (30 crore transfer to Sona ltd.)

Total: Assets 100 crore (40 crore transfer to Sona ltd.)

- On happening of above demerger proportion of ITC transferred to Sona ltd. Shall be calculated state wise

• **So,**

Haryana = 10/40 = 25% ITC transferred in Haryana

Gujarat = 30/60 = 50% ITC transferred in Gujrat

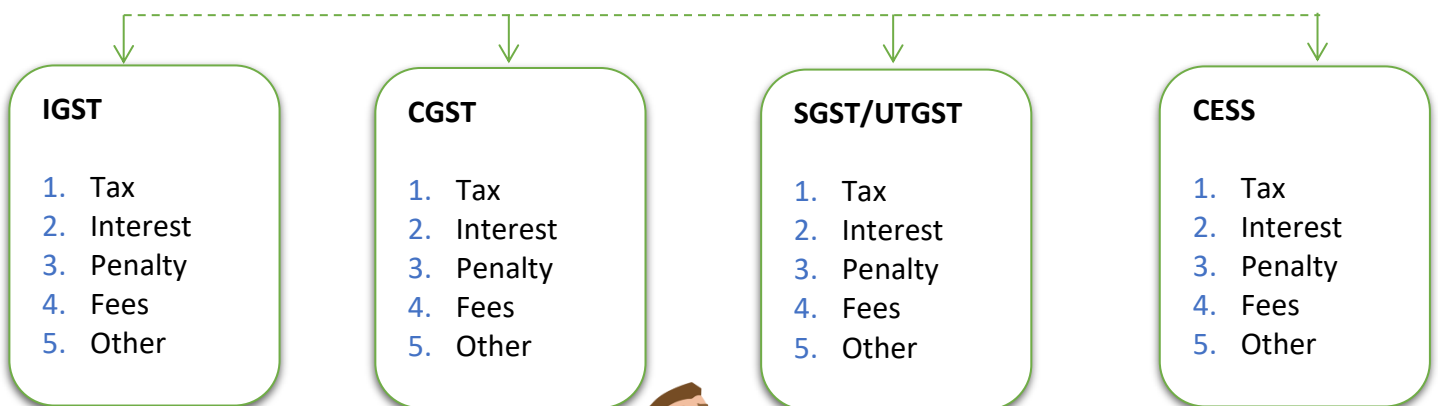
[warning do not calculate on all India basis 40/100 = 40 %]

CHAPTER: 10 PAYMENT OF TAX

LEDGER ON COMMON PORTAL

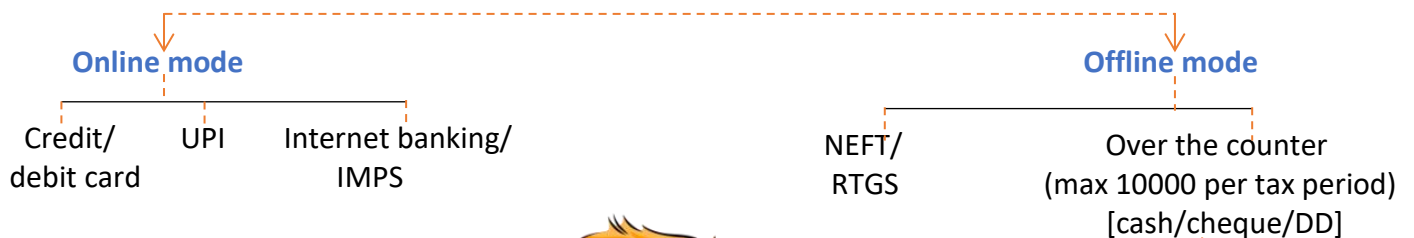
- Electronic Cash Ledger - Cash balance with GST dpt.
- Electronic Credit Ledger - Credit balance with GST dpt. (ITC)
- Electronic Liability Register - Outward liability to pay

1. Electronic Cash Ledger



* 5 Minor Head for Each Major Head

Ways Deposit of Amount in E-Cash Ledger



(UPI) Unified Payment Interface
(IMPS) Immediate Payment Services
(NEFT) National Electronic Fund Transfer
(RTGS) Real Time Gross Settlement



No Limit: -

- a) Government Department, P.O. & another authorized P.O.
- b) To recover o/s dues from any person registered or not Incl. recovery through sale of property
- c) During any investigation or enforcement activity

OTHER POINTS:

- To deposit money Challan generated on common portal (E- challan) in form **GST PMT 06** shall be valid for 15 days.
- Deposit money credited to cash ledger that can be used to pay liability
- Amount available in one major/minor head cannot be used to pay liability in any other major/minor head.
 ↓
 [However, any amount lying in any major/minor head can be transfer to other major/minor head using form **GST PMT-09** & then use it to pay liability]
 [Hence if a taxpayer has **wrongly paid** CGST instead of SGST, he can now **rectify the same**]
- A regd. Person can transfer any amount of sum available in cash ledger to distinct person cash ledger (**GST PMT-09**)
 ↓
 (Only if regd. Person doesn't have any liability in E- liability ledger)
- Date of credit into the govt. (C.G./S.G.) A/c is deemed to be the date of debit to the amount of the taxable person (Jab govt. k a/c me credit hoga tab actual payment manege)

The Electronic cash ledger shall be maintained in FORM GST PMT-05

Debit Entries	Credit Entries
Any payment of tax, interest, penalty, fee etc.	Amount deposited through Challan
Amount of refund claimed from electronic cash ledger	TDS &TCS Claimed

**Some important terms**

- Common Portal Identification Number (CPIN)** [14-digit N.]
 - unique number generated on common portal on successful generation of Challan
 - CPIN remains valid for 15 days.
- Challan Identification Number (CIN)** [18-digit N.]
 - Unique number generated by banks, once payment in lieu of generated Challan is successful
 - CIN is communicated by authorised bank to taxpayer as well as to GSTN
 - It is 8-digit number that is 14-digit CPIN + 4-digit Bank Code.
- Bank Reference Number (BRN)**
Transaction number given by bank for payment against Challan.
- E- Focal Point Branch (FPB)**
 - Branches nominated by authorized banks to collect tax on behalf of govt.
 - Each authorized bank will nominate only one branch as its E-FPB for pan India
 - In case of NEFT/RTGS/IMPS- RBI act as E-FPB

NOTE:

- Manual or physical Challans are not allowed
- There is single Challan prescribed for all taxes, fees, penalty, interest, and other payment
- Where bank fails to communicate CIN to common portal, E-Cash Ledger may be updated on basis of e-Scroll of RBI in cases where details of said e-Scroll are in conformity with details in challan generated in Form GST PMT-06 on the common portal.

STUDENT NOTE

2. Electronic Credit Ledger

1. Amt. Credited to E-Credit ledger on avialmemnt of credit (ITC) in return
2. Amt. In E-credit ledger can be used to pay only "Output Tax"(self-assessed/due to proceeding)
[Hence can't be used to pay tax, penalty, interest, liability of RCM, TDS, TCS, composition tax]

COMPULSARTY TO BE PAY
THROUGH E-CASH LEDGER

The Electronic Credit Ledger shall be maintained in FORM GST PMT-02.

Debit Entries	Credit Entries
Liability discharged through electronic credit ledger	Self-assessed ITC
Claim of refund of unutilized ITC	Rejected claim of refund of unutilized ITC



Refund of excess balance in E-cash ledger or E-credit ledger

A) E-Cash Ledger: - Immediately allowed on filling the application of Refund

B) E-Credit Ledger: -

a) Refund is available in only Next Two cases

i) ITC of zero-rated supply

ii) Inverted tax rate

b) Registered person deposits the amount of erroneous refund sanctioned to him along with interest & penalty. the amount of erroneous refund shall be refund shall be re-credited to the E-Credit ledger by the proper officer

Conditions of use of amount available in E-credit ledger (Rule 86A)

The **Commissioner** or officer auth. By him is empowered to impose restriction on utilization of ITC if reasons to believe ITC fraudulently availed/ineligible

1) tax invoices/other doc.

- a) issued by non-existent RP (supplier) or RP not doing business from registered place
- b) without receipt of G/S/B

2) ITC avail in respect of tax not paid to govt. by supplier

3) not in possession of valid invoice/tax doc.

restriction can be imposed up to one year, officer can withdraw if satisfied that condition no longer exist

Restrictions on use of amount available in E-credit Ledger (Rule 86B)

Applicable on:

- In case of registered person having taxable liability (excl. zero rated & exempt supply) in a month >50 lakhs ↓
- Maximum 99% of outward tax liability can be paid through ITC Balance
- Remaining in cash

(Taxable supplies = total supplies – (exempt supplies + zero rate supplies)).

Exceptions:

1. Regd. Person proprietor/karta/managing director Any two partners/directors/Board of Trustees
2. Registered person received refund >1 lakh for unutilised ITC for
 - (i) zero rated supplies
 - (ii) inverted duty structure
 In preceding F.Y.

deposit > 1 lakh
income tax

in each of last 2 F.Y.

3. If > 1% YTD output tax liability paid through e- cash ledger in current F.Y. (excl. RCM payment)
4. Not applicable on-
 - Govt. Dept.
 - PSU
 - Local authority
 - Statutory body
5. P.o. may remove restriction after verifications/safeguards as he may deem fit.

Example:

Outward tax liability for January month 30000000

ITC available 29900000

So, ITC to be utilized & tax to be paid in cash

$30000000 \times 99\% = 29700000$ can be paid through utilizing ITC

& Balance in cash 3 lakhs

3. Electronic liability Register

1. All liabilities shall be recorded and maintained in an Electronic Liability Register
2. Order of Discharge -
 - (1) Self-assessed tax & other dues for previous tax period
 - (2) Self-assessed tax & other dues for current tax period
 - (3) Any other amount incl. Demand determined u/s 73 or 74

Electronic Liability Register shall be maintained in FORM GST PMT-01

Debit Entries	Credit Entries
Amount payable towards outward tax	Electronic credit ledger trf amt
Amount payable towards other dues like interest Penalty	Electronic cash ledger trf amt

**4. How new system benefit to Tax Payer & Tax Department:**

- 1) No more queues and waiting for making payments
- 2) payments can be made online 24 X 7
- 3) Instant online receipts for payments
- 4) Tax Consultants can make payments on behalf of clients.
- 5) Greater transparency.
- 6) Revenue will come earlier into Government.
- 7) Speedy accounting & reporting

5. Key Features of Payment process

- 1) Electronically generated challan from common portal and no use of manually prepared challan
- 2) Facilitation for the tax payer by providing hassle free, anytime, anywhere payment of tax;
- 3) Convenience of making payment online
- 4) Faster remittance of tax revenue to Government Account
- 5) Paperless transactions
- 6) Electronic reconciliation of all receipts

6.

Interest on [can be paid through can only]

Delay in payment
of tax part/full

@18% p.a.
(from due date till date
of actual payment)

Paid after due date
but before start
of proceeding
u/s 73/74

On net tax
[tax payable after
utilising ITC
balance]

Paid after start
of proceeding
u/s 73/74

On gross tax
Liability

Utilisation of wrongly
availed ITC

@18% p.a.

From: date of utilisation
of wrongly availed ITC
To: date of reversal
/payment of tax

Note: 1. Excess ITC would be
= ITC wrongly availed – ITC balance in credit ledger

Note 2. Date of utilisation

If amount in credit ledger fall
below wrong ITC claimed on
account of payment of tax
through return u/s 39

- Due date of such return
u/s 39

Or

- actual date of filling

Whichever is earlier

If amount in credit
ledger fall below
wrong ITC claimed
In other cases

- Date of debit in
electronic credit
ledger



Example:

Tax liability for January month filled on 15/03/23

- 1)
 - a) Liability on outward supply 200000
 - b) RCM liability 50000
 - c) ITC 90000

- 2) If ITC 3 lakhs?

Ans:

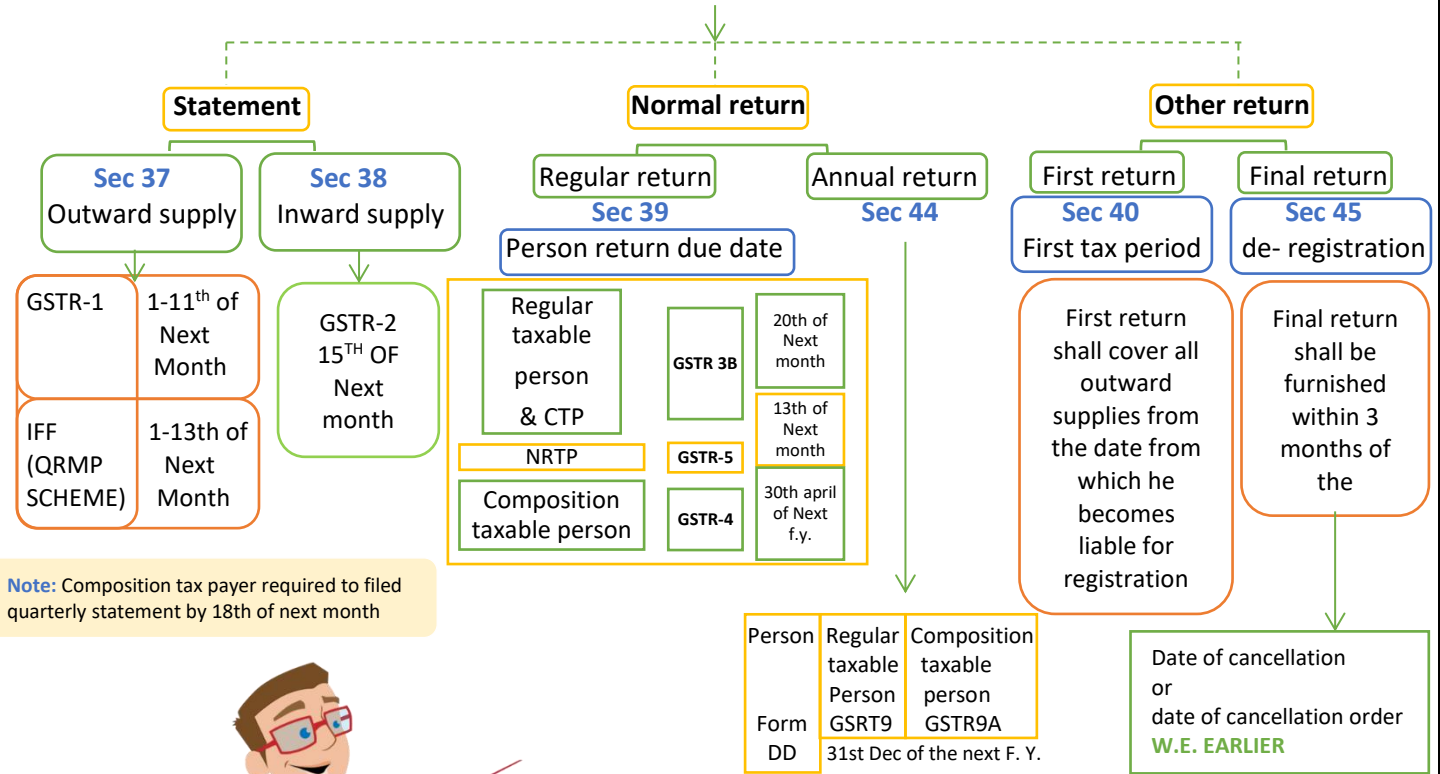
- 1) Due date of January month 20/02/23 to actual payment 15/03 /23
= $[(200000 - 90000) + 50000] \times 18\% \times 23/365 = 1814$

- 2) $50000 \times 18\% \times 23/365 = 567$

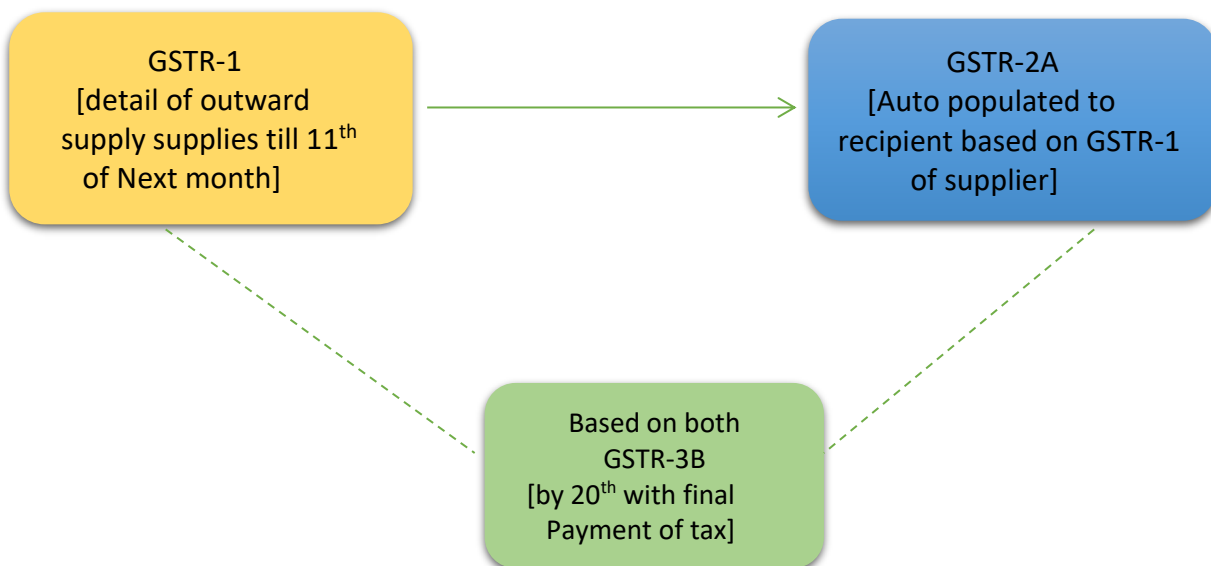
CHAPTER: 11 RETURN

Filing of returns is most important which enables the Government to **estimate tax collection** for a particular period and **determine the correctness and completeness of the tax compliance** of the taxpayers.

AN OVERVIEW



(A) NORMAL GST RETURN SYSTEM



1. GSTR-1 [Statement of outward supply]

GSTR-1 to be furnished by **Every Regd. Person including CTP subj. to such condition & restriction**

Except:

- 1) ISD
- 2) NRTP
- 3) Composition tax payer
- 4) TDS/TCS deductor/collector
- 5) OIDAR supplier

Even if no outward supply during period file **Nil return**

Restriction means here: Filing of GSTR-1 for current tax period is not allowed, if GSTR-1 of previous tax periods has not filled
However, Govt may allow any RP to file GSTR-1

On or before 11th of next month [13 in case of QRMP]

Scan copies not uploaded **just details** are furnished

1) Details of Outward Supply

Invoice wise details	<ul style="list-style-type: none"> Inter-State and Intra-State supplies made to Registered Persons, and Inter-State supplies with invoice value more than RS 2,50,000 made to Unregistered Persons.
Consolidated details	<ul style="list-style-type: none"> Intra-State supplies made to Unregistered Persons and State wise Inter-State supplies with invoice value up to RS 2,50,000 made to Unregistered Persons.

2) Restriction on furnishing GSTR -1

- Regd. Person not filled GSTR-3B for preceding month
- Regd. Person (QRMP) not filled GSTR-3B for preceding tax period

3) GSTR-1 can be filled only after end of current tax period

Except:

- CTP closes his business
- Cancellation of GSTIN

4) Rectification of errors:

Return/statement are built in GST with invoice wise details
Hence in GST mechanism of revised return is not possible

Rectification of error or omission can be done in subsequent return in which month it is found (with tax + interest)

But maximum up to

- 30 November of next F.Y.
- Date of annual return
whichever is earlier

5) Late fees for delayed filling of GSTR-1 & 3B

Class of registered persons		Amount
1) Nil GSTR- 1 & 3B		Rs 500 (250 CGST & 250 SGST)
2) Regd. Persons other than (1)	Agg. T/o ≤ Rs.1.5 crores in preceding FY	Rs 2,000 (1,000 CGST & 1000 SGST)
	5 crores ≤ Agg. T/o > Rs.1.5 crores in preceding FY	Rs 5,000 (2,500 CGST & 2500 SGST)
3) Regd. person other than in (1) & (2)		<ul style="list-style-type: none"> Rs. 200 per day of delay or Rs 10000 Lower of both (incl. CGST & SGST)

2. GSTR-2A [Detail of inward supply]

Detail furnished by supplier in GSTR-1 & IFF facility auto populated to respective recipient's GSTR 2A/4A/6A
Detail of NRTP invoices/ISD/TDS/TCS shall also reflect in GSTR-2A

Based on which recipient can avail the ITC

GSTR-2B: is auto-generated read only statement containing details of ITC made available to recipient every month

- It is a static statement & available only once in a month
- Only detail of outward supply furnished by supplier up to due date of filing return are reflected in GSTR-2B
- Date of generation of 2B: 14th of next month

SEC 38: communication of detail of inward supply & ITC

1. details of GSTR-1 field by supplier is auto-generated in GSTR-2B & made available to recipients
2. auto-generated GSTR-2B consist of:
 - (a) details of inward supplies for which ITC is available
 - (b) ITC can't be available as per GSTR-2B if supplier
 - 1) Is having new registration (up to prescribed time period)
 - 2) has defaulted in tax payment & default continued for prescribed time period
 - 3) has tax paid in GSTR-3B lower than output tax shown in GSTR-1 by the prescribed limit
 - 4) has taken more ITC than GSTR-2B by prescribed limit
 - 5) has paid higher proportion of taxes from his credit than what is allowed as per law rule 86B (i.e. use of credit more than 99% of tax)
 - 6) other notified person

3. GSTR-3B [Return & payment]

GSTR-3B to be filled by every Regd. Person incl. CTP

Except:

- 1) ISD
- 2) NRTP
- 3) Composition tax payer
- 4) TDS/TCS deductor/collector
- 5) OIDAR supplier

Even if no
Business
activity during
period file **Nil**
return

Due date

Monthly GSTR-3B	Till 20 th of next month
Quarterly GSTR-3B (QRMP)	Till 22 or 24 of next month (Based on state)

Note: Regd. person shall not be allowed to File GSTR-3B if he has not file GSTR-3B/1 for pev. Tax period
However, Govt. may allow any person to file 3B, even if he not file GSTR-3B/1 for one/more previous tax periods

STUDENT NOTE

(B) QUARTERLY RETURN MONTHLY PAYMENT (QRMP SCHEME)**1. Eligibility Criteria: following person can file quarterly return & pay tax monthly (GSTR-1 & 3B quarterly)**

- Regd. person having Agg. T/o up to 5 crore in preceding F.Y.
(If Agg. T/o exceeds 5 crore during any time – became ineligible for QRMP from next quarter & onwards)

Note: QRMP Scheme allowed GSTIN wise not PAN wise.

2. Person opting QRMP must have filled the return, for preceding tax period**3. Time limit for opting QRMP:**

- To opt in/opt out for QRMP on GST portal opt in/opt out between

1st day of 2nd month of preceding quarter to last day of the 1st month of quarter for which option exercised

E.g.- For the quarter Jul to Sep a reg person can exercise option during 1st of May to 31st of Jul.

4. Invoice Furnishing Facility (IFF facility)

Under old quarterly system problem faced by recipient in taking ITC as detail not uploaded by supplier monthly

So, under QRMP scheme option available to submit monthly invoice up to Agg. Amt of 50 lakhs (for each month)

Till 13th of next month

Rest invoice can be uploaded on filling quarterly GSTR-1
(No need to fill details again already filled in first 2 month)

Auto populated in
GSTR-2B of recipient

5. Monthly payment of tax under QRMP

Tax to be paid be paid before **25th of next month** in case of **first 2 months** of quarter through GST-PMT-06

However, tax for last month of quarter to be paid before due date of filling of return GSTR-3B

6. How much to pay:**a) Fixed Sum Method: - auto populated challan**

- **If last quarterly filled return:** 35% of the tax paid in cash
- **If last monthly filled return:** tax liability paid in cash

b) Self-Assessment Method: -

registered person deposit tax considering outward/inward ITC for month

Note:

1) No amount required to deposit

- for 1st month

If balance in cash/credit ledger
≥ liability

- for 2nd month

If balance in cash/credit ledger
≥ cumulative liability for 182 days

Note: interest u/s 50 if unpaid/paid post due date
(in comparison to actual liability)

2) No interest even paid if auto collected amt.

Lower than actual liability

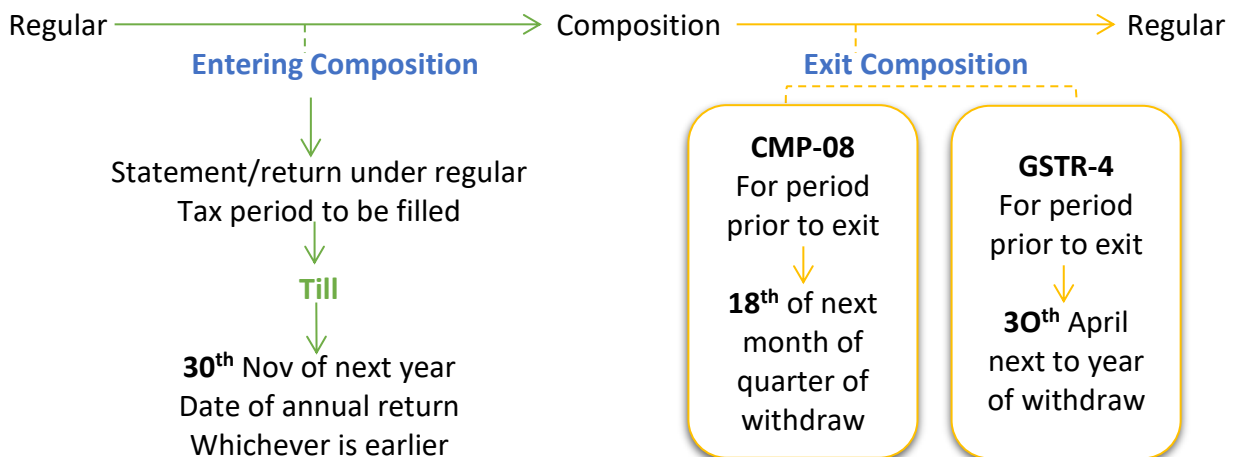
(but if delay in filling GSTR-3B interest u/s 50 apply)

Example:

Tax paid in Cash in Quarter (January - March, 2021)		Tax required to be paid in each of the months – April and May, 2021		Tax paid in Cash monthly (march)		Tax required to be paid in each of the months – April and May, 2021	
CGST	100	CGST	35	CGST	50	CGST	50
SGST	100	SGST	35	SGST	50	SGST	50
IGST	500	IGST	175	IGST	80	IGST	80
Cess	50	Cess	17.5	Cess	0	Cess	0

Example:

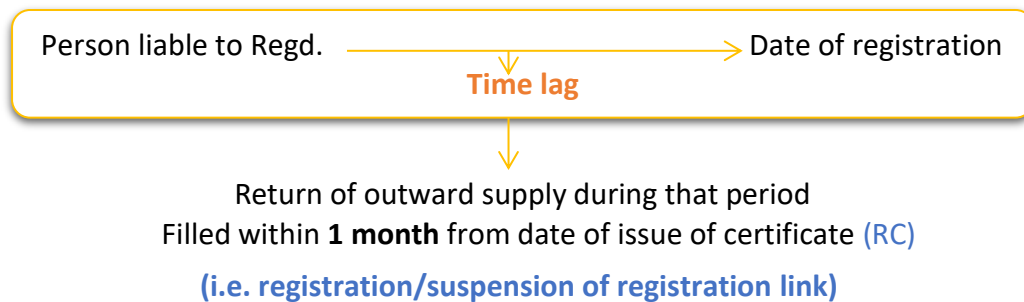
- A Regd. person, **who has opted for QRMP Scheme**, paid a total amount of ₹ 100/- in cash as tax liability in previous quarter of October to December.
- He opts to pay tax under **fixed sum method**.
- He therefore pays **Rs 35/- each on 25th Feb & 25th March** for discharging tax liability for first 2 months of quarter viz. January and February.
- In return for quarter, it is **found that liability, for January was 40/- & for February it was 42/-**.
- However, **no interest** would be payable for lesser amount of tax (i.e. 5 and 7 respectively) discharged in these 2 months **provided that he discharges his entire liability for quarter in GSTR-3B of quarter on due date**.

(C) COMPOSITION SCHEME**Special cases**

Other returns

Return	Particulars	Frequency	Due Date
GSTR-5	NRTTP	Monthly	13 th of next month or 7 th day from last day of validity whichever is earlier
GSTR-5A	OIDAR	Monthly	20 th of next month
GSTR-6	ISD	Monthly	13 th of next month
GSTR-7	TDS deductor	Monthly	10 th of next month
GSTR-8	Eco & TCS collector	Monthly	10 th of next month

(D) FIRST RETURN



(E) FINAL RETURN

Every registered person whose registration cancelled/surrendered (GSTR-10)

Time limit: within 3 months of

- Date of cancellation
or
 - Date of order of cancellation
- Whichever is later**

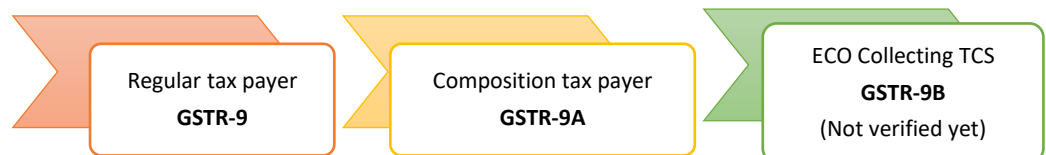
(F) GSTR9/9A/9B/9C

1. All regd. Persons required to file an annual return

Except:

1. CTP
2. NRTTP
3. ISD
4. TDS deductor

Up to **31st** Dec of next F.Y.



2. All regd. person required to file self-certified reconciliation statement in GSTR-9C If Agg. T/o during the year > 5 crore

Except:

1. CTP
2. NRTTP
3. ISD
4. TDS/TCS deductor/collector

It is reconciliation between supply declared in annual return & annual audited financial statement

Note: however, CG/SG/LA whose BOA subj. to audit by CAG exempt from GSTR-9/9A/9B/9C

3. Late fee for delay in filing annual return

From the financial year 2022-23 onwards

Aggregate turnover \leq ₹ 5 crores in relevant F.Y.	₹ 50 per day (₹ 25 CGST + ₹ 25 SGST)	whichever is lower
	0.04 % of T/o in State/Ut (0.02% CGST + 0.02% SGST)	
Aggregate turnover $>$ ₹ 5 crores but \leq 20 crores in relevant F.Y.	100 per day (₹ 50 CGST + ₹ 50 SGST)	whichever is lower
	0.04 % of T/o in State/Ut (0.02% CGST + 0.02% SGST)	
Aggregate turnover $>$ ₹ 20 crores in relevant F.Y.	200 for every day during which such failure continues (₹ 100 CGST + ₹ 100 SGST)	whichever is lower
	0.50% of T/o of registered person in State/Ut (0.25% CGST + 0.25% SGST)	


(G) GSTR-11 (INWARD SUPPLIES TAKEN BY UIN HOLDER)

Person having UIN shall declare details of inward supply on which refund claimed under GSTR-11 along with refund application till **28th** of next month

(H) GOODS AND SERVICES TAX PRACTITIONERS (GSTP's)

GSTP's are auth. person to work on compliance on behalf of taxpayers.

1) Eligibility criteria for GSTP

- citizen of India
- person of sound mind
- Not adjudicated as insolvent 
- Not convicted by court

2) Conditions to satisfied (any one) of these:

1. Retired officer of Commercial Tax Dept, who worked not lower than gazette officer for a period of \geq 2 years **or**
2. Enrolled as sales tax practitioner or tax return preparer under earlier tax for \geq 5 years. **or**
3. He must have passed: (any one)
 - Graduate/PG in Commerce/Law/Banking from any Indian University
 - examination of any Foreign University recognized by Indian law
 - Final examination of ICAI/ICMA/ICSI

3) Activities which can be undertaken by GSTP

1. Furnish details of outward supply
2. Furnish monthly/annual/final return
3. Deposit into cash ledger
4. Furnish info for generation of e-way bill
5. File an intimation to pay tax under composition scheme
6. File claim for refund
7. File an application for amendment or cancellation of registration

Confirmation from
registered person required

Note:

1. No person enrolled as GSTP is eligible to remain enrolled unless he passes such examination conducted at such periods by **NACIN**
2. In case of furnishing return/submission of statement



Correctness sought from registered person



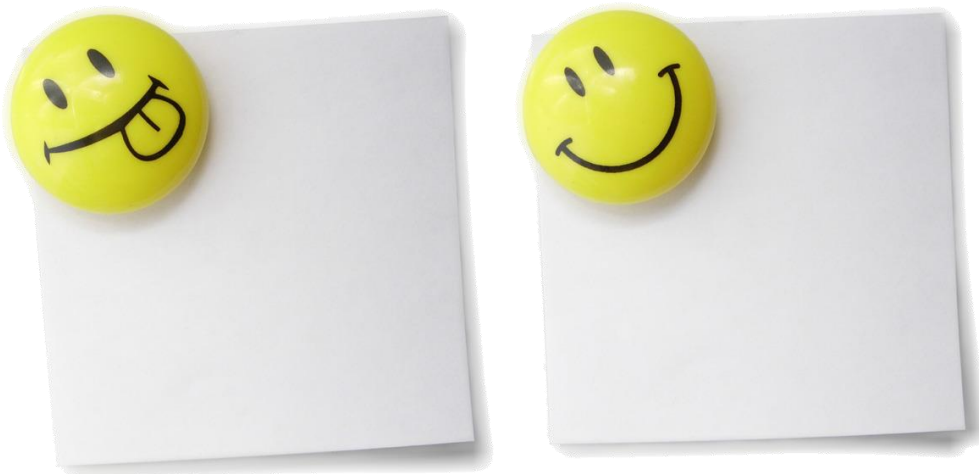
Hence responsibility of correctness remains with registered person

(I) INFORMATION RETURN

1. Verifying compliance level of registered person through info. Procured from **independent third-party source**
2. In case defective, PO intimate to rectify the defect within **30 days**
3. Where return not furnished, PO serve notice requiring furnishing return within **90 days**

(J) Taxpayer intimated the difference in liability in GSTR-1 & 3B and requested to pay difference/explain reason [New rule 88C]

- 1) where tax liability as per **GSTR-1 exceeds tax liability as per GSTR-3B** for a tax period by more than specified extent, RP would be intimated on portal about such difference
- 2) RP be directed to either:
 - i. pay differential **tax liability along with interest/s 50**, or
 - ii. explain difference, **within 7 days**
- 3) Where amount remains unpaid within 7 days/no reason furnished/where reason furnished is not acceptable by PO, said amount shall be recoverable in accordance with provisions of section 79.
- 4) Unless taxpayer either deposits amount/furnishes reasons for any amount remaining unpaid, such person **should not be allowed to file GSTR-1/ IFF for subsequent tax period.**

STUDENT NOTE

CHAPTER: 12 TAX INVOICE & E-WAY BILL

1. TAX INVOICE

An invoice is a commercial instrument which identifies parties involved & describes items sold, quantifies, date of shipment and mode of transport, prices and discounts and payment terms

1) **Time limit for issue of invoice:** already done in TOS

2) **Content of Tax Invoice**

1. Name, address, GSTIN of Supplier.
2. Consecutive Serial No (not exceeding 16 characters) unique for a F.Y.
3. Date of issue.
4. Name, address, GSTIN/UID of regd. Recipient
5. Harmonised System of Nomenclature (HSN) Code.
6. Description of goods & services
7. Quantity of goods
8. Total value of Supply
9. Taxable value, Tax Rate, Amount of tax
10. Place of supply;
11. Tax payable on RCM
12. Signature
13. Quick Response (QR) Code

Supplier T/o in preceeding F.Y.
•AT ≤ 5 crore
•AT ≤ 5 crore

N. of digit of HSN code
•B2B supply- 4digit
•B2C supply-4 digit(optional)
•6 digit

Note: taxable service is supplied by/through ECO/ODIAR to a recipient who is unregd, irrespective of VOS, tax invoice issued by registered person shall contain name & address of recipient along with PIN code & name of State & said address shall be deemed to be address on record of recipient.

3) **Manner of issuing Tax Invoice:**

a) **Supply of Goods [Triplicate]:**

- Original copy to recipient
- Duplicate copy to transporter
- Triplicate copy to supplier

b) **Supply of Services [Duplicate]:**

- Original copy to recipient
- Duplicate for supplier

4) **No Invoice: 4 Conditions**

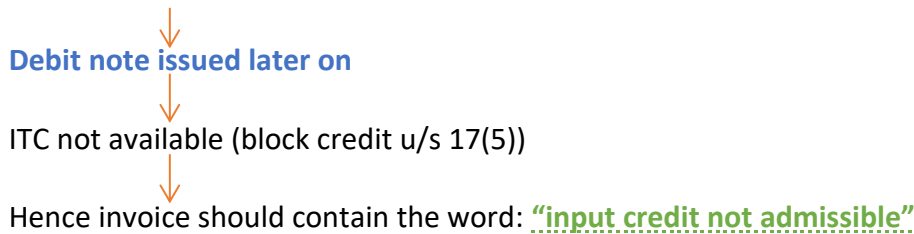
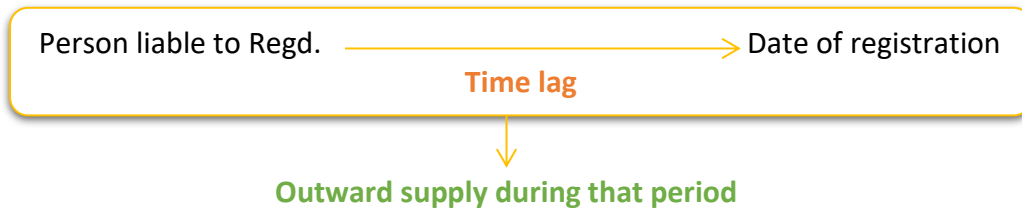
- a) Value of supply < Rs 200
- b) Recipient is unregd (composition is regd.)
- c) Recipient doesn't require invoice

For these A consolidated invoice can be issued at the end of each day.

* However same is not applicable to
Service through admission to exhibition/cinema/multiplex

5) **Mention in invoice in case of Export**

- a) "Supply meant for export/SEZ unit/SEZ developer on payment of IGST" or
- b) "Supply meant for export/SEZ unit/SEZ developer on bond/letter of undertaking without payment of IGST"

6) In case tax paid u/s 74/129/130 (fraud/seizure/confiscation)**7) Revised tax invoice**

- Every regd. Person granted reg. from earlier date, shall issue **revised tax invoice** within **1 month** from date of issue of Reg. Certificate

i.e.

- BABU Ltd. **crossed** T/o of 20 lakhs on 02/09/23.
- He applied for **registration** on 25/09/23 & granted RC on 04/10/23
- so, co. **should issue revised tax invoice** till 03/11/22 for supplies made during 02/09/23 to 03/10/23

Note: Consolidated revised tax invoice, Only if

- Intra state supply
- Interstate supply ≤ 250000 —————> **made to Unregd. Person**

CRTI never be issued in case of Regd. Person whether intra/inter**8) Bill of supply**

- Person making supply on which tax not to be collected
- No invoice just issue **“bill of supply”**
- **i.e.** composition supplier, supplier of exempted goods

↓
Note: bill of supply issued by composition supplier shall contain **words**
“composition taxable person not eligible to collect tax”

9) Invoice-cum bill of supply

- In case supplier making taxable & exempt supply together
- In such a case no need to issue sperate tax invoice for taxable supply & BOS for exempt supply

↓
Invoice-cum BOS can be issued

2. DEBIT & CREDIT NOTE**1) Credit Note****In following cases credit note can be issued**

- Supplier declare value > actual VOS
 - Supplier declare high tax rate than applicable rate
 - Goods received in less Qnty by buyer
 - Goods returned by buyer
- Credit note issued by supplier will reduce tax liability

Time Limit: Details of Credit note declare in Return for month during which such credit note has issued, but not later than

- 30th Nov following the end of FY in which supply was made or
- date of filing annual return

whichever is earlier

2) Debit Note

In following cases credit note can be issued

- Supplier declare value < actual VOS
- Supplier declare low tax rate than applicable rate
- Goods received in more Qty by buyer
 - Credit note issued by supplier will increase tax liability

***There is no time limit for showing debit note in return**

3. E- INVOICING [INVOICE/DN/CN]

- Meaning:** e-invoicing doesn't mean generating invoice on govt. portal, it's just reporting invoice on govt. portal
(Invoice regd. portal)

2) Applicability

- Supplier is notified person &
- Supply of B2B or Export (even to unregd.)

Notified person Regd. person having

- Aggregate T/o > 10 crores (based on PAN)
[in any preceding F.Y. from 2017-18 onwards]

However, if applicable
& not issued e- invoice

Considered as no
invoice is issued

3) Not required

- B2C invoices
- invoices issued by ISD
- import of goods (Bills of Entry)

4) Obtaining IRN

invoices will be reported to 'Invoice Registration Portal (IRP)

On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)'

A GST e-invoice will be valid only with a valid IRN. IRN is unit 64 – character hash

5) E-invoice schema

- Uniform std. format (containing specified fields) applicable for all business across the country
- It is notified in GST INV-1 & mandate what particulars shall be reported in electronic format to IRP.

6) E- invoice in case of RCM

Supplies under RCM made by notified person → E-invoice applicable

Supplies under RCM received by notified person from unregd. Person → E-invoice not applicable

7) Exemption from E-invoicing

1. SEZ units (not developer)
2. Insurer/bank/FI/NBFC.
3. GTA transportation of goods by road
4. passenger transportation services
5. admission to exhibition/cinema/multiplex
6. Govt. Dept. & local authorities

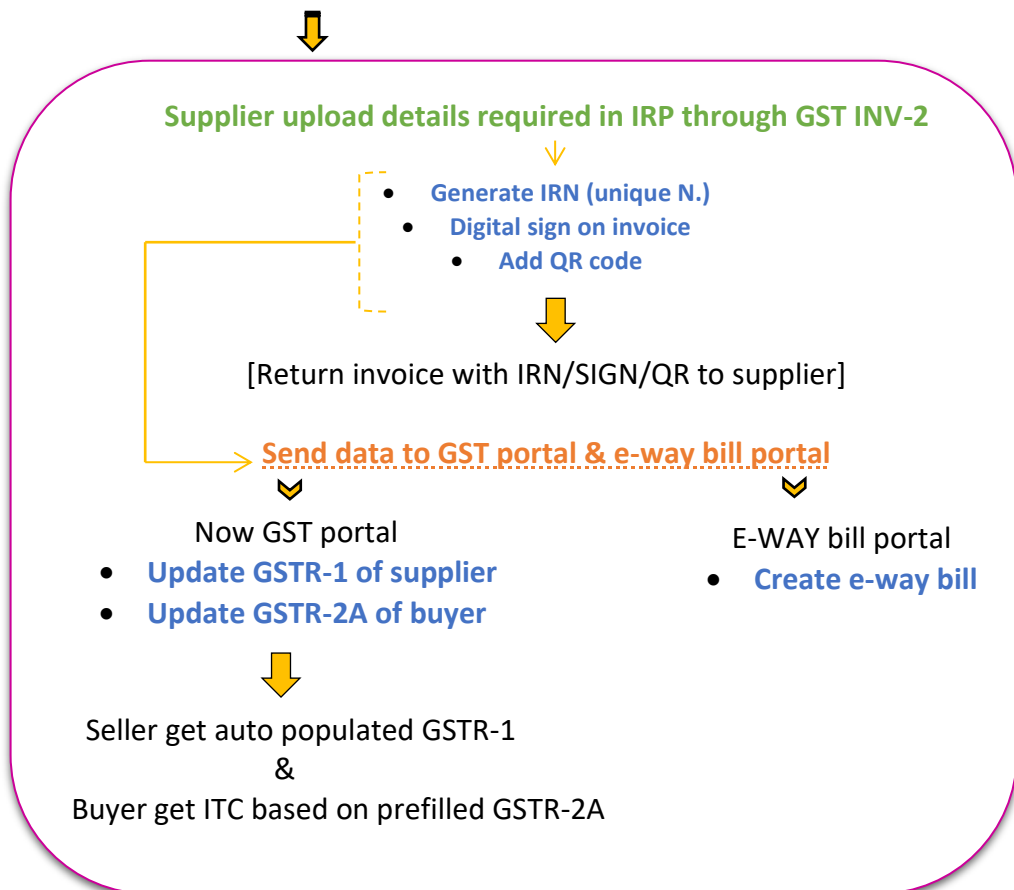
However, have to provide declaration that T/o exceed by not required E-invoice

Have to give Declaration that not required to prepare an E-invoice

"I/We hereby declare that though our aggregate turnover in any preceding F.Y. from 2017-18 onwards is more than aggregate turnover notified (> 10 CRORE), we are not required to prepare an invoice in terms of provisions of said sub-rule."

Clarification: exemption from generation of e-invoices is for entity as a whole & is not restricted by nature of supply being made by entity.

Example: A Bank providing banking services, also be involved in making supply of some goods, including bullion. bank is exempted from mandatory issuance of e-invoice for all supplies of goods/services. thus, will not require to issue e-invoice.

8) Process to generate e-invoice**Note:**

- 1) QR code on E-invoice can be verified on
 - Central portal or Offline app by officials
- 2) Invoice/IRP can be cancelled by seller by reporting to IRP
But can't be amended

↓

Amendment in detail can be done only on GST portal
(While filling GSTR-1)

4. Dynamic QR code

Two types of QR code

- Static QR – Person based
- Dynamic QR – transaction based

Dynamic code: QR code containing payment detail (transaction specific)
Which lead directly to payment

Purpose: To encourage digital payment

1) Applicably

- Supplies made by notified person &
- Supply is B2C

Notified person

Regd. person having Agg. T/o > Rs. 500 crores
[in any preceding F.Y. 2017-18 onwards]

2) Non-applicability of Dynamic QR code

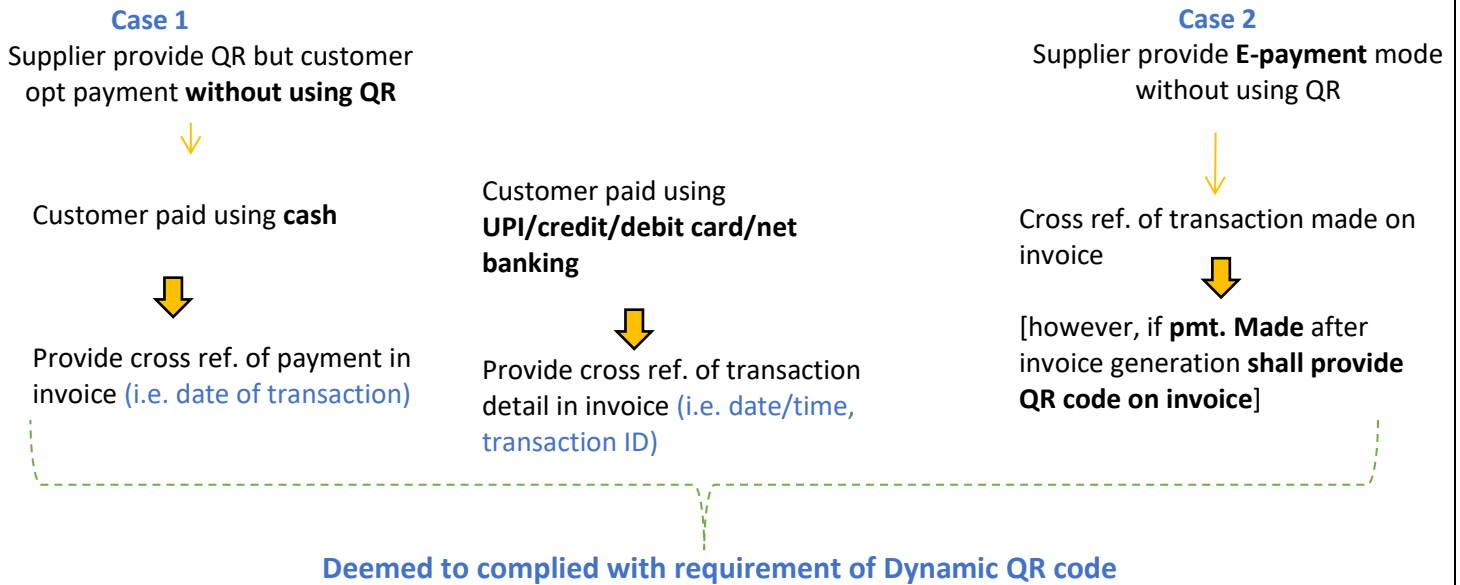
If invoice issued by following suppliers:

1. Insurer/bank/FI/NBFC
2. GTA for transportation of goods
3. passenger transportation service
4. admission to exhibition/cinema/multiplex
5. Supplier of (OIDAR) services.
6. in case of exports
7. supply to UIN (even B2C)
8. Invoice to recipient outside India for supply of service for which amt. to be received in forex

STUDENT NOTE



3) Compliance with Dynamic QR Code requirements



Case 3

Prepaid invoice or ECO/online merchant

Provide cross reference of payment transaction to be made on invoices

In case of **post payment invoice** generation **Shall provide QR** code on invoice

5. Vouchers

1) Receipt Voucher

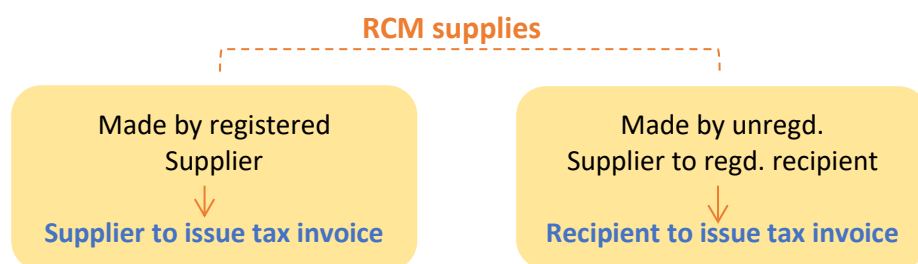
A registered person shall on receipt of advance w.r.t. G/S/B, issue receipt voucher

- **Rate of tax is not determinable:** 18%
- **Supply is not determinable:** interstate

2) Refund voucher

- if **no supply or tax invoice against advance received** issue refund voucher

3) Payment voucher/challan



Payment voucher: to be issued by recipient at the time of making payment to supplier

6. Doc. Other than tax invoice permitted

Supplier	Optional info	Mandatory info
1) Insurer/Banking/FI/NBFC	<ul style="list-style-type: none"> Serial Number Address of the recipient 	<ul style="list-style-type: none"> Other info as same as Tax invoice. May issue a consolidated tax invoice for SOS made during a month at the end month
2) GTA for transportation of goods by road		<ul style="list-style-type: none"> Gross weight of the consignment Name of the consignor/consignee Reg. number of carriages Details of goods GSTIN of payee Other info same as tax invoice
3) Passenger transportation	<ul style="list-style-type: none"> Serial number Address of recipient 	<ul style="list-style-type: none"> ticket shall be deemed to be a tax invoice other info same as TI however digital signature/signature not required on ticket
4) Services by way of admission to exhibition/cinema/films/multiplex	<ul style="list-style-type: none"> Detail of recipient not required 	<ul style="list-style-type: none"> Issue e ticket shall be deemed invoice

7. Delivery challan

- Sometime at time of removal of goods quantity is not clear
- In that case delivery challan to be issued & tax invoice can be issued later on

Cases

- Supply of liquid gas – quantity while removal not known
- Transportation of goods for job work/for reasons other than supply

Note:

- Delivery challan to be made in triplicate like invoice
- Declare on e-way bill that goods are transported on delivery challan not tax invoice

Special cases**A) Goods send on semi/complete knocked down condition or in batches/lots**

- Supplier shall issue complete invoice before dispatch
- Delivery challan for every consignment along with copy of original invoice
- Original copy of invoice to be send with last consignment

B) Goods on approval basis or artwork send to gallery/exhibition

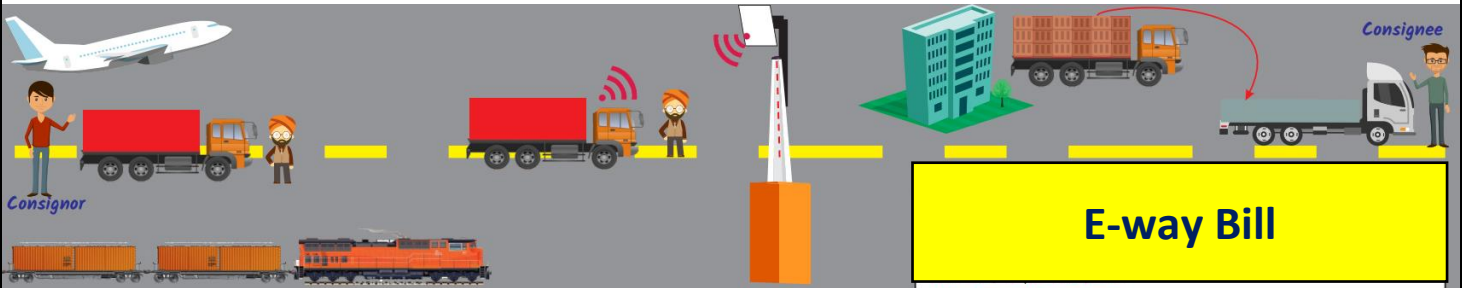
- No consideration while removing so not supply & invoice can't be issued
- Goods transport on delivery challan + e-way bill
- As soon as sale taken place – required to issue tax invoice
(supplier shall carry invoice book along)

E-WAY BILL

A) E-WAY BILL

1) What is an E-Way bill?

- E-Way Bill is an **electronic doc.** Generated on the GST portal **evidencing movement** of goods
- It should be generated prior to causing movement of goods in form **GST-EWB-01**

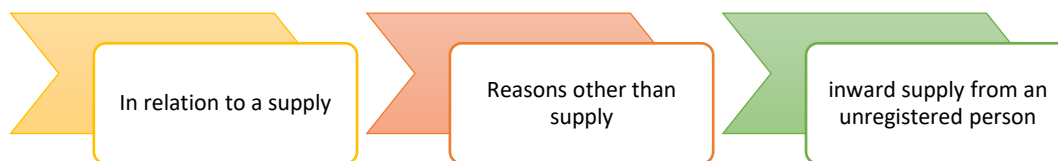


2) Relevance

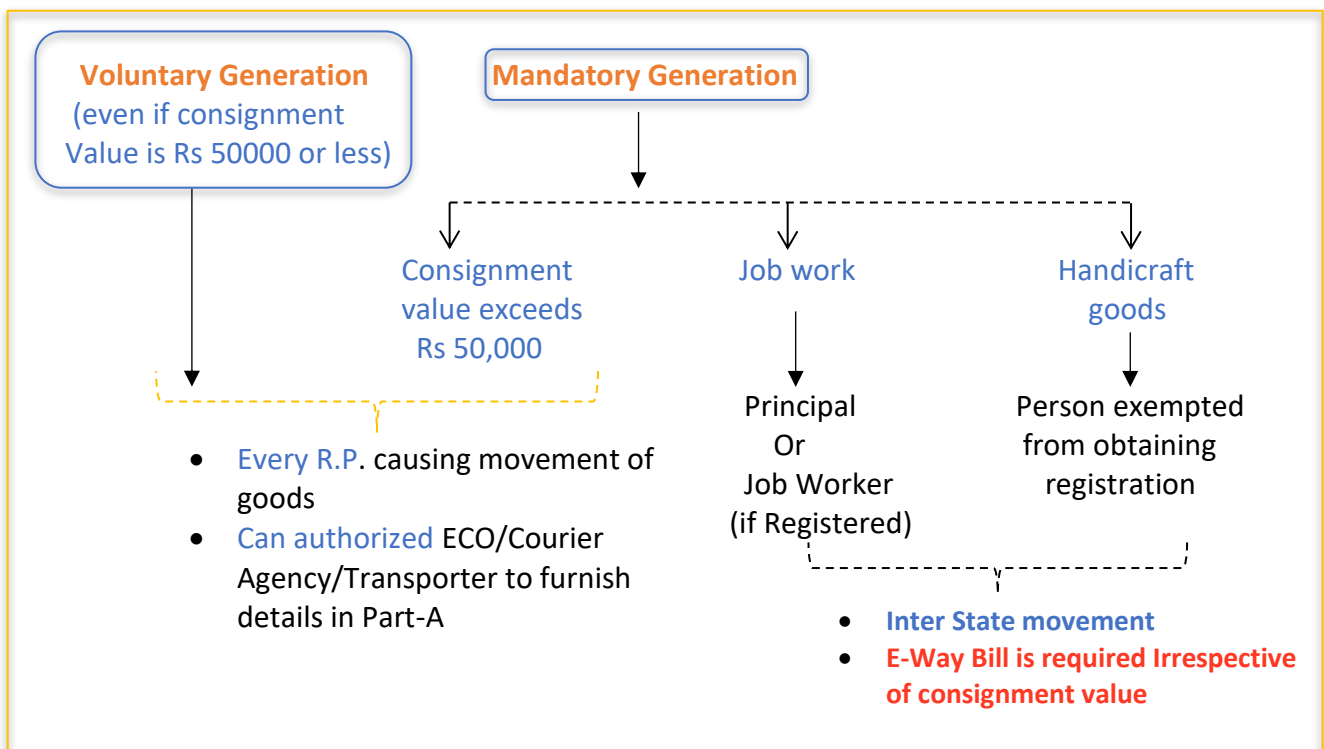
- Hassle free movement
- Track movement of goods
- Control tax evasion
- Eliminate State boundary check post

3) Who & When E-way Bill is required to generate?

a) **Who:-** Every R.P. (Supplier or recipient) who causes the movement of goods



b) **When:-** Consignment value exceeds Rs 50,000



4) Determination of Value

Mandatory generation of E-Way bill if Value exceeds Rs 50,000

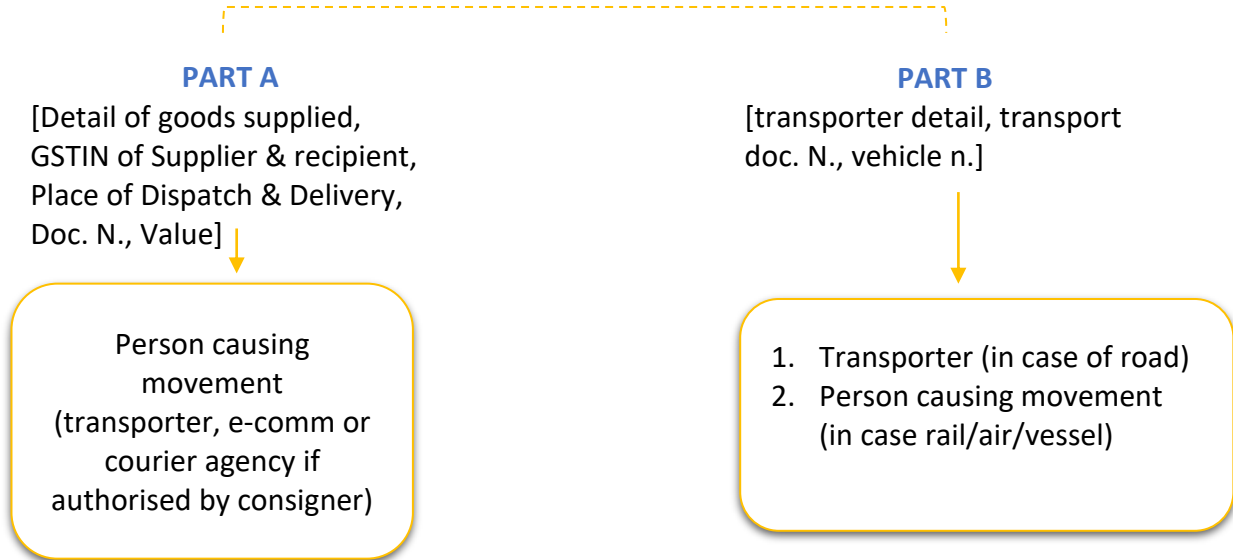
- Determined as per Section 15

+ Includes: GST

= Excludes: Value of Exempt Supply

i.e. if value as per sec 15 is 48000 transaction Value + GST on it 18% = 56640 req e-way bill as > 50000 (8640)

5) Details in E-Way Bill



Note:

- 1. Person causing movement**
 - a) Supplier regd. & undertake transport → supplier
 - b) If recipient arrange transport → recipient
 - c) Unregd. Supplies to regd. Recipient → recipient
- 2. In case of rail/air/vessel information in Part B** can be filled before/After commencement of movement of goods but it shall not be delivered unless EWB is produced at the time of delivery
- 3. If goods transported in his own conveyance/hired conveyance/public transport**
Reg. person (PCM) Himself fill both part A & B
- 4.** Where EWB not generated by consignor/consignee. It shall be resp. of transporter to generate EWB if value > Rs. 50,000

Other imp. Points

a) In part b detail include: If transporter has

- **single reg:** GSTIN
- **Multiple reg:** common UEN (unique enrolment n.)
- **Unregd:** unique n. TRANS IN (Enrol itself on EWB portal)

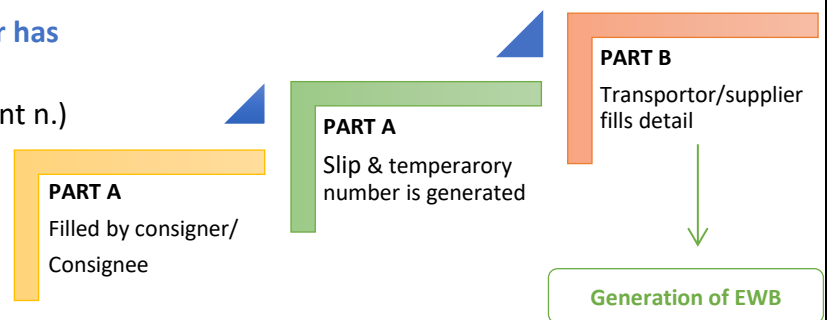
b) In case of bill to ship model

As there is two supplies involves but single Movement of goods ↓

Single EWB to be generated ↓

Supplier of immediate supplier can generate EWB

Process of EWB generation



c) Normally every EWB is valid only when part B is filled

Exception:

- Goods transported for distance up to 50 km within state/Ut
 - a) Consigner place to transporter place
 - b) Transporter place to consignee place

d) In case goods transported from one conveyance to other

- Person making movement/transporter can update the conveyance detail in part b (any n. of time)

e) EWB can't be edited/modified but it can be cancelled

f) EWB is central doc. Not state specific.

g) EWB is invoice specific every invoice requires sperate EWB

(Even vehicle/transporter/supplier/recipient same)

6) Acceptance of EWB

DETAIL of EWB made available on common portal

- **Supplier if regd.:** in case info provided by transporter/recipient
 - **Recipient if regd.:** in case info provided by transporter/supplier
- Shall communicate acceptance/rejection

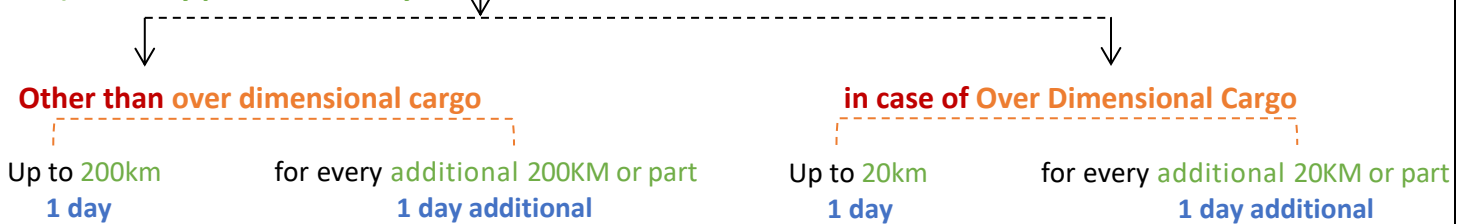
Note: if not accepted/rejected within 72 hours – considered accepted

7) Cancellation of EWB

Goods not transported or not transported as per the detail

EWB can be cancelled within 24 hours of generation
(If verified in transit cancellation not possible)

8) Validity period of E-Way Bill

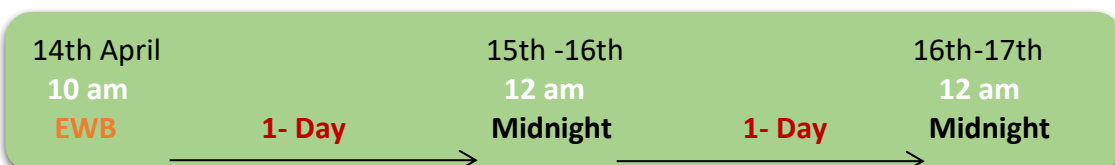


Note: - Multimodal shipment where one leg in ship the above both options are available

- Validity of E-way bill may be extended within 8 hours from the time of its expiry

Relevant date: date of EWB generation period shall be counted from midnight of day on which bill generated

i.e.



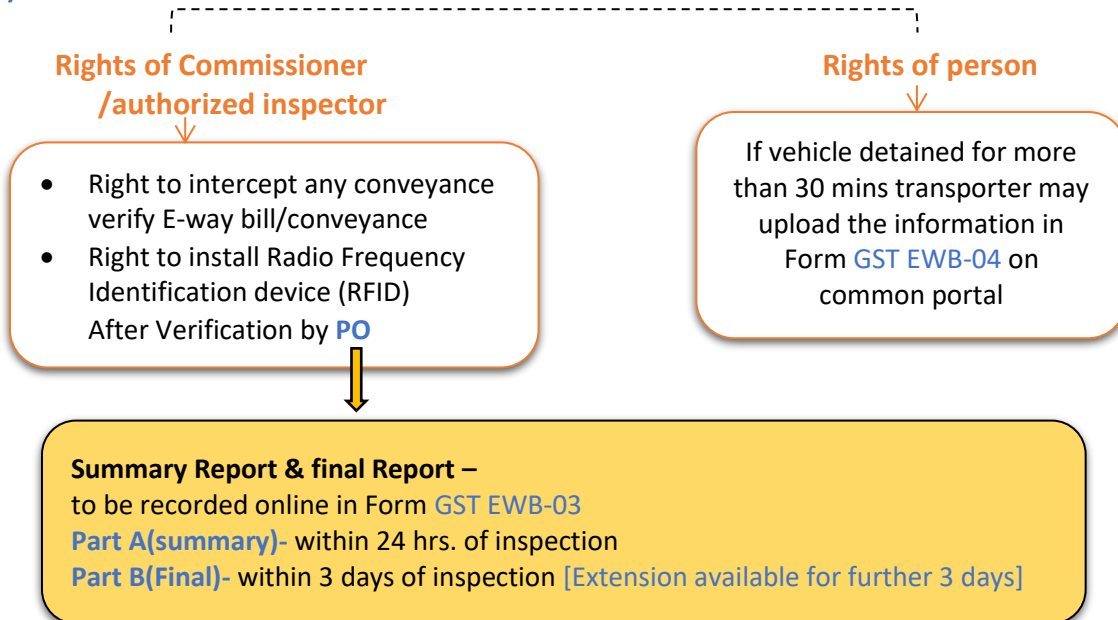
B) SITUATION WHERE EWB ISN'T REQUIRED (just read)

- 1) **Transportation of specified goods:**
 - a) LPG
 - b) Kerosene oil for public distribution
 - c) Postal baggage
 - d) precious stones & Jewellery (Not apply to Imitation jewellery)
 - e) Currency
 - f) personal effect₹
- 2) **non-taxable goods / exempt from GST**
- 3) Transportation on **non-motorised vehicles**
- 4) Schedule III (Negative list supply)
- 5) Goods transported **from/to Nepal/ Bhutan**
- 6) Goods transported by **Ministry of Defence**
- 7) **CG/SG/LA** transp. of goods by rail
- 8) **empty cargo** containers
- 9) transp. **within 20 km** for weight
- 10) Empty cylinders for **LPG** for reasons other than supply.
- 11) Goods Transportation From
Custom port/airport to ICD/CFS & vice versa

C) DOC./DEVICE TO BE CARRIED BY PIC (PERSON IN CHARGE) OF CONVEYANCE**PIC of a conveyance shall carry**

- Invoice/BOS/delivery challan/bill of entry etc.
- e-way bill in physical form **or** electronic form **or** mapped to **RFID (Radio Frequency Identification Device)** embedded on conveyance

Not Applicable: - for movement of goods by rail or by air or vessel.

D) INSPECTION OF EWB

NOTE: No further physical verification of goods unless specific info. of tax evasion

E) NON-COMPLIANCE OF E-WAY BILL**Penalty**

- 10000
or
- Tax evaded

Higher out of both

Goods & conveyance

liable to
detained/seized

F) BLOCKING OF EWB

Following person can be **blocked** from generating EWB (as a supplier) [now allowed to fill Part-A]

- 1) Composition payer **not furnished statement for 2 consecutive quarters**
 - 2) Regular tax payer not furnished **returns for 2 tax periods**
 - 3) Regular tax payer not furnished **GSTR-1 for two consecutive months/ Quarters**
 - 4) whose **registration suspended**
- **commissioner may allow generating EWB (on sufficient cause & reason in writing)**

No
restriction
on inward
supply

G) SPECIAL CASE CLARIFICATION

EWB in case of goods stored at transporter's go down



- Recipient shall declare transporter's go down as **APOB**
- Goods movement from supplier to go down shall be **covered by EWB**
- & movement from go down do recipient place must be **covered by new EWB**
- **A/c & records to be maintained by both transporter & recipient**

STUDENT NOTE



SNC

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Practice makes perfect.

Yes I can

Believe Persist Achieve

Faster Harder Stronger

Do your best

Who dares wins

Anything is possible.

Follow your dreams.

Believe you can

Think positive

Do it now!

Hard work pays off.

We are what we think

Make things happen

Never, never quit.

Actions bring results

Never stop dreaming.

Just do it!

Every wall is

Stay Focused

Winners

Stay you like