



MARATHON (II)



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INPUT TAX CREDIT

Term	Definitions
Capital goods	Means goods, — <ul style="list-style-type: none"> ✓ the value of which is capitalised in the books of account of the person claiming the input tax credit, and ✓ which are used or intended to be used in the course or furtherance of business. [S. 2(19)]
Input	Means any goods — <ul style="list-style-type: none"> ✓ other than capital goods ✓ used or intended to be used by a supplier in the course or furtherance of business. [Section 2(59)]
Input service	Means any service used or intended to be used by a supplier in the course or furtherance of business. [Section 2(60)]
Input tax	In relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes — <ul style="list-style-type: none"> • the integrated goods and services tax charged on import of goods; • the tax payable under the provisions of Section 9(3) and Section 9(4); • the tax payable under the provisions of Section 5(3) and Section 5(4) of the Integrated Goods and Services Tax Act; • the tax payable under the provisions of Section 9(3) and Section 9(4) of the respective State Goods and Services Tax Act; or • the tax payable under the provisions of Section 7(3) and Section 7(4) of the Union Territory Goods and Services Tax Act, • but does not include the tax paid under the composition levy. [Section 2(62)]
Input tax credit	Means the credit of input tax. [Section 2(63)]

Output tax	In relation to a taxable person, means — <ul style="list-style-type: none"> ✓ the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent ✓ but excludes tax payable by him on reverse charge basis. [Section 2(82)]
Taxable supply	Means a supply of goods or services or both which is leviable to tax under this Act. [Section 2 (108)]
Exempt supply	Means – supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax u/s 11, or u/s 6 of the IGST Act, and includes non-taxable supply. [Section 2(47)]
Non-taxable supply	Means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act. [Section 2(78)]
Inward supply	In relation to a person, shall mean — <ul style="list-style-type: none"> ✓ receipt of goods or services or both ✓ whether by purchase, acquisition or any other means ✓ with or without consideration. [Section 2(67)]
Outward supply	In relation to a taxable person, means — <ul style="list-style-type: none"> ✓ supply of goods or services or both, ✓ whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, ✓ made or agreed to be made by such person in the course or furtherance of business. [Section 2(83)]
Input service distributor	Means an office of the supplier of goods or services or both which— <ul style="list-style-type: none"> ✓ receives tax invoices issued under section 31 towards the receipt of input services, and ✓ issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services ✓ to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office. [Section 2(61)]

SECTION 16	Documents required	Conditions to be used
A registered person can credit	1. Tax invoice	1. Goods or services intended to be used in business
	2. Debit Note	2. Should be in possession of Tax Invoice
	3. Bill of Entry	3. Supplier have uploaded the invoice on GSTN
	4. Invoice prepared in respect of reverse charge	4. Supplier have paid the said amount of tax
	5. Document issued by ISD (input Service Distributor)	5. have filed the GSTR-2
Goods Received in Installments		Goods received in installments against a single invoice, credit can be take upon receipt of last installment of goods
Capital Goods on depreciation is claimed (refer diagram below)		If registered have claimed the depreciation on the tax component of capital goods under Income Tax Act, 1961 the input Tax credit shall not be allowed.
Time Limit to avail the ITC		1. Due date of filing of return for the month of September. OR 2. Annual Return 3. Whichever is earlier

Illustration 1 - Computation of admissible ITC: From the following information determine the amount of Input tax credit admissible to ABC Ltd. in respect of various inputs purchased during the month of September, 2020.

Inward supplies	GST
(1) Goods purchased without invoice	25,000
(2) Goods purchased from PQR Ltd. (Full Payment is made by ABC Ltd to PQR Ltd. against such supply but tax has not been deposited by PQR Ltd.)	1,20,000
(3) Purchases of goods not to be used for business purposes	18,000
(4) Purchases of goods from TT Ltd. (Invoice of TT Ltd. is received in month of 24,000 September 2020, but goods were received in month of October 2020)	
(5) Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC 36,000 Ltd. has made payment to FF Ltd. for such purchases in the month of October 2020.	

Illustration 2 - Eligibility of ITC - Goods received in lots or installment: S Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'X' in October, 2020. As per contract it was agreed that 10,000 kgs of Input 'X' will be supplied for Rs. 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots.

Invoice of Rs. 7,28,000 has been issued with supply of first lot of Input 'X'. Following further information has been provided regarding supply of Input received in subsequent lots.

Briefly explain whether S Ltd. eligible to take credit on proportionate basis.

Input 'X' (in lots)	Quantity in Kgs	Date of Receipt of Supply
First Lot	2,500	19-10-2020
Second lot	3,000	21-10-2020
Third Lot	1,500	12-11-2020
Fourth Lot	3,000	01-12-2020

Illustration 3 - Time limit for availment of ITC : XYZ Ltd. purchased goods valuing Rs. 6,00,000 (exclusive of CGST and SGST @9% each) under the cover of invoice dated 25-12-2020. The company made payment to the supplier on the same date. Since there was a doubt regarding admissibility of tax credit on such inputs, the company did not take the input tax credit at the time of receipt of input. The company obtained clarification from a legal consultant who opined that the goods were eligible as inputs under Input

tax Credit Rules. The opinion was received on 05-05-2021. The company now wants to avail Input tax credit of the tax paid on such inputs. Can it do so? The company has filed its annual return for the year 2021-22 on 12-08-2021.



APPORTIONMENT OF CREDIT AND BLOCKED CREDIT [SECTION 17]

ITC Based on usage in business, Use of ITC for	Use of ITC for Business Purpose	ITC Available
	Use of ITC for Non Business Purpose	ITC Not Available
ITC Based on use of Inputs	Taxable Supplies	ITC Available
	Zero rated Supplies	
	Non-Taxable Supplies	ITC Not Available
	Exempt Supplies	
	NIL Rated Supplies	
Banking Company or Financial Institutions	Relatable to Non Business Purpose	ITC Not Available
	Inter-branch supply of services	ITC available to full Extent AND 50% of All other Credit
	<p>Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year:</p> <p>Provided further that the restriction of fifty per cent. shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number.</p>	

The Value of exempt supplies shall include

- supply on which tax is paid under Reverse Charge,
- transactions in securities,
- sale of land
- sale of building.
- Nil rated supplies
- Non taxable supplies
- Wholly exempt u/s 11

In case, goods or services or both are partly used in taxable supplies and partly in non-taxable supplies, then amount of credit shall be restricted to the taxable supplies.

Illustration : Canara Bank ,Delhi provides the following information for the month of Feb ,2018 .The Bank has branches at various places with the same PAN

Particulars	Rs
ITC from supply inwards in respect of goods & services	
• Received from entities having different PAN	6,50,000
• Received from entities having same PAN	1,50,000
Total ITC	8,00,000

Determine the amount of ITC that is available to Canara Bank ,if the bank has opted for apportionment of ITC u/s 17(4)

Illustration : SBI provides the following information for the month of July 2018

Total ITC on Inward supplies : Rs 5,00,000 (CGST & SGST)

The above amount includes credit relating to following :

Goods which are used for personal use of employee	15,000
Goods which have become obsolete & value was written off the from the books	5,000
Services availed from its distinct establishment	1,20,000
Outdoor catering services received for its employee	10,000

Goods on which ITC is not allowable - Blocked Credits [Sec. 17(5)]

Input tax credit shall not be available in respect of the following, namely—

(1) Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), Vessels and Aircraft.

(2) Services of General Insurance, Servicing, Repairs and Maintenance relating to Motor Vehicles, Vessels or aircraft referred above,

Note: ITC shall be allowed, if the above Motor Vehicles, Vessels and Aircraft are used for the following supplies, namely

(a) for transportation of Goods

(b) for making the following taxable supplies, namely:—

- further supply of such motor vehicles/ vessels / aircraft, or
- transportation of passengers, or
- imparting training on driving, flying, navigating such vehicles.

Important Note: Generally Input Tax Credits are not available for in respect of Motor Vehicles/ Vessels and Aircraft. However if it is used in the above specified supplies Credits are allowed including for Insurance, servicing and its repairs and maintenance. Credits shall also be allowed for Taxable persons engaged in manufacture of such vehicles or engaged in supply of General Insurance Services in respect of such vehicles,

(3) ITC not available for the following supply of Goods or Services or both:—

(i) Food and Beverages,

(ii) Outdoor catering,

(iii) Beauty treatment,

(iv) Health services,

(v) Life Insurance

(vi) Health Insurance

(vii) Cosmetic and plastic surgery,

(viii) Leasing, renting or hiring of motor vehicles, vessels or aircraft referred above

However, ITC for the above services shall be available, where an inward supply of goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable Composite or Mixed supply,

(4)Membership of a Club, Health and Fitness centre, and

(5)Travel benefits extended to employees on vacation such as Leave or Home travel concession. ITC shall be available, if

it is obligatory for an employer to provide to its employees under any law.

(6)Works Contract Services when supplied for Construction of an Immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service.

Note: The expression "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property.

(7)Goods or Services or both received by a taxable person for construction of an Immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business. Note: The expression "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property.

(8)Goods or services or both on which tax has been paid as per **Composition Scheme u/s 10**,

(9)Goods or Services or both received by a **non-resident taxable person** except on goods imported by him,

(10)Goods or Services or both used **for personal consumption**,

(11)Goods lost, Stolen, Destroyed, Written off or Disposed of by way of Gift or Free samples, and

(12)Taxes paid on account of **Fraud/ Detention/ Confiscation** / Penalty u/s 74, 129 and 130.

Illustration 4 - Input tax credit - Capital goods : X Ltd. a registered manufacturer engaged in taxable supply of goods procured the following goods during the month of October. The same has been capitalized in the books of accounts of X Ltd. Determine the amount of Input tax credit available by giving necessary explanations for treatment of various items.

Inward supplies	GST (Rs.)
(1) Electrical transformers used in the factory	2,16,000
(2) Moulds and dies used in the factory	26,000
(3) Pollution control equipment used in the factory	2,34,000
(4) Capital goods purchased on which depreciation has been taken on full value 1,35,000 including input tax thereon	
(5) Capital goods used as parts purchased from supplier who paid tax of Rs. 10,000 under composition scheme and the composite tax has not been collected from X Ltd.	

Illustration 5 - Input tax credit - Determine the amount of Input tax credit available to Kalyan Ltd. in respect of the following goods and services procured by them in the month of April 2020 :

- (i) Motor vehicles for transportation of persons having approved seating 70,000 capacity of 7 persons (including driver)
- (ii) Motor bus for transportation of persons having approved seating capacity 1,40,000 of 14 persons (including driver)
- (iii) Motor lorries for transportation of goods 2,80,000
- (iv) Food and Beverages procured from Sweet Caterers for being used in 48,000 dealer's meet
- (v) Services of repair and maintenance of motor lorries used for transportation 36,000 of goods
- (vi) Services of general insurance of motor vehicles for transportation of 18,000 persons having approved seating capacity of 7 persons (including driver)
- (vii) Services of servicing of motor vehicles for transportation of persons 54,000

having approved seating capacity of 14 persons (including driver)

Illustration 6 - Input tax credit - Inputs : Determine the amount of Input tax credit available to Posco Ltd. in respect of the following items procured by them in the month of February 2021:

Inward supplies	GST
(i) Input used for the manufacture of the final product	72,000
(ii) Food and Beverages procured from Sweet Caterers for employees under statutory obligation	48,000
(iii) Goods used for providing services during warranty period	12,000
(iv) Goods used for setting up Telecommunication Towers being immovable property	90,000
(v) Inputs stolen from the factory store	13,200

Illustration 7 - Input tax credit - Inputs : Determine the amount of Input tax credit admissible to PQR Ltd. in respect of the following goods procured by it in the month of January :

Inward supplies	GST
(1) Goods used in constructing an additional floor of office building	28,800
(2) Packing Materials used in a factory	6,000
(3) Goods destroyed due to natural calamities	12,500
(4) Goods used for repairing the office building and cost of such repairs is debited to profit and loss account	12,000
(5) Paper for photocopying machine used in Administrative Office	950
(6) Goods given as gifts	25,000
(7) Inputs used for tests or quality control check	15,600

Note: (i) All the conditions necessary for availing the ITC have been fulfilled. (ii) Registered Person is not eligible for any threshold exemption.

Illustration 8 - Input tax credit - Inputs: Determine the amount of Input tax credit admissible to P Ltd. in respect of the following items procured by them in the month of March:

Inward supplies	GST
(1) Goods supplied for captive consumption in a factory	9,800
(2) Goods purchased for being used in repairing the factory shed and same has been capitalized in books	18,000
(3) Cement used for making foundation and structural support to Plant and Machinery	14,000
(4) Inputs used in trial runs	14,560
(5) Food and beverages purchased for the employees during office hours under statutory obligation	8,400

Note: (i) All the conditions necessary for availing the ITC have been fulfilled, (ii) Registered Person is not eligible for any threshold exemption.

Illustration 9 - Input tax credit - Input: ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July, 2020.

Inward supplies	GST
(i) Electrical transformers to be used in the manufacturing process	3,60,000
(ii) Truck used for transportation of inputs in the factory	2,24,000
(iii) Raw material	2,00,000
(iv) Confectionery items for consumption of employees working in the factory under statutory obligation	25,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items.

Note : (1) All the conditions necessary for availing the ITC have been fulfilled. (2) ABC Co. Ltd. is not eligible for any threshold exemption.

Illustration 10 - Input tax credit - Input services : Compute the Input tax credit available with Ujjwal Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2020 :

	Inward supplies	GST(Rs)
(i)	Accounting and Auditing Services	7,200

(ii)	Health insurance services for employees (Services are not provided under Government obligation)	16,200
(iii)	Routine maintenance of the cars manufactured by Ujjwal Motors Ltd.	18,000
(iv)	Repair services for office building (Cost of repairs is charged to Profit and loss Account)	14,400
(v)	Travel benefits extended to employees on vacation under statutory obligation	3,360
(Vi)	Testing services availed for car engines	9,000

Note: (1) All the conditions necessary for availing the ITC have been fulfilled. (2) Registered Person is not eligible for any threshold exemption.

Illustration 11 - ITC - Input services : XYZ Ltd. engaged in supplying taxable goods has availed following services in month of September, 2020. Compute the input tax credit admissible on such input services.

Inward supplies	GST
(1) Sales promotion services	16,200
(2) Health and fitness services availed from Physique Club for upkeep of health of their employees. The said services are not availed under Government obligation	10,800
(3) Hiring of motor bus for transportation of employees. Seating capacity of motor bus is 40 passengers.	4,500
(4) Market research services	10,080
(5) Quality control services	18,000
(6) Work contract services for construction of office building	45,000

Note: (i) All the conditions necessary for availing the ITC have been fulfilled, (ii) Registered Person is not eligible for any threshold exemption.

Illustration 12 - Computation of admissible ITC : CANWIN Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2021:

Particulars	GST Paid Rs.

(i)	Purchase of Machinery where debit note is issued	1,15,000
(ii)	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii)	Computers purchased (Depreciation was claimed on the said GST portion under the Income-tax Act, 1961)	50,000
(iv)	Works contract services availed for construction of Staff quarters within the company premises	4,25,000

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 2021 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.



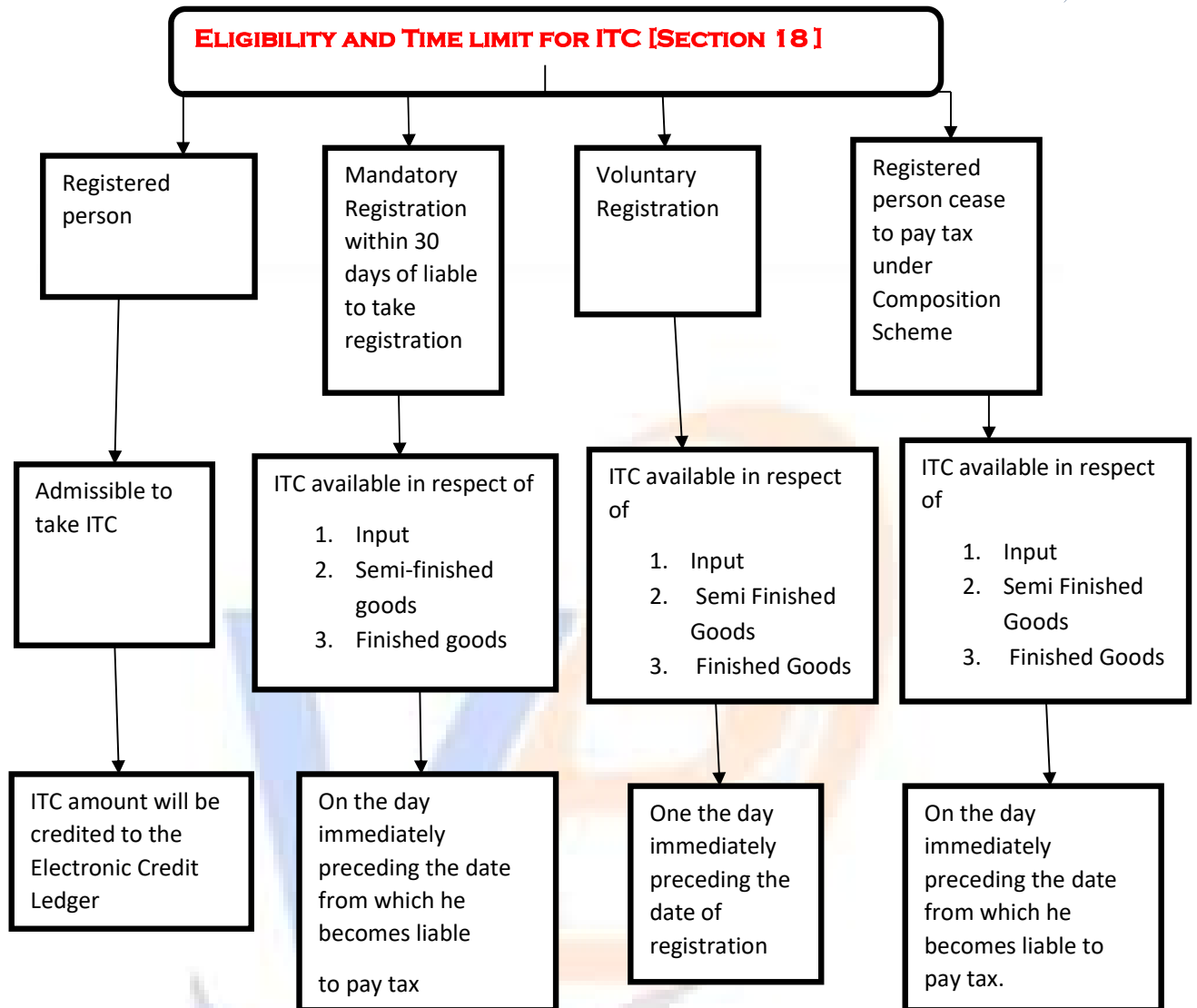


Illustration - Determination of Eligible ITC M 18

Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of Taxable goods. The company provides the following information of GST paid on the purchases made/input

	Particulars	GST Paid (₹)
(i)	Purchase of cabs used for the transportation of its employees	3,30,000
(ii)	Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii)	Capital Goods (Out of three items, invoice for one item was missing and GST paid on that item was ₹ 25,000)	2,50,000
(iv)	Outdoor catering service availed on Women's day	72,000

Determine the amount of Input Tax Credit available with M/s Fun Pharma Private Limited.

Illustration: Computation of Eligible Input Credit

XYZ Ltd. is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month

S. No.	Inward supplies	GST (₹)	Remarks
(i)	Inputs 'A'	1,00,000	One invoice on which GST payable was ₹ 10,000, is missing
(ii)	Inputs 'B'	50,000	Inputs are to be received in two instalments. First instalment has been received in October, 2021.
(iii)	Capital goods	1,20,000	XYZ Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.
(iv)	Input services	2,25,000	One invoice dated 20.01.2021 on which GST payable was ₹ 50,000 has been received in October, 2021.

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.
- (ii) ABC Co. Ltd. is not eligible for any threshold exemption.
- (iii) The annual return for the financial year 2020-21 was filed on 15th September, 2021.

ILLUSTRATION-Input Tax Credit & Tax Payable M 18[F]

ABC Company Ltd of Bengaluru is a manufacturer and registered supplier of machine. It has provided the following details for the month of November,2021.

Details of GST paid on inward supplies during the month:

Items	GST Paid (₹)
Health Insurance of factory employees.	20,000
Raw Materials for which invoice has been received and GST has also been paid for full amount but only 50% of material has been received, remaining 50% will be received in next month.	18,000
Work Contractor's service used for installation of Plant and Machinery.	12,000
Purchase of manufacturing machine directly sent to job worker's premises under challan.	50,000
Purchase of car used by director for the business meetings only.	25,000
Outdoor catering service availed for business meetings.	8,000

ABC Company Ltd also provides service of hiring of machines along with manpower for operation. As per trade practice machines are always hired out along with operators and also operators are supplied only when machines are hired out.

Receipts on outward supply (exclusive of GST) for the month of November,2021 are as follows

Items	GST Paid (₹)
Hiring Receipts for machine	5,25,000
Service Charges for supply of Man Power Operators	2,35,000

Assume all the transactions are interstate and the rates of IGST to be as under:

- (i) Sale of Machine 5%
- (ii) Service to hiring of machine 12%
- (iii) Supply to man power operator service 18%

Compute the amount of Input Tax Credit available and also the net GST payable for the month on November 2021 by giving necessary explanations for treatment of various items.

Note: Opening balance of input tax credit is Nil.

Solution:

1. Computation of Input Tax Credit

Particulars	₹
Health Insurance of Factory Employees (Note 1)	-
Raw Materials 50% received (Note 2)	Nil

Work Contractors Service used for installation of Plant & Machinery (Note 3)	12,000
Purchase of Manufacturing machine directly sent to job worker's place (Note 4)	50,000
Purchase of car used by director for business meetings only (Note 5)	-
Outdoor catering service availed for business meetings (Note 6)	-
Total Input Tax Credit	62,000

2. Computation of Output Tax

Particulars	Value	GST ₹
Hiring Receipts for Machine (Note 7)	5,25,000	63,000 (5,25,000 x 12%)
Service Charges for supply of manpower operator (Note 8)	2,35,000	28,200 (2,35,000 x 12%)
Output IGST		91,200
Less: Eligible IGST Credit (from above table)		(62,000)
Net IGST Payable		29,200

Notes:

1. Sec. 17(5)(b)(iii) of the CGST Act 2017, allows input tax credit on health insurance only when:

- The government notifies the services as obligatory for an employer to provide to its employees under any law for the time being in force, or
- The said service is used for making an outward taxable supply of the same category of service or as part of a taxable composite or mixed supply.

Since in the given case, the health insurance service does not fall under any of the above two categories, the credit thereon will not be allowed.

2. As per Sec. 16(2) of CGST Act, 2017, to avail input tax credit, the registered person should have received the goods or services or both. Where the goods against an invoice are received in lots/instalments, ITC is allowed upon receipt of the last lot/instalment vide first proviso to section 16(2) of the CGST Act, 2017. Therefore, ABC Company Ltd. will be entitled to ITC of raw materials on receipt of second instalment in December.

3. Works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service is not available as input tax credit. Since, the work contractor's service is used for installation of Plant & Machinery, ITC is allowed.

4. Even if the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or through other documents, it shall be deemed that the Registered person has received the goods. Hence, credit is allowed on goods sent directly to Job worker.

5. Input tax credit is not allowable in respect of motor vehicles and other conveyances except when they are used for making the following taxable supplies, namely-

- Further supply of such vehicles conveyances.
- Transportation of passengers or
- Imparting training on driving, flying navigation such vehicles or conveyances.

6. Input tax credit is not available on Food and Beverages, Outdoor Catering, Beauty Treatments, Health Services, Cosmetic and Plastic Surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of taxable composite or mixed supply. Hence, credit is not allowed on the catering services received.

7. As per schedule II, transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration is considered as supply of service and hence tax rate for service of hiring of machine 12% is applicable.

8. Since the machines are invariably hired out along with operators and also operators are supplied only when machines are hired out, it is a case of composite supply u/s 2(30) of the CGST Act 2017, wherein the principal supply is the hiring out of the machine.

ILLUSTRATION -Computation of GST Payable

Mr. NY, a supplier of goods pays GST under regular scheme. Mr. NY is not eligible for any threshold exemption. He has made the following outward taxable supplies during September 20XX:

Particulars	Rate of Tax			Amount (₹)
	CGST	SGST	IGST	
Intra State Supply of goods:				
Product A	6%	6%	—	8,00,000
Product B	9%	9%	-	2,00,000
Particulars	Rate of Tax			Amount (₹)
	CGST	SGST	IGST	
Inter State Supply of Goods:				
Product A	—	—	12%	3,00,000
Product B	—	—	18%	1,50,000

He has also furnished the following information in respect of supplies received by him during September 20XX:

Particulars	Rate of Tax	Amount (₹)
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	CGST	SGST	IGST	
Intra State Supply of Goods:				
Product A	6%	6%	—	2,00,000
Product B	9%	9%	—	1,00,000
Inter State Supply of Goods:				
Product A	—	—	12%	1,50,000
Product B	-	-	18%	80,000

Mr. NY has following ITCs with him at the beginning of September 20XX:

Particulars	₹
CGST	40,000
SGST	28,000
IGST	44,600

Note:

- (i) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (ii) All the conditions necessary for availing the ITC have been fulfilled.

Compute net GST Payable by Mr. NY for the Month of September 20XX.

Make Suitable assumptions wherever required.

ILLUSTRATION -Computation of GST Payable

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of September 2021:

Intra-State supply of goods	₹ 25,00,000
Inter-State supply of goods	₹ 5,00,000

He has also made the following inward supply:

Intra-State purchase of goods from Registered Dealer	₹ 14,00,000
Intra-State purchase of goods from Unregistered Dealer	₹ 2,00,000
Inter-State purchase of goods from Registered Dealer	₹ 4,00,000

Balance of ITC at the beginning of September 2021:

CGST	₹ 95,000
SGST	₹ 60,000
IGST	₹ 50,000

Additional Information:

- ✓ He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 6,72,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on September 15, 2021. He capitalized the full value including GST in the books on the same date to claim depreciation.
- ✓ Out of Inter-State purchase from registered dealer, goods worth ₹ 1,00,000 were received on October 3, 2021 due to road traffic jam.

Note:

- Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the UC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2021.

ILLUSTRATION -Computation of GST Payable Jul 21

X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of air conditioners of capacity 1.5 Ton in the month of October, 2021 of quantity of more than 50 units will entitle them for 10% discount.

Interstate supply made during the month of October, 2021 is ₹ 50,00,000 Details of Interstate Supply:

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizers is 18% (9% CGST & 9% SGST)	40,00,000
Supply of Air conditioners of capacity 1.5 Ton @ ₹ 50,000 per Air conditioner	50,00,000

Interstate inward supplies are:

Particulars	Amount (₹)
Raw material	20,00,000
Paid Gym membership for employees	50,000
Truck purchased for transportation of goods	30,00,000

X Electronics made supply of Air Conditioners (capacity 1.5 Ton) to only one dealer named Mr.L Gym membership for employees is not obligatory for X Electronics under any law. Opening Balance of ITC is as under:

CGST: ₹ 58,000 SGST: ₹ 70,000 IGST: ₹ 10,00,000 Note:

(i) Rate of CGST, SGST and IGST are 9%,9% and 18% respectively for both inward and outward supplies except where specifically provided.

(ii) Both inward and outward supplies are exclusive of taxes.

(iii) All the conditions for availing the ITC have been fulfilled.

Compute the Net GST payable in cash by X Electronics for the month of October, 2021.

Illustration - Determination of Eligible ITC Jul 21

A Ltd produced the following goods in the month of December, 2021.

Inward Supplies	₹
(1) Goods used in constructing an additional floor of office building	18,450
(2) Goods given as free sample to prospective customers	15,000
(3) Trucks used for transportation of inputs in the factory	11,000
(4) Inputs used in trial runs	9,850
(5) Confectionary items for consumption of employees working in the factory	3,250
(6) Cement used for making foundation and structural support to plant 8t machinery	8,050

Compute the amount of ITC available with A Ltd for the month of December 2021 by giving necessary explanations. Assume, that all the other conditions necessary for availing ITC have been fulfilled.

Comprehensive Illustration on GST Taxation Scheme

Inter State Supply of Goods / Services -supplier would charge IGST at specified rates on the supply.

I. Supply of goods/services by X of Kerala to A of Kerala

Value charged for supply of goods/services	20,000
Add: CGST @ 9%	1,800
Add: SGST @ 9%	1,800
Total price charged by X from A for intra-State supply of goods/services	23,600

X is the first stage supplier of goods/services and hence, does not have any Input credit of CGST, SGST or IGST.

II. Supply of goods/services by A of Kerala to B of Maharashtra - Value addition @ 20%

Value charged for supply of goods/services (₹ 20,000 x 120%)	24,000
Add: IGST @18%	4,320
Total price charged by A from B for inter-State supply of goods/services	28,320

Computation of IGST payable by A to Government

IGST payable	4,320
Less: Credit of CGST	1,800
Less: Credit of SGST	1,800
IGST payable by A to Central Government	720

The IGST charged on B of Maharashtra for supply of goods/services will be remitted by A of Kerala to the appropriate account of the Central Government. Kerala (Exporting State) will transfer SGST credit of ₹ 1,800 utilised in the payment of IGST to the Central Government.

III. Supply of goods/services by B of Maharashtra to C of Maharashtra - Value addition @ 20%

B will avail credit of IGST paid by him (₹ 4,320) on the purchase of goods/services and will utilise such credit for being set off against the CGST and SGST payable on the local supply of goods/services made by him to C.

Value charged for supply of goods/ services (₹ 24,000 x 120%)	28,800
Add: CGST @ 9%	2,592

Add: SGST @ 9%	2,592
Total price charged by B from C for local supply of goods/services	33,984

Computation of CGST, SGST payable by B to Government

CGST payable	2,592
Less: Credit of IGST available	2,592
CGST payable to Central Government	Nil
SGST payable	2,592
Less: Credit of IGST available (₹ 4,320 - ₹ 2,592)	1,728
SGST payable by B to State Government	864

Central Government will transfer IGST credit of ₹ 1,728 utilised in the payment of SGS' to Maharashtra

(Importing State).

Note: Rates of CGST, SGST and IGST have been assumed to be 9%, 9% and 18% respectively.

Statement of revenue earned by Central and State Governments

Transaction	Revenue to Central Government (₹)	Revenue to Government of Kerala (₹)	Revenue to Government of Maharashtra (₹)
Supply of goods/services by X to A	1,800	1,800	
Supply of goods/services by A to B	720		
Transfer by Kerala to Centre	1,800	(1,800)	
Supply of goods/services by B to C			864
Transfer by Centre to Maharashtra	(1,728)		1,728
Total	2,592	Nil	2,592

CLASS WORK :**1 - 18(1) (b) (Voluntary Registration)**

Mr. X applied for registration voluntary on 1/4/2018 & registration granted on 7/4/2018. Following information:

Rs	CGST	SGST
GST on input purchase on 1/01/2017	2000	2000
GST on input purchase 1/07/2017	5000	5000
Contained in semi finished goods held in stock		
GST on input purchased on 1/08/2017 contained		
In finished goods held in stock	10000	10000
CG purchase on 10/03/2018	100000	100000

2 - 18(1) (a) (Mandatory Registration)

ABC Ltd started business on 1/4/2019 & was not liable for registration. But from 1/07/2019. He become liable to registration, since his turnover exceeded Rs20,00,000. He applied for REG on 10/07/2019. Stock 30/06/2019.

GST on input purchase on 20/11/2018	2000	2000
GST on input purchase on 1/4/2018		
In semi-finished goods held in stock	5000	5000
GST on input purchase on 1/08/2018 contained in		
Fin good held in stock	10000	10000
CG purchase on 10/11/2018	100000	100000

3- 18(1) (c) (Composition to regular)

ABC Ltd was paying tax under sec 10 & his turnover crossed 1 crore on 7/4/2018. Following information of stock on 6/04/2018

GST on input purchase on 1/1/2017	2000	2000
GST on input purchase on 1/7/2017(Semi-Fin.)	5000	5000
GST on input purchase on 1/8/2017(FG)	10000	10000
CG on input purchase on 10/3/2018	100000	100000

Credit Available

4 - 18(1) (d) (Exempt Supply)

ABC Ltd supply goods which are exempt from GST but from 1/07/2018. These goods liable to GST. Stock on 30/06/2018.

Total value of input in stock of Rs100000 on 20/11/2017. Out of this, input Rs40000 purchased on 1/4/2018	9000	9000
GST on input purchased on 1/4/2017 contained in semi-finished goods	5000	5000

GST on input purchased on 1/08/2017 contained in semi-finished	10000	10000
CG purchased on 20/09/2017	100000	100000

Section : 18 (4)

5 - The goods manufactured by ABC has been exempted from GST w.e.f 1/03/2018. Earlier these were liable to IGST@18%

Following are the information on 28/02/2018

Input costing Rs1,18,000 (incl. IGST@18%)

Input costing Rs59000 (incl. GST@18%) in process.

FG 472000 (incl. IGST@18%) in stock. Input cost is 50% of value.

ITC on capital goods purchased on 20/9/2017 1,00,000

Balance of ITC in El. Cr. Ledger 150000

Determine the amt. payable?

6 - section 18(6)

Date of purchase of plant

1/4/2018

Value

5,00,000

IGST Paid

60,000

Sold after use on 12/10/2018

4,00,000 (12%)

Determine amt. payable on CG.

Input Tax Credit - Special Situations

Situation	Treatment
Supplies used both for Business and Personal Purposes	ITC restricted to credit attributable for Business Purpose
Supplies used for Taxable and Non Taxable supplies	ITC restricted to credit attributable to the said taxable supplies
Change in constitution of registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business	Utilised ITC is allowed to be transferred to such sold, merged, demerged, amalgamated, leased or transferred business
In case of Demerger	ITC shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme
supply of Capital Goods or Plant and Machinery, on which ITC has been taken,	Amount Payable by registered person = ITC Availed during Purchase as reduced by prescribed percentage points or the tax on the transaction value of such capital goods or plant whichever is higher
If refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap	Taxable person to pay tax on the transaction value

REGISTRATION

THRESHOLD LIMIT FOR REGISTRATION :

States with threshold limit of 10 lakh for both goods and services	States with threshold limit of 20 lakh for both goods and services	States with threshold limit of Rs20 lakh for services and Rs40 lakh for goods (i.e. persons engaged exclusively in supply of goods)
Manipur	Arunachal Pradesh	Jammu and Kashmir
Mizoram	Meghalaya	Assam
Nagaland	Sikkim	Himachal Pradesh
Tripura	Uttarakhand	All other States
	Puducherry	
	Telangana	

It must be noted that the Central Government vide Notification No. 10/2019-CT dated 07-03-2019 w.e.f. 01-04-2019 has provided that any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed Rs. 40 lakh is exempt from obtaining registration. However, the exemption is not applicable for the following persons :

- (a) persons required to take compulsory registration under section 24 of the Act;
- (b) persons engaged in making supplies of the goods being -
 - (i) Ice cream and other edible ice, whether or not containing cocoa,
 - (ii) Pan masala, and
 - (iii) Tobacco and manufactured tobacco substitutes.
- (c) persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand; and
- (d) persons exercising option of voluntary registration or such registered persons who intend to continue with their registration under the Act.

Example 1:

Supplier	Doing Activity of	Aggregate turnover	Applicable threshold limit for registration	Whether liable to obtain registration?
Mr. A of Assam	Exclusive in supply of shoes	Rs22 lakh	Rs40 lakh	NO
	Exclusive in supply of pan masala	Rs22 lakh	Rs20 lakh	YES
	Exclusive supply of taxable services	Rs22 lakh	no lakh	YES
	Supply of both taxable goods and services	Rs22 lakh	no lakh	YES
Mr. T of Telangana	Exclusively in supply of toys	Rs22 lakh	no lakh	YES
	Exclusively in supply of ice cream	Rs22 lakh	no lakh	YES
	Exclusively in supply of taxable service	Rs22 lakh	Rs20 lakh	YES
	Supply of both taxable goods and services	Rs22 lakh	no lakh	YES
Mr. M of Manipur	Exclusively in supply of paper	Rs12 lakh	Rs10 lakh	YES
	Exclusively in supply of tobacco	Rs12 lakh	Rs10 lakh	YES
	Exclusively in supply of taxable services	Rs12 lakh	Rs10 lakh	YES
	Supply of both taxable goods and Services	Rs12 lakh	Rs10 lakh	YES

Aggregate Turnover: Section 2(6)

Will include	Will not include
Taxable supply	CGST
Exempt supply	SGST
Exports	UTGST
Interstate supplies	IGST
Outward supply taxable under RCM	Compensation Cess
Value of all outward supplies of a person having same PAN computed on all India basis, whether	Value of inward supplies on which GST is payable under RCM
Will include	Will not include
on his own account or made on behalf of his all principals	

Analysis

Principal & Agent: Aggregate turnover to include supplies made by taxable person on his own account or made on the behalf of all his principals.

Example 2: Mr. T is agent of A Ltd. Mr. T has supplied goods as an agent of A Ltd. Turnover of such supplies will be included in the turnover of Mr. T and not of A Ltd.

Job Work: In case of Job work, supply of goods after the completion of job work by the registered job worker shall be included in the turnover of principal and not of job worker

Example 3: P Ltd. is manufacturer of shirts. It had sent 10,000 pieces of shirts to Mr.X, a job worker for getting buttons, cuffs and collar stitched onto the shirt. Shirts were sold by P Ltd. directly from the premises of Mr. X, the job worker. This will be included in the turnover of P Ltd. and not in turnover of Mr. X

Branches: Aggregate turnover to include total turnover of all branches with same PAN

Example 4: A Ltd is dealer making taxable supplies from three branches in Delhi located at Chandni Chock, Karol Bagh and Connaught Place. To check the limit for the registration, turnover of all three branches has to be aggregated.

Example 5: A dealer Mr. H has two offices - one in Delhi and another one in Haryana. In order to determine whether he is liable for registration, turnover of both the offices would be taken into account and if it exceeds Rs 20 lakh Mr. H liable for registration.

Exempted supplies: Value of exempted goods/services is to be included in aggregate turnover

Example 6: D Ltd is owner of petrol pump in Delhi and is engaged in supplying of machine oil as well as petrol. Supply of petrol is not leviable to GST but supply of machine oil is taxable. In order to determine whether D Ltd. is liable for registration turnover of both supplies - non-taxable as well as taxable - would be taken into account and if the same exceeds the prescribed limit, D Ltd. is liable for registration.

Exports: Value of exported goods/services is to be included in aggregate turnover
Inward supply under RCM: is not to be included in aggregate turnover

Example 7: A Ltd. is a supplier having permanent place of business in Delhi. It has made supply of Rs 41 lakhs for milk and milk products, which are exempted goods under GST. In this case A Ltd. is not required to take registration even though its turnover is more than the prescribed limit since it is supplying only exempted goods.

Location:

- Registration has to be taken in the State or Union territory from where dealers makes a taxable supply of goods/services.
- No registration is to be done in that state where taxable supply is made
- If Supply is made from different states or union territories, separate registration is required for each states and union territory
- Registration at other state is required only if supplier has fixed establishment from where he supplied goods or services

Example 8: DEV Ltd. is engaged in taxable supply of goods and has office in Delhi. It supplies goods across Delhi and also supplies goods in Faridabad (Haryana) and Ghaziabad (Uttar Pradesh). Turnover of DEV Ltd. is Rs 45 lakhs. DEV Ltd. has to take registration only in Delhi and not in Haryana or in Uttar Pradesh

Branch in Special Category State:

If a person is having place of business in different States out of which it has any branch in Special Category State then turnover limit for GST registration will be reduced to Rs 10 lakhs.

Example 9: A dealer Mr. R has two offices - one in Delhi and another one in Tripura. In order to determine whether he is liable for registration, turnover of both the offices would be taken into account and if it exceeds Rs 10 lakh (and not Rs 20 lakhs) Mr. R liable for registration.

Registered and GST payment:

Person having turnover above prescribed limit is required to be registered and pay GST. If in future his turnover falls below prescribed limit still it has to pay GST and has to file the GST returns.

Time: The person needs to get himself registered within 30 days from the date when turnover exceeds Rs 40 lakhs / Rs 20 Lakhs *it* 10 Lakhs

Example 10: K Ltd. is engaged in taxable supply of services in Madhya Pradesh. The turnover of K Ltd. exceeded ₹20 lakh on 1st November. It is liable to get registered by 1st December in the State of Madhya Pradesh.



Issues	Points to remember
	REGISTRATION - BASICS
<p>Salient Aspects in GST Registration</p>	<ul style="list-style-type: none"> •Single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses. •State-Wise registrations. This is applicable even for branches in multiple States •Single Registration for branches within the same State. •For multiple branches within the same state, Option to declare one place as principal place and other branches as additional places of business. •Option to have Separate registration for separate place of business even within a State.
<p>Compulsory Registration (Sec. 24)</p>	<p>The following categories of persons shall be required to obtain compulsory Registration-</p> <ol style="list-style-type: none"> 1. Persons making any Inter-State taxable supply, 2. Casual taxable persons making taxable supply, 3. Persons who are required to pay tax under Reverse Charge, 4. Non-Resident taxable persons making taxable supply, 5. Persons who are required to deduct tax u/s 51, 6. Persons making taxable supply on behalf of others whether as an agent or otherwise, 7. Input Service Distributor 8. Persons who supply goods or services through electronic commerce operator 9. Every electronic commerce operator who is required to collect tax at source u/s 52, 10. Every person supplying Online Information and Data base Access or Retrieval services (OIDAR) from a place outside India to a person in India, other than a registered person, 11. Such other person or class of persons as may be notified by the Government. <p>[Note: Refer Chapter 22 for certain relaxation from Registration]</p>

<p>Persons not liable for Registration [Sec. 23]</p>	<p>1.Exclusive supply of Goods: Any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the Financial Year does not exceed Rs 40 lakhs.</p> <p>2.Supplier of Exempt Goods or services or both that are not liable to tax or wholly exempt from tax.</p> <p>3.An Agriculturist</p> <p>4.Persons who are only engaged in making supplies on which is tax liable to be paid on reverse charge basis by the recipient u/s 9(3)</p> <p>5.Such other persons as specified by Government</p>
<p>Advantages of taking registration under GST</p>	<ul style="list-style-type: none"> •Legal recognition •Eligibility for ITC availment •Legal Authorization to collect tax and to pass on the credit •Getting eligible to avail various other benefits and privileges under GST

PROCEDURE FOR REGISTRATION		
Timeline for application for Registration [Sec. 25(1)]	<p>1. Persons liable to be registered, shall apply within 30 days from the date in which he is so liable.</p> <p>2. A Casual taxable person or a Non-resident taxable person to apply for registration at least 5 days prior to the commencement of business.</p> <p>3. Person making supply from the territorial waters of India to obtain registration in the coastal State or UT where the nearest point of the appropriate base line is located.</p>	
Casual Taxable Person and Non-Resident taxable persons		<p>Casual Taxable Person u/s 2(20)</p> <p>Non-resident Taxable Person u/s 2(77)</p>
	Definition	<p>A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.</p> <p>A taxable person who occasionally undertakes transactions involving supply of goods and/or services whether as principal or agent or in any other capacity but who has no fixed place of business in India.</p>
Issues	Points to remember	
	<p>Meaning</p> <p>Occasionally undertakes transactions involving supply of goods or services in a State or UT where he has no fixed place of business.</p>	<p>Occasionally undertakes transactions involving supply of goods or services but has no fixed place of business residence in India.</p>

Issues	Points to remember
PAN mandatory for registration	1. Person shall have a PAN in order to be eligible for grant of registration 2. Exceptions: (a) A Person required to deduct TDS (b) A Non-Resident taxable
Procedure for Application for Registration [Rule 8]	1. Applicability: (a) every person seeking voluntary registration (b) a person paying tax under composition levy (c) casual taxable person 2. Application and Declaration of Information should be made in FORM GST REG-01. 3. Information to be furnished in Common Portal, (PART - A) - • Permanent Account Number (PAN), • Mobile number,
	• e-mail address, • State or Union territory 4. Person having a unit in a SEZ or SEZ developer to make separate application distinct from his other units located outside the SEZ. 5. Verification of Information declared shall be made by the Authorities 6. On successful verification Temporary Reference Number shall be granted 7. Electronic Submission of Application in Part B of FORM GST REG-01, duly signed or verified through EVC 8. Aadhaar Authentication: Every application submitted as mentioned above, shall be followed by, Where the applicant is individual or such Individual in relation to the

	<p>applicant as mentioned in Section 25(6C) i.e. Applicant other than Individual.</p> <p>(a)If he has opted for authentication of Aadhaar Number, Bio-metric based Aadhaar authentication and taking photograph unless the applicant exempted u/s 25(6D), or</p> <p>(b)If he has opted not to get Aadhaar authentication done, taking Bio-metric Information, Photograph and verification of such other KYC Documents, as may be notified unless the applicant is exempted u/s 25(6D).</p> <p>Along with the verification of original copy of Documents uploaded with Form GST REG 01 at one of the facilitation centre notified by Commissioner, and the application shall be deemed to be complete only after the completion of the above process.</p> <p>9.acknowledgement shall be issued electronically to the applicant in FORM GST REG-02.</p>
<p>Verification of Application and Approval</p>	<p>1.Proper Officer after examination shall approve the grant of registration within 7 working days from submission of application.</p> <p>2.In case of deficiency, Notice shall be issued in FORM GST REG-03 within 7 working days from submission of application.</p> <p>3.Applicant shall furnish required information in FORM GST REG-04, within 7 working days from the date of receipt of notice.</p> <p>4.If proper officer is satisfied with the response, he may approve the grant of registration within 7 working days from the date of receipt of response</p> <p>5.If no response is submitted by the applicant or if the proper officer is not satisfied with response, he shall, reject such application</p> <p>6.Deemed Acceptance [Rule 9(5)]: The application for grant of registration shall be deemed to have been approved, if the proper officer fails to take any action -</p> <p>a)within 7 working days from the date of submission of application in cases where the person is not covered under proviso to sub-rule 1, or</p> <p>b)within 30 days from the date of submission of the application in cases where a person is covered under proviso to sub-rule 1, or</p> <p>c)within 7 working days from the date of receipt of clarification, information or documents furnished by the applicant under sub-rule (2).</p>
<p>Aadhar Authentication</p>	<p>1.Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within prescribed time.</p> <p>2.In Case, a person, fails to undergo authentication of Aadhaar number, then the</p>

	registration shall be granted only after physical verification of the principle place of business in the presence of the said person, not later than 30 days from the date of application, in the manner provided under Physical Verification of Business Premises.				
Issue of Registration Certificate [Rule 10]	<p>Applicant shall be issued with a certificate of registration in FORM GST REG-06 and a Goods and Services Tax Identification Number ("GSTIN") of 15 digit number shall be assigned.</p> <p>Display of Registration Certificate and GSTIN on the name board at the entry and</p> <ol style="list-style-type: none"> 1. in a prominent location at his Principal place of business and additional place of 2. business. 3. Effective date of registration: 				
	<table border="1"> <tr> <td>Application filed from Liability date.</td> <td>Registration Effective from</td> </tr> <tr> <td>within 30 days</td> <td>date on which the person becomes liable to registration</td> </tr> </table>	Application filed from Liability date.	Registration Effective from	within 30 days	date on which the person becomes liable to registration
	Application filed from Liability date.	Registration Effective from			
within 30 days	date on which the person becomes liable to registration				
	Not within 30 days date of grant of registration				
	4. Signing and Communication: Certificate of Registration shall be signed or verified EVC by the proper officer.				
Grant of Multiple Registration	<ol style="list-style-type: none"> 1. Separate Registration for Multiple place of Business in the same state shall be granted and the same shall be treated as distinct person. 2. Conditions to be fulfilled for Multiple Registration: <ol style="list-style-type: none"> (a) Such person has more than one place of Business (b) Opting for Composition Scheme for One place of Business and normal scheme for other place of Business of the same person shall not be allowed (c) To Issue Tax Invoice and to Pay tax on supplies made to another Registered place of Business of the same person. 				
Suomoto registration by	<ol style="list-style-type: none"> 1. Situation: Proper Officer finds that a person liable for registration has failed to apply for such registration. 2. Temporary Registration: Temporary Registration shall be ordered in FORM GST 				

Proper Officer	REG-12. It shall be effective from the date of order granting registration. 3.Application for Registration: to be made within 90 days from the date of the grant of such registration. In case of appeal against the grant of temporary registration, then the application for registration shall be submitted within 30 days from the date of issuance of order upholding the liability to registration
Persons liable to obtain UIN	1.Notified Persons: Following Persons shall be granted a Unique Identity Number for refund of taxes on the notified supplies. (a) Any specialised agency of the UNO or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of Foreign Countries , and other notified persons. 2.Government Authorities/ PSUs: A unique identification number (ID) would be given to Government authorities / PSUs not making outwards supplies of GST goods but are making interstate purchases. 3.B2B Supply: Supplier to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B) transaction.
Grant of UIN	1.Application shall be submitted by persons requiring Unique Identity Number (UIN) 2.Within 3 working days from the date of application, Proper Officer shall assign UIN or reject the application. If no deficiency is communicated by Proper Officer, Registration is deemed to have been granted after expiry of 3 days. 3.The grant of registration or the UIN under SGST or UTGST Act shall be deemed to be a granted under CGST Act provided the same is not been rejected. Same treatment is applicable for rejection as well.
	SPECIAL PROVISIONS RELATING TO CASUAL TAXABLE PERSON AND NON-RESIDENT TAXABLE PERSON
Validity of Certificate of Registration	The certificate of registration issued to a Casual taxable person or a Non-resident taxable person shall be valid for the period specified in the application or 90 days from the effective date of registration, whichever is earlier. Proper Officer may extend the validity for further period not exceeding 90 days.

<p>Conditions for Casual Taxable Person/ Non-Resident registration</p>	<p>1.Advance Deposit of Tax is to be made for estimated tax liability</p> <p>2.Additional tax to be deposited in case of extension in period of registration is sought.</p> <p>3.Utilisation of amount in electronic cash ledger shall be made in the prescribed manner.</p>
<p>Registration of Non-Resident Taxable Person</p>	<p>1.Electronic submission of Application in FORM GST REG-09, at least 5 days prior to the commencement of business.</p> <p>2.In case of Entity incorporated outside India, along with its application, it shall file its Tax Identification Number or Unique Number on the basis of which the entity is identified by the Government of that country or its PAN.</p> <p>3.Allotment of Temporary Registration Number shall be given by the Common Portal.</p> <p>4.Application for Registration shall be verified by its authorized signatory who shall be a person resident in India having a valid PAN.</p>
	<p>AMENDMENT OF REGISTRATION</p>
<p>Effect of Amendments in Registration</p>	<p>1.Intimation of any changes in the information furnished to be made to Proper Officer within prescribed time.</p> <p>2.Proper officer may Approve or Reject amendments in the registration particulars. He shall not reject the application for amendment without giving the person an opportunity of being heard.</p> <p>3.Any rejection or approval of amendments under the SGST or UTGST Act, shall be deemed to be a rejection or approval under CGST.</p>

	CANCELLATION / SUSPENSION OF REGISTRATION
Circumstances which lead to cancellation of Registration	<p>Registration granted may be cancelled by the proper office. Different type of cancellations</p> <p>(a) On the application of the registered person: section 29(1) (b) On the application of the legal heirs of the registered person upon his death: section 29(2) (c) Suo-motu by the proper officer: section 29(2)</p> <p>CANCELLATION OR SUSPENSION AT THE REQUEST OF THE APPLICANT (REGISTERED DEALER OR HIS LEGAL HEIRS)</p> <p>(1) In the following cases a registered person shall file an application for cancellation of registration</p> <p>(a) the business has been discontinued (b) the business has been transferred for any reason including death of the proprietor (c) the business has been amalgamated with other legal entity (d) the business has been demerged or otherwise disposed off (e) there is any change in the constitution of the business (f) the taxable person (except the one who has taken voluntary registration) is not to be registered</p> <p>(2) Any voluntarily registered person shall file application for cancellation anytime</p> <p>CANCELLATION OR SUSPENSION BY GST OFFICER ON HIS OWN MOTION - CANCELLATION OR SUSPENSION: SECTION 29(2)</p> <p>The Registration certificate can be cancelled by proper officer on his own motion in the following cases</p> <p>(a) a registered person does not conduct any business from the declared place of business (b) a registered person issues invoice or bill without supply of goods or services as per provisions of the Act (c) a registered person violates the provisions of section 171 of the Act i.e. if rate of tax has been decreased, benefit should be given to the customer but he does not pass on the benefit (d) a person paying tax under composition scheme has not furnished returns for 3 consecutive tax periods (e) any registered person has not furnished returns for a continuous period of 6 months (f) any person who has taken voluntary registration and has not commenced business within 6 months from the date of registration (g) registration has been obtained by means of fraud, willful misstatement or suppression of facts (h) The Proper officer (superintendent of central excise) shall issue a notice for cancellation and only after giving an opportunity of being heard decision shall be taken to cancel the certificate: 1st Proviso to section 29(2)</p>
Initiation of Cancellation	<p>1.Application for cancellation shall be submitted in FORM GST REG-16 within 30 days of occurrence of the event warranting cancellation</p> <p>2.Details of Inputs held in stock and of Capital Goods held in stock on the date from</p>

<p>on of Registrati on</p>	<p>which cancellation of registration is sought, its liability, details of the payment made against such liability is to be disclosed.</p> <p>3.The Proper Officer either on his own motion or based on the Cancellation application, cancel the registration</p> <p>4.During pendency of the proceedings relating to cancellation of registration filed by the registered person, the PO may suspend the registration for such period and in such manner as may be prescribed.</p>
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Illustration 1 - Registration liability: Mr. A of Rajasthan has effected following supplies within the State of Rajasthan. You are required to determine whether he is required to obtain registration under GST law.

(1) Intra-State supply of goods agricultural produce grown out of cultivation of land by family members	5,50,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	6,00,000
(3) Intra-State supply of goods chargeable with GST @5%	8,50,000
(4) Intra-State supply of services which are wholly exempt from tax	50,000

Solution: Computation of Aggregate value of taxable supplies (amount in Rs.):

(1) Intra-State supply of goods agricultural produce grown out of cultivation of land by family members [WN-1]	5,50,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017 [WN-2]	6,00,000
(3) Intra-State supply of goods chargeable with GST @5% [WN-3]	8,50,000
(4) Intra-State supply of services which are wholly exempt from tax [WN-4]	50,000
Total Value of supplies	20,50,000

Working Notes:

(1) An agriculturalist is not liable to obtain registration under the Act to the extent of supply of produce out of cultivation of land. Since Mr. A is engaged in supply of other goods and services also, he is not covered under section 23. In such a case the aggregate turnover will include all supplies made by him including supply of agricultural produce.

(2) Intra-State supply of goods which are wholly exempt from GST under Section 11 of CGST Act, 2017 is to be included since the same is specifically included in the definition of aggregate turnover.

(3) Intra-State supply of goods chargeable with GST @ 5% is specifically included for determination of aggregate turnover.

(4) Intra-State supply of services though exempt from tax is specifically included in the definition of aggregate turnover.

Since he is engaged in intra state supply of both goods and services from Rajasthan, the applicable threshold limit for registration will be Rs. 20 lakh.

Since the aggregate turnover exceeds Rs. 20,00,000, hence Mr. A is required to obtain registration under GST law.

Illustration 2 - Registration requirement: From the following information you are required to determine whether XYZ Ltd incorporated in Rajasthan is liable to be registered under GST Law if the company has effected following supplies within the state of Rajasthan.

Particulars	Rs.
(1) Intra-State supply of goods chargeable to 5% GST	15,51,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	5,00,000
(3) Interest received from fixed deposits made with Bank of Rajasthan	1,00,000
(4) Intra-State supply of goods chargeable to 18% GST	50,000
(5) Intra-State supply of goods chargeable with Nil rate	18,50,000

Solution:

Computation of Aggregate turnover (amount in Rs.) :

(1) Intra-State supply of goods chargeable with GST @5%	[WN-1]	15,51,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s of CGST Act, 2017	[WN-2]	5,00,000
(3) Interest received from fixed deposits made with Bank of Rajasthan	[WN-5]	1,00,000
(4) Intra-State supply of goods chargeable to 18% GST	[WN-3]	50,000
(5) Intra-State supply of goods chargeable with Nil rate of GST	[WN-4]	18,50,000
Total Value of supplies		40,51,000

Thus, in this case since aggregate turnover of the company exceeds Rs. 40 lakhs, it is liable to get itself registered under GST Law.

Working Note:

- (1) Intra-State supply of goods chargeable with GST @ 5% is specifically included for determination of aggregate turnover.
- (2) Intra-State supply of goods which are wholly exempt from GST under Section 11 of CGST Act, 2017 is to be included for determination of aggregate turnover.
- (3) Intra-State supply of goods chargeable with GST @ 18% is specifically included for determination of aggregate turnover.
- (4) Intra-State supply of goods chargeable with Nil rate of GST is covered under exempt supplies, hence it is to be included in computation of aggregate turnover.
- (5) Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempt vide Notification No. 12/2017-CT (R) dated 28-06-2017. Since aggregate turnover includes exempt supply, interest received from banks on the fixed deposits, being exempt supply, is included in the aggregate turnover.

Illustration 3 - Registration requirement & ITC Eligibility: LMN Pvt. Ltd., Coimbatore exclusively manufactures and sells product 'X' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'X' only within Tamil Nadu. The turnover of the company in the previous year was Rs. 45 lakh. The company expects the sales to grow by 30% in the current year. The company purchased additional machinery for manufacturing 'X' on 01-07-2020. The purchase price of the capital goods was Rs. 30 lakh exclusive of GST @ 18%.

However, effective from 01-11-2020, exemption available on 'X' was withdrawn by the Central Government and GST @ 12% was imposed thereon. The turnover of the company for the half year ended on 30-09-2020 was Rs. 45 lakh.

(i) Examine the above scenario and advise LMN Pvt Ltd. whether it needs to get registered under GST.

(ii) If the answer to the above question is in affirmative, advise LMN Pvt. Ltd. whether it can avail input tax credit on the additional machinery purchased exclusively for manufacturing "X" ? (RTP Nov. 2019) (Similar Nov. 2018-NS)

Solution

(i) Registration requirements : Section 22(1) of the CGST Act, 2017 read with Notification No. 10/2019-CT dated 07-03-2019 inter alia provides that every supplier who is engaged in intra-State exclusive supply of goods is liable to be registered under GST in the State/Union territory from where he makes the taxable supply of goods only when aggregate turnover in a financial year exceeds Rs. 40,00,000.

However, the above provisions are not applicable to few specified States, i.e. States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand.

Further, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration in terms of section 23(1) (a) of CGST Act, 2017.

In the given case, the turnover of the company for the half year ended on 30-09-2020 is 45 lakh which is more than the applicable threshold limit of Rs. 40 lakh. Therefore, as per above mentioned provisions, the company should be liable to registration. However, since LMN Pvt. Ltd. supplied exempted goods till 31-10-2020, it was not required to be registered till that day; though voluntary registration was allowed under section 25(3) of the CGST Act, 2017.

However, the position will change from 01-11-2020 as the supply of goods become taxable from that day and the turnover of company is above Rs. 40 lakh. It is important to note here that in terms of section 2(6) of the CGST Act, 2017, the aggregate turnover limit of Rs. 40 lakh includes exempt turnover also.

Therefore, turnover of 'X' will be considered for determining the limit of Rs. 40 lakh even though the same was exempt from GST. Therefore, the company needs to register within 30 days from 01-11-2020 (the date on which it becomes liable to registration) in terms of section 25(1) of the CGST Act, 2017.

(ii) Input tax credit eligibility : Section 18(1) (a) of the CGST Act, 2017 provides that a person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act.

Thus, LMN Pvt. Ltd. cannot avail credit for additional machinery purchased exclusively for manufacturing X as input tax credit of only inputs is allowed when a person gets registered for the first time.

Illustration 4 - Registration requirements : Rishabh Enterprises - a sole proprietorship firm - started an air- conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shop in Kohima, Nagaland for trading of alcoholic liquor for human consumption.

Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the following information:

Particulars	February (Rs.)*	March (Rs.)*
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Nagaland		5,00,000
Supply of wholly exempt services	1,00,000	1,00,000
Export of packed food items from restaurant in Maharashtra	1,50,000	2,00,000

* excluding GST

You are required to provide reasons for treatment of various items given above. (RTP May, 2018)

Solution:

Computation of aggregate turnover of Rishabh Enterprises (amount in Rs.):

Particulars	Turnover of February	Cumulative turnover of February & March
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [Rs. 5,50,000 + Rs. 6,50,000]
Add: Sale of alcoholic liquor for human consumption in Nagaland [WN-1]		5,00,000
Add: Supply of wholly exempt services [WN-2]	1,00,000	2,00,000 [Rs. 1,00,000 + Rs. 1,00,000]
Add: Export of packed food items from restaurant in Maharashtra	1,50,000	3,50,000 [Rs. 1,50,000 + Rs. 2,00,000]
Aggregate Turnover	8,00,000	22,50,000

Working Notes:

(1) As per Section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of alcoholic liquor for human consumption in Nagaland, being a non-taxable

supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

(2) Supply of wholly exempt services is includible while computing the aggregate turnover.

Conclusion: Rishabh Enterprises was not liable to be registered in the month of February since its aggregate turnover did not exceed Rs. 20 lakh in that month. However, since its aggregate turnover exceeds Rs. 20 lakh in the month of March, it should apply for registration within 30 days from the date on which it becomes liable to registration.

