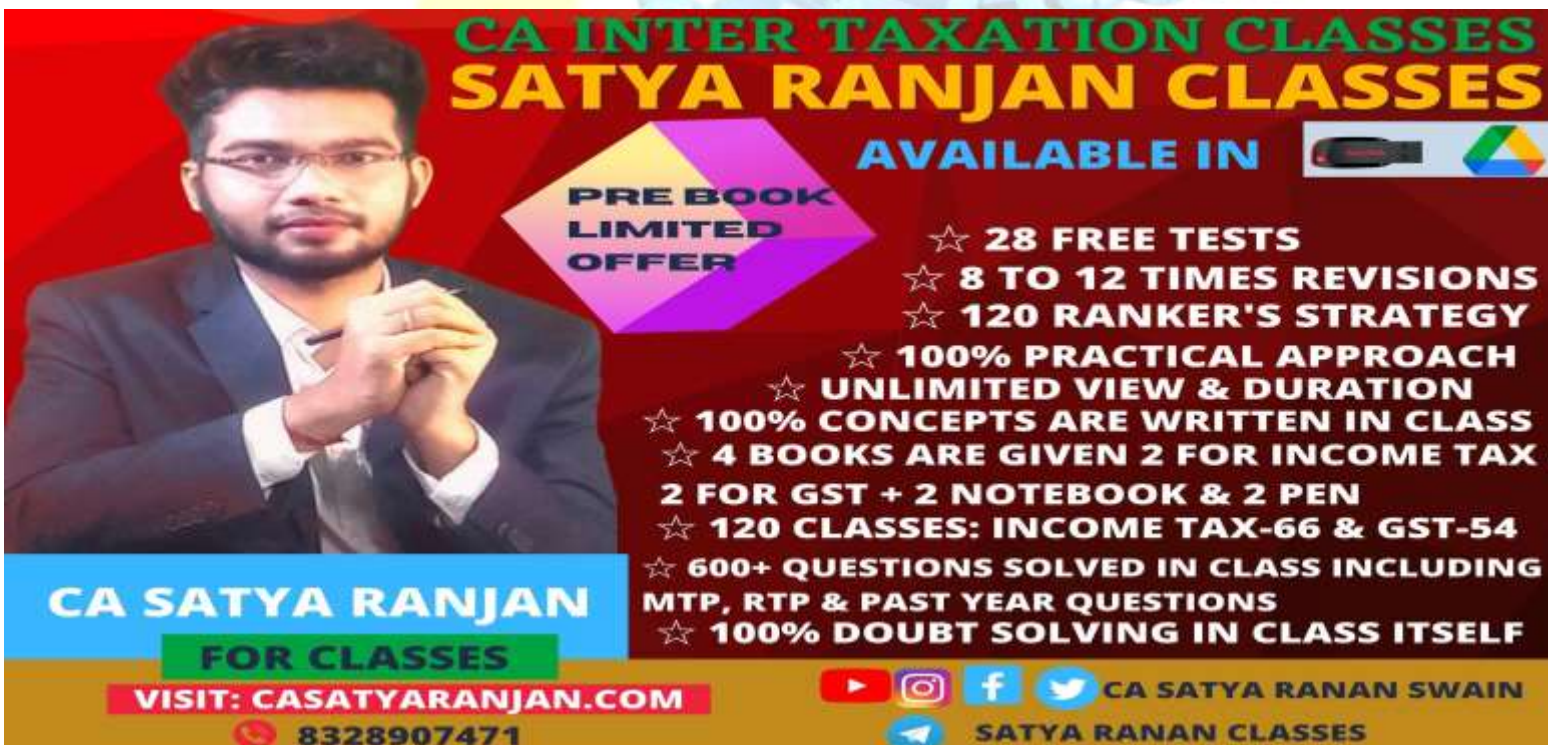




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INTRODUCTION

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

Tax:

- A tax is not a **voluntary payment or donation**.
- But an **enforced contribution**, exacted pursuant to **legislative authority**.
- Tax is nothing but money that people have to **pay to the Government**, which is used to provide **public services**.
- **Taxes are broadly classified into Direct and Indirect Taxes**.

Difference between Direct Taxes and Indirect Taxes

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

FEATURES OF INDIRECT TAXES: [TCS ka IPR issue kiva]

1. **An important source of revenue:** Indirect taxes are a major source of tax revenues for Government. In India, indirect taxes contribute more than 50% of the total tax revenues. [I]
2. **Tax on commodities and services:** It is levied on commodities at the time of manufacture or purchase or sale or import/export thereof. [C]
3. **Shifting of burden:** There is a **clear shifting of tax burden in respect of indirect taxes**. GST paid by the supplier of the goods is recovered from the buyer. [S]
4. **Wider tax base:** Unlike direct taxes, the indirect taxes have a wide tax base. [T]
5. **Promotes social welfare:** High taxes are imposed on the consumption of harmful products (also known as 'sin goods') such as alcoholic products, tobacco products etc. [P]
6. **Regressive in nature:** Generally, the indirect taxes are regressive in nature. [R]

Goods and Services Tax (GST)

Until now, a number of indirect taxes were levied in India, namely, excise duty, customs duty, service tax, central sales tax (CST), value added tax (VAT), entry tax, purchase tax, entertainment tax, tax on lottery, betting and gambling, luxury tax, tax on advertisements, etc.

However, Indirect taxation in India has witnessed a major change on July 01, 2017 **to introduced a unified indirect tax regime** wherein a large number of Central and State indirect taxes have been merged into a **single tax – Goods and Services Tax (GST)**.

TAXES TO BE SUBSUMED IN GST

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]

Principles that were borne in mind while subsuming various central, state and local levies, under GST [NTRF]

- (i) Taxes or levies to be subsumed should be primarily in the **N**ature of indirect taxes. [N]
- (ii) Taxes or levies to be subsumed should be part of the **T**ransaction chain. [T]
- (iii) The subsuming of taxes should result in **F**ree flow of tax credit in intra and inter-State levels. [F]
- (iv) **R**evue fairness for both the Union and the States individually would need to be attempted. [R]

GENESIS OF GST IN INDIA

- The idea of Goods and Services Tax (GST) was **mooted by Kelkar Task Force in 16th July 2004**.
- The Union Finance Minister, **Shri P. Chidambaram, while presenting the Central Budget (2007-2008), announced that GST would be introduced from April 1, 2010**.
- The GST introduction gained momentum in the year 2014 when the NDA Government tabled the Constitution (122nd Amendment) Bill, 2014.
- The Lok Sabha passed the Bill **on 6th May, 2015** and Rajya Sabha **on 3rd August, 2016**.
- Subsequently, **assent of the 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.**
- **France was the first country to implement GST in the year 1954.**
- Within 62 years of its advent, about 160 countries across the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner.

WHAT IS GST/ CONCEPT OF GST: [V3C]

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

- GST is a **value added tax** levy on supply of goods or service or both. [V]
- GST offers **comprehensive and continuous** chain of tax credit. [C]
- GST where **burden borne by final consumer**. [C]
- GST **eliminate cascading** effect of tax. [C]

NEED FOR GST IN INDIA OR DEFICIENCIES IN THE EXISTING INDIRECT TAX LAWS: [3NSD]

1. **Non-integration of VAT and Service Tax** causes double taxation [N]
2. **Non Inclusion of several Local Levies in State VAT** such as Luxury Tax, Entertainment tax etc [N]
3. **No CENVAT Credit** after manufacturing stage to a dealer [N]
4. Though CENVAT & State level VAT were essentially value added taxes, **set off** of one against another not possible. [S]
5. **Double Taxation** of a transaction as both goods and services [D]

FRAMEWORK OF GST AS INTRODUCED IN INDIA

1. Dual GST:

India has adopted a dual GST which is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services.

Now, Centre has the 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. GST in India comprises of **Central Goods and Service Tax (CGST)** - levied and collected by Central Government, **State Goods and Service Tax (SGST)** - levied and collected by State Governments/Union Territories with State Legislatures and **Union Territory Goods and Service Tax (UTGST)** - levied and collected by Union Territories **without State Legislatures**, on intra- State supplies of taxable goods and/or services.

b. **Inter-State supplies of taxable goods and/or services** are subject to Integrated Goods and Service Tax (IGST).

c. IGST is approximately the sum total of CGST and SGST/UTGST and is levied by Centre on all

inter-State supplies.

3. **Legislative Framework**

There is single legislation – **CGST Act, 2017 for levying CGST**. Similarly, **Union Territories without State legislatures** are governed by UTGST Act, 2017 for levying UTGST. States and **Union territories with their own legislatures** have their own GST legislation for levying SGST.

4. **Registration**

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

5. **Composition Scheme**

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

6. **Exemptions**

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

7. **Seamless flow of credit**

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

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

8. **Manner of utilization of ITC: [ICS – ICS]**

Input Tax Credit (ITC) of CGST and SGST/UTGST is available throughout the supply chain, but cross utilization of credit of CGST and SGST/UTGST is not possible, i.e. CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST.

However, cross utilization is allowed between CGST/SGST/UTGST and IGST, i.e. **credit of IGST can be utilized for the payment of CGST/SGST/UTGST and vice versa.**

9. **GST Common Portal**

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

10. **Goods and Services Network (GSTN)**

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

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

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

11. GSPs/ ASPs

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

12. Compensation Cess

A GST Compensation Cess is imposed **on the luxury items or demerit goods**, like pan masala, tobacco, aerated waters, motor cars etc., **computed on value of taxable supply** to compensate the loss arises to States **on account of implementation of the GST**.

BENEFITS OF GST

GST is a win-win situation for the entire country. The following benefits are of GST: **CBR Bike ka EMI dena hai**

- **Creation of unified national market:** GST aims to make India a common market with common tax rates and procedures. [C]
- **Boost to 'Make in India' initiative:** GST gives a major boost to the 'Make in India' initiative by making goods and services at competitive in the national market. [B]
- **Ease of doing business:** The uniformity in laws, procedures and tax rates across the country makes doing business easier. [E]
- **Reduction in compliance costs:** It reduces the compliance cost as variety of tax records is not needed. [R]
- **Mitigation of ill effects of cascading:** By subsuming most of the Central and State taxes into a single tax, it helps in mitigating the ill effects of cascading. [M]
- **Benefits to small traders and entrepreneurs:** GST has increased the threshold for GST registration for small businesses. [B]

GST is a simplified tax structure

- GST is a 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 the country makes doing business easier.
- Common system of classification of goods and services across the country ensures certainty in tax administration.

CONSTITUTION [101st AMENDMENT] ACT, 2016

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

1. **Article 366(12A):** GST will be levied on all supply of goods and services **except alcoholic liquor for human consumption.**
2. **Article 366(26A):** Service means anything other than goods.
3. **Seventh Schedule to Article 246:**

LIST-I	LIST-II	LIST-III
UNION LIST	STATE LIST	CONCURRENT LIST
It contains the matters in respect of which the Parliament (Central Govt.) has the exclusive right to make laws.	It contains the matters in respect of which the State Govt. has the exclusive right to make laws.	It contains the matters in respect of which both the Central & State Govt. have power to make laws.

4. **Article 279A(5):** The power to levy Central Excise duty on goods manufactured or produced in India is available in respect of the following products: [ATF mai High Petroleum Motor gas]
 - Petroleum crude;
 - High speed diesel
 - Motor spirit (commonly known as petrol); **5 Petroleum Products**
 - Natural gas;
 - Aviation turbine fuel [ATF]; and
 - Tobacco and tobacco products.

However, when GST Council is recommend the date from which GST is imposed on these products (except alcoholic liquor for human consumption).

The leviability of GST or otherwise on tobacco.

Tobacco is within the purview of GST, i.e. GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty.

5. **Article 269A:** It stipulates that GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax **shall be apportioned** between the Union and the States **in the manner as may be provided by Parliament by law on the recommendations of the GST Council.**
6. **Article 279A: GST COUNCIL**

- The President of India is empowered to constitute Goods and Services Tax Council. **The President of India constituted the GST Council on 15th September, 2016.**
- The GST Council **shall consist of**
 - ✓ Union Finance Minister **as a Chairperson.**
 - ✓ Union Minister of State in charge of Finance as a member, the State Finance Minister or State Revenue Minister or any other Minister nominated by each State as a member of the Council.
 - ✓ The GST Council shall select one of them as Vice Chairperson of Council.
- **Functions of the GST Council**
GST Council is to make recommendations to the Central Government and the State Governments on
 - ✓ Tax rates
 - ✓ Exemptions
 - ✓ Threshold limits
 - ✓ Dispute resolution
 - ✓ GST legislations including rules and notifications etc.
- $\frac{1}{2}$ of the total numbers of members of GST Council shall form **Quorum** at its meetings.
- Every Decision of the GST Council shall be taken at a meeting, by a **majority not less than $\frac{3}{4}$ of the weighted votes** of the members present and voting.
- **Voting Power of the Central Govt. $\frac{1}{3}$ rd of Total votes cast.**
Voting Power of the State Govt. $\frac{2}{3}$ rd of Total votes cast.

List the special category States as prescribed in Article 279A of the Constitution of India: NMMT MUA SHAJ

There are 11 Special Category States, namely, States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.

SUPPLY UNDER GST

Section 7: Meaning and Scope of Supply

1. “Supply” **includes**-
 - a. **all forms of supply** of goods or services or both **such as** sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made **for a consideration** by a person **in the course or furtherance of business**;
 - b. import of **services** for a consideration **whether or not** in the course or furtherance of **business, and**
 - c. the activities specified in **Schedule I**, made or agreed to be **made without a consideration**.

(1A) where certain activities or transactions, constitute a supply in accordance with the provisions of sub-section (1), they shall be treated **either as supply of goods or supply of services as referred to in Schedule II**.

(aa) *Activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.*

2. Notwithstanding anything contained in sub-section (1),-
 - a. activities or transactions specified in **Schedule III (Negative List)**; or
 - b. such activities or transactions undertaken by the Central Government, a State Government or any Local Authority **in which they are engaged as public authorities**, as may be notified by the Government on the recommendations of the Council, **shall be treated neither as a supply of goods nor a supply of services**.

Notification:

“Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called.”

3. Subject to the provisions of sub-sections (1), (1A) and (2), the **Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as**-
 - a. a supply of goods **and not as** a supply of services; or
 - b. a supply of services **and not as** a supply of goods.

GOODS & SERVICES

Goods	Services
Goods means every kind of movable property other than money and securities but includes actionable claim , growing crops, grass and things attached to land	Services means anything other than goods, money and securities but includes activities relating to the use of money or its conversion of money.
Actionable claim is not supply other than lottery, betting and gambling.	Facilitating or arranging transaction in securities is treated as securities.

Money and securities neither treated as goods nor treated as services.

Consideration

Consideration in relation to the supply of goods or services or both **includes**:

- any payment made or to be made, whether in money **or otherwise**, in respect of, in response to, or for the inducement of, the supply of goods or services or both, **whether by the recipient or by any other person** but **shall not include any subsidy given by the Central Government or a State Government**.
- the **monetary value of any act or forbearance**, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person **but shall not include any subsidy** given by the Central Government or a State Government. However, **a deposit** given in respect of the supply of goods or services or both **shall not be considered as payment** made for such supply **unless the supplier applies such deposit as consideration for the said supply**

Money:

Money means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination **but shall not include any currency that is held for its numismatic value**.

PERSON:

Person includes

- an Individual;
- a Hindu Undivided Family;
- a Firm;
- a Limited Liability Partnership;
- an Association of Persons or a Body of Individuals, whether incorporated or not, in India or outside India;
- a Company;
- any Corporation established by or under any Central Act, State Act or a Government Company as defined in clause (45) of section 2 of the Companies Act, 2013;
- any Body Corporate incorporated by or under the laws of a country outside India;

- a Co-operative Society registered under any law relating to co-operative societies;
- Society as defined under the Societies Registration Act, 1860;
- Trust; and
- a Local Authority;
- Central Government or a State Government;
- every Artificial Juridical Person, not falling within any of the above.

BUSINESS:**Business includes –**

- a. any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, **whether or not it is for a pecuniary benefit;**
- b. any activity or transaction in connection with or incidental or ancillary to (a) above;
- c. any activity or transaction in the nature of (a) above, **whether or not there is volume**, frequency, continuity or regularity of such transaction;
- d. supply or acquisition of goods including capital assets and services in connection with **commencement or closure of business;**
- e. provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits **to its members**, as the case may be;
- f. admission, for a consideration, of persons **to any premises;** and
- g. **services supplied by a person as the holder of an office** which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- h. ***activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club;*** and
- i. any activity or transaction undertaken by the Central Government, a State Government or any local authority **in which they are engaged as public authorities**

Schedule I: Supply without Consideration – Deemed Supply [Section 7(1)(c)]
--

As per Schedule I, in the following 4 cases, supplies made without consideration will be treated as supply under section 7 of the CGST Act: [TRAI]

I. Permanent Transfer/Disposal of Business Assets: [T]

Any kind of **disposal or transfer of business assets made by an entity on permanent basis** even though without consideration qualifies as supply but **if input tax credit has been availed on such assets.**

II. Supply between related person or distinct persons: [R]

Supply of goods or services or both **between related persons or between distinct persons as specified in section 25**, will qualify as supply **provided it is made in the course or furtherance of business.**

Provided that **gifts not exceeding ` 50,000** in value in a financial year by an employer to an employee **shall not be treated as supply of goods or services or both.**

III. Supply of goods by a principal to his agent or vice-versa: [A]

Supply of goods by a principal to his agent, without consideration, where the agent undertakes to supply such goods on behalf of the principal **is considered as supply.**

Similarly, **supply of goods** by an agent to his principal, without consideration, where the agent undertakes to receive such goods on behalf of the principal is considered as supply.

However, if following 2 conditions are satisfied then particular principal & agent relationship fall within this Schedule I :

- ❖ Where the invoice for further supply is issued by agent in his own name.
- ❖ Where the goods being procured by the agent on behalf of the principal are invoiced in the name of the agent.

Example:

A C&F agent or commission agent takes possession of the goods from the principal and issues the invoice in his own name. In such cases, the C&F commission agent is an agent of the principal for the supply of goods in terms of Para 3 of Schedule I. The disclosure or non-disclosure of the name of the principal is immaterial in such situations.

IV. Import of services by a person from a related person outside India: [I]

Import of services by a **person from a related person** or from his establishments located outside India, **without consideration, in the course or furtherance of business** shall be treated as “supply”.

Related Persons:

Explanation to Section 15, related persons have been defined as follows:

a. persons shall be deemed to be “related persons” if-

- such persons are officers or directors of one another’s businesses;

- such persons are legally recognised partners in business;
 - such persons are employer and employee;
 - any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - one of them directly or indirectly controls the other;
 - both of them are directly or indirectly controlled by a third person;
 - together they directly or indirectly control a third person; or
 - they are members of the **same family**;
- b. the term “person” also includes legal persons;**
- c. persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.**

Distinct Persons

A person who has obtained/is required to obtain more than one registration, whether in one State/Union territory or more than one State/Union territory shall, **in respect of each such registration, be treated as distinct persons.**

Further, where a person who has obtained or is required to obtain registration in a State or Union territory **in respect of an establishment**, has an establishment in another State or Union territory, then **such establishments shall be treated as establishments of distinct persons.**

FAMILY:

Family means

- Spouse and Children of the person and
- the parents, grandparents, brothers & sisters of the Person **if they are wholly or mainly dependent on the said person.**

Agent:

Agent means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both **on behalf of another.**

Principal:

Principal means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both.

Scope of principal and agent relationship under Schedule I of CGST Act, 2017 in the context of del-credere agent (DCA)

DCA is not an agent under Para 3	DCA is an agent under Para 3
<p><u>In this case following activities are taking place</u></p> <ul style="list-style-type: none"> • Supply of goods from Principal to Recipient. • Supply of Agency services from DCA to Supplier or Recipient or both. • Supply of extension of loan services by the DCA to the Recipient. <p>1. Here loan is principal to principal basis and is an independent supply.</p> <p>2. Interest charged not part of value of goods.</p>	<p><u>In this case following activities are taking place</u></p> <ul style="list-style-type: none"> • Supply of goods from Principal to DCA. • Supply of goods by DCA to Recipient. • Supply of Agency services from DCA to Supplier or Recipient or both. • Supply of extension of loan services by the DCA to the Recipient. <p>1. Loan is subsumed in the supply of goods and not an independent supply.</p> <p>2. Interest charged part of value of goods.</p>

Schedule II: Activities or Transactions to be treated as supply of goods or as supply of services

1. Transfer:

- transfer of the title in goods is a supply of goods;
- transfer of right in goods is a supply of services;
- transfer of title in goods at a future date is a supply of goods.

2. Transfer of business assets:

- (a) Permanent transfer is a supply of goods.
- (b) Temporary transfer or private use is a supply of services.
- (c) Closure of business is a supply of goods. [Exception: business transfer as a going concern; or business carried on by a personal representative].

3. Land and Building:

- (a) Any lease, tenancy, easement, etc of immovable property., is a supply of services.
- (b) Sale of under construction property is a supply if service.
- (c) Sale of Constructed property is not supply of goods & services.

4. Software:

- (a) Customized is a supply of services.
- (b) Readymade is a supply of goods.

5. Intangible Property:

- (a) Permanent transfer is a supply of goods.
- (b) Temporary transfer is a supply of services.

6. Supply of Services:

- (a) Restaurant/ Outdoor catering;
- (b) Work contract;
- (c) Non compete fee [but penalty to Govt for non compete fee is exempt].

7. Supply of goods by unincorporated association to members is a supply of goods.**Schedule III: Negative List under GST [Section 7(2)(a)]**

Activities or transactions which shall be treated neither as a supply of goods nor a supply of services: [God ka NEW ABC Learn karenge]

1. Services by an **employee to the employer** in the course of employment. [E]
2. Services by any **Court (SC, HC, District Court etc) or Tribunal**. [C]
3. **Functions performed by the Govt. (Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities)**; [G]
4. Services of **funeral, burial, crematorium or mortuary including transportation** of the deceased. [B]
5. **Sale of land** and, subject to paragraph 5(b) of Schedule II, sale of building. [L]
6. **Actionable claims, other than lottery, betting and gambling**. [A]
7. Supply of goods from **non-taxable territory to non-taxable territory**. [N]
8. **Supply of warehoused goods**; [W]

SECTION 8: COMPOSITE AND MIXED SUPPLIES

The tax liability on a **composite or a mixed supply** shall be determined in the following manner, namely:

- a. a **composite supply** comprising two or more supplies, **one of which is a principal supply**, shall be treated **as a supply of such principal supply**; and
- b. a **mixed supply** comprising of two or more supplies shall be treated as supply of that particular supply **that attracts highest rate of tax**.

Composite supply means a supply made by a taxable person to a recipient and:

- comprises two or more taxable supplies of goods or services or both, or any combination thereof.
- are naturally bundled and supplied in conjunction with each other, in the ordinary course of business
- one of which is a principal supply [Section 2(30) of the CGST Act].

Principal Supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary. [Section 2(90) of CGST Act].

Example: When a consumer buys a television set and he also gets warranty and a maintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance services are ancillary.

Mixed Supply means [Sec 2(74)]:

- two or more **individual supplies** of goods or services, or any combination thereof, made in conjunction with each other by a taxable person
- for a single price where **such supply does not constitute a composite supply**
- The individual supplies are independent of each other **and are not naturally bundled.**

Further, given below is the illustrative list determining what constitutes the principal supply in the given composite supplies:

Activity/ transaction	Principal supply
Printing Contracts.	In the case of printing of books, pamphlets, brochures, annual reports, where principal supply is supply of printing. So supply of services.
	In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. by the printer using its physical inputs , supplied by the recipient of goods, Principal supply is supply of boxes, envelopes, letter cards, tissues. So supply of goods.
Activity of bus body building	The principal supply may be determined on the basis of facts and circumstances of each case.
Retreading of tyres	Pre-dominant element is process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods

Clarification on doubts related to treatment of sales promotion schemes under GST

Taxability of two such schemes has been clarified as under:

A. Free samples and gifts:

It is a common practice of trade and industry, such as, pharmaceutical companies which provide drug samples to their stockists, dealers, medical practitioners, etc. **without charging any consideration.**

Accordingly, it is clarified that samples which are supplied free of cost, without any consideration, do not qualify as “supply” under GST, **except where the activity falls within the ambit of Schedule I of the CGST Act.**

B. Buy one get one free offer:

In case of offers like “Buy One, Get One Free”, one item is being “supplied free of cost” without any consideration. In fact, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the CGST Act.

Inter-State movement of various modes of conveyance

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

- Trains,
 - Buses,
 - Trucks,
 - Tankers,
 - Trailers,
 - Vessels,
 - Containers,
 - Aircrafts,
- a. carrying goods or passengers or both; or
 - b. for repairs and maintenance,

[except in cases where such movement is for further supply of the same conveyance] **the Council recommended that such inter- State movement shall be treated ‘neither as a supply of goods or supply of service’ and therefore not be leviable to IGST.**

However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance.

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

CBIC has clarified Taxability of ‘Tenancy Rights’/‘Pagadi’ under GST as under:

The activity of transfer of tenancy right against consideration [i.e. tenancy premium] is squarely covered under supply of service liable to GST. **It is a form of lease or renting of property and such activity is specifically declared to be a service in Schedule II i.e. any lease, tenancy, easement, licenceto occupy land is a supply of services.**

CHARGE OF GST

EXTENT & COMMENCEMENT OF CGST ACT/ SGST ACT/ UTGST ACT

- a. Central Goods and Services Tax Act, 2017 extends to the whole of India **including State of Jammu & Kashmir**

India:

India means

- **territory of India** as referred to in Article 1 of the Constitution
 - its **territorial waters (12NM)**,
 - seabed and sub-soil underlying such waters,
 - the **air space** above its territory and territorial waters
 - **continental shelf, exclusive economic zone** or any other maritime zone as referred to in the **Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (200 NM)**
- b. State GST law of the respective State/Union Territory with State Legislature extends to whole of that State/Union Territory.

SECTION 9: LEVY & COLLECTION OF CGST

- ❖ **Sec 9(3):** RCM on Notified supplies:-CG may notify supplies of goods or service on which RCM shall apply. (Discussed in RCM Chapter).

Notified supplies: Promoter has to pay GST on RCM on following-

- CEMENTS: always RCM.
 - CAPITAL GOODS: always RCM.
 - On other goods or services: Purchased from registered suppliers <80% then pay under RCM on such (80% - % actually purchased from registered suppliers).
- ❖ **Sec 9(4):** The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both

❖ **Sec 9(5): GST payable by ECO (E COMMERCE OPERATOR):-** 3 specified services on which ECO pay

1. Hotel Accommodation: If Hotel registered pay tax otherwise ECO pay tax.(Eg: OYO)
2. Transportation Services: Always ECO pay tax.(Eg: OLA, UBER)
3. Miscellaneous Utility: If real supplier registered then pay tax otherwise ECO pay tax.(Eg: Urban Company)
 - 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



REVERSE CHARGE MECHANISM (RCM)

Notification No. 13/2017 CT (R) dated 28.06.2017 (amended time to time) has notified the **following categories of supply of services** wherein whole of the CGST shall be paid on reverse charge basis by the recipient of services: **DR Gupta IAAS pa kar GORA ho gaye & DBS bank ko Lend kiya**

SI. No	Category of Services	Supplier of Services	Recipient of Services
1	Transport of goods by GTA (Goods Transport Agency) [G]	GTA who has not paid CGST & SGST @ 6%. [Otherwise GTA pay under Forward Charge Mechanism(FCM)] RCM Tax rate 5%	Specified person (Registered factory, Society, Cooperative Society, Registered person, Body Corporate , Partnership Firm/AOP [Registered or unregistered, Casual Taxable Person[CTP].
2	Legal Services [A]	Advocates, Senior Advocates, Firm of Advocates	Any business entity located in Taxable Territory(TT)
3	TRIBUNAL SERVICES [A]	Arbitral Tribunal	Any business entity located in TT
4	SPONSORSHIP SERVICES [S]	Any person	Any Body Corporate or Partnership located in TT
5	GOVERNMENT [G] SERVICES [Otherthan [IPAT] a. Immovable property renting.[I] b. Post department-speed post, express parcel, life insurance, agency to Nongovt.[P] c. Aircraft or Vessel services by Govt.[A] d. Transportation of goods/passengers by Govt. [T]	CG, SG, Local authority	Business entity located in TT
5A	RENTING OF IMMOVABLE PROPERTY	CG, SG, Local authority	Any registered person
5B	TRANSFER OF DEVELOPMENT RIGHTSP[TDR] OR FLOOR SPACE INDEX[FSI] SERVICES	Any Person	Promoter
5C	LONGTERM LEASE OF LAND [30 YEARS OR MORE]	Any Person	Promoter
6	DIRECTOR SERVICES [D]	Director of a Company or Body Corporate	Company or Body corporate
7	INSURANCE AGENT	Insurance Agent	Insurance Company located

	SERVICES [I]		in TT
8	RECOVERY AGENT SERVICES [R]	Recovery Agent	Banks, Financial Corp, NBFC located TT
9	COPYRIGHT SERVICES relating to dramatic, musical, artistic work [A]	Author, music composer, photographer, artist	Publisher, music company, producer located in TT
9A	COPYRIGHT SERVICES relating to original literacy	Author [If the Author take Registration, paid CGST & make Declaration that not withdraw the option for 1 year then Forward charge]	Publisher located in TT.
10	SERVICES OF OVERSEEING COMMITTEE [O]	Overseeing Committee	RBI
11	SERVICES BY INDIVIDUAL DIRECT SELLING AGENTS(DSAs) [D]	DSAs otherthan a Body corporate, Partnership or LLP	Banking Co or NBFC located in TT
12	SERVICES BY BUSINESS FACILITATOR(BF) to a BANKING CO. [B]	Business Facilitator	Banking Company
13	SERVICES BY AGENTS OF BUSINESS CORRPODENT(BC) TO BC	Agents of BC	BC
14	SECURITY SERVICES [S]	Any person otherthan Body Corporate	Registered person located inTT
15	SERVICES OF RENTING OF MOTOR VEHICLE [R]	Any Person otherthan a Body coporate	Any Body coporate located in TT
16	SERVICES BY LENDING OF SECURITIES [Lend]	Lender	Borrower

Supply of services Notified under RCM under N/N 10/2017 of IT

1	A Person in Non TT to a person otherthan Non taxable online Recipient(NTOR)	Any Person located in NonTT	Any Person located TT otherthan NTOR
2	Transportation of goods by Importer	Any Person located in Non TT	Importer

COMPOSITION LEVY

<u>Composition levy</u>	<u>Advantages</u>
An option for specified categories of small taxpayers to pay GST at a very low rate on the basis of turnover.	<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.

SECTION 10: COMPOSITION LEVY

Composition levy provided under section 10(1) and 10(2).	Referred in this chapter as composition levy for goods.
Composition levy provided under section 10(2A)	Referred in this chapter as composition levy for Services.

Procedure for opting for the scheme

Category of persons	How to exercise option	Effective date of composition levy
New registration under GST	Intimation in the registration form	From the effective date of registration
Registered person opting for composition levy	Intimation in prescribed form	Beginning of the financial year

Turnover limit for Composition levy

Turnover limit in preceding FY to opt for composition levy for goods

For Special Category States except Assam, Himachal Pradesh and J&K [NMMT MUAS]	Rs 75 lakh
For remaining States	Rs 150 lakh

Turnover limit in preceding FY to opt for composition levy for services

Turnover limit for Composition levy for Services	50 lakh in preceding financial year
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Rates of tax

Compositionscheme	Category of registered persons	Rate
For goods	Manufacturer	1% (½% CGST + ½% SGST/UTGST) of turnover
	Restaurant service	5% (2.5% CGST + 2.5% SGST/UTGST) of turnover
	Others	1% (½% CGST + ½% SGST/UTGST) of turnover of taxable supplies
For services		6% (3% CGST + 3% SGST/UTGST)

‘Aggregate turnover’ Vs. ‘Turnover in a State’: The aggregate turnover is different from turnover in a State. The former is used for determining the threshold limit for registration and eligibility for composition scheme as well as for option to pay tax at concessional rate under Notification No. 2/2019 CT (R) dated 07.03.2019. However, once a person is eligible for composition levy, the amount payable under composition levy would be calculated on the basis of ‘turnover in the State/UT’.

Aggregate Turnover: The aggregate of

- Taxable Supply.
- Exempt supply.
- Export supply.
- Interstate supply.
- Non taxable / Nil Rated supply.

But excludes:- CGST, SGST/UTGST, IGST, Compensation Cess, Value of Inward supplies on which tax payable on RCM.

For this purpose, the value of exempt supply of services of interest or discount on extending deposits, loans or advances shall not be taken into account for determining the value of turnover in a State or Union territory.

Who are NOT eligible to opt for composition scheme? [Eco SIGN]

Registered person who is not eligible for composition scheme for goods	Registered person who is not eligible for composition scheme for services
Supplier engaged in making any supply of goods which are not leviable to tax [G]	Supplier engaged in making any supply of goods or services which are not leviable to tax
Supplier engaged in making any inter-State outward supplies of goods [S]	Supplier engaged in making any inter-State outward supplies of goods or services
Person supplying any goods through an electronic commerce operator (ECO) [Eco]	Person supplying any goods or services through an electronic commerce operator
Manufacturer of ice cream, panmasala, tobacco and aerated waters [I] <u>[fly ash bricks (>90% fly ash content/blocks, building bricks, bricks of fossil, earthen/roofing tiles]</u>	Manufacturer of notified goods [icecream, panmasala, tobacco and aerated waters] or supplier of notified services <u>[fly ash bricks (>90% fly ash content/blocks, building bricks, bricks of fossil, earthen/roofing tiles]</u>
Supplier who is either a casual taxable person or a non-resident taxable person [N]	Manufacturer of notified goods [icecream, panmasala, tobacco and aerated waters] or supplier of notified services

**A registered person opting for composition scheme for goods is allowed to supply services [other than restaurant services] along with supply of goods or supply of restaurant services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or ` 5 lakh, whichever is higher. Here, while computing turnover in a State/UT, interest on loans/deposit/advances will not be taken into account.

Other points:

- ❖ Bill of supply shall be issued instead of tax invoice. Tax shall not be collected from recipient of supply.
- ❖ Input tax credit shall not be availed.
- ❖ Composition Scheme if availed shall include all registered persons having same PAN.
- ❖ Penalty shall be imposed in case of irregular availment of the composition scheme

Validity of Composition Levy

As per Rule 6 of Chapter II of CGST Rules, 2017 provides that option exercised by the person to paytax on composition basis **remain valid as long as he satisfies the conditions.**

- a. **If Conditions are satisfied:** Composition levy allowed
- b. **If conditions are not satisfied**
 - Pay tax as per normal rates.
 - Issue tax invoice for taxable supply
 - **within 7 days file Form GST CMP-4** as intimation
 - The option to pay tax under composition scheme **lapses** from the day on which his aggregate turnover during the FY **exceeds the specified limit of ` 1.5 Cr or ` 75 lakhs as the case may be.**
- c. **Self Withdrawal from Scheme:** Before the date of withdrawal, file an application **Form GST CMP-4 as intimation within 7days.**
- d. **Proper officer has reason to believe taxpayer is not eligible for the composition levy**
 - Issue **Show Case Notice** in Form GST CMP-05
 - **Within 15 days** taxpayer must file reply in Form GST CMP-06
 - Issue order **within 30 day in Form GST CMP-07** either by accepting or denying the composition levy.

EXEMPTIONS FROM GST

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

Power to grant exemption from GST has been **granted vide section 11 of the CGST Act** and vide **section 6 of the IGST Act**. State GST laws also contain identical provisions granting power to exempt SGST.

SECTION 11: POWER TO GRANT EXEMPTION FROM TAX

General Exemption [Sec 11(1)]	Special Exemption [Sec 11(2)]
Granted by Government on therecommendations of the Council	
It is necessary in the public interest so to do	<ul style="list-style-type: none"> It is necessary in the public interest so to do Under circumstances of an exceptional nature
It is given by issuing by notification.	It is given by issuing by special order in each case
Exemption allowed Full or Partial, Absolute (Unconditional) or Conditional	
<ul style="list-style-type: none"> In case of Absolute exemption – Mandatory followed by Registered person. In case of Conditional exemption – Optional for Registered person. 	
Sec. 11(3): Explanation within 1 year of Notification then Retrospective Effect & Explanation after 1 year of Notification then Prospective Effect.	
Note: Explanation is effective from the date of inception of the entry in Notification & not from the date from which the Notification becomes effective.	

Example: New entry is inserted w.e.f. 21.09.2018. Subsequently, an explanation is also inserted with respect to entry no. 3(vi) on 26.07.2019. Although the effective date mentioned in the notification which inserted said explanation is 27.07.2019, **said explanation will be effective from the inception of entry in notification i.e. 21.09.2018 and not 27.07.2019.**

LIST OF SERVICES EXEMPT FROM CGST UNDER NOTIFICATION NO. 12/2017CT (R)

Charitable and religious activity related services: [3CR]

1. Services by an **entity registered under section 12AA of the Income-tax Act, 1961 byway of charitable activities. [C]**

Charitable Activities:

- a. Public health by way of –
 - i. Care or counseling;
 - ii. Terminally ill persons;
 - iii. Persons afflicted with HIV or AIDS;

- b. Public awareness of preventive health, family planning;
- c. Adventure of religion, spirituality or yoga;
- d. Advancement of educational programmes or skill development relating to-
 - ✓ Abandoned, orphaned or homeless children;
 - ✓ Physically or mentally abused persons;
 - ✓ Prisoners;
 - ✓ Persons over the age of 65 years residing in a rural area;
 - ✓ Preservation of environment.

Note:

- Hostel accommodation services provided by trusts to students **do not fall** within the ambit of charitable activities as defined above.

2. Services by a person by way of- [C]

- **conduct of any religious ceremony (all religions);**
- **renting of precincts of a religious place** meant for general public;

However, nothing contained in entry (b) of this exemption shall apply to-

- **renting of rooms** where charges are ` 1,000 or more per day;
- renting of premises, community halls, kalyanmandapam or open area, and the like where charges are **10,000 or more per day;**
- renting of shops or other spaces for business or commerce **where charges are ` 10,000 or more per month.**

3 Services by way of training or coaching in recreational activities relating to- [C]

- a. arts or culture, or
- b. *sports by charitable entities.*

4. Services by a specified organisation in respect of a religious pilgrimage. [R]

Specified organisation: shall mean,-

- Kailash Mansarovar Yatra by Kumaon Mandal Vikas Nigam (KMVN); or
- Haj Yatra by the Haj Committee.

5. Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having Value of Supply of a unit of accommodation ~~below~~ below or equal to ` 1,000 per day or equivalent. [R]**6. Services by way of renting of residential dwelling for use as residence. [R]**

Services by an unincorporated body or a non-profit entity

1. Service by an unincorporated body or a non-profit entity to its own members by way of reimbursement of charges or share of contribution –
 - a. as a trade union;
 - b. for the provision of carrying out any activity which is exempt from the levy of Goods and Services Tax; or
 - c. up to an amount of ` 7,500 per month per member for sourcing of goods or services from a third person for the common use of its members.

[Statutory dues such as property tax, electricity charges etc would be excluded while computing the aforesaid monthly limit of ` 7,500]

2. Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,-
 - i. activities relating to the welfare of industrial or agricultural labour or farmers; or
 - ii. promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of ` 1000/- per member per year

Clarification on issues related to GST on monthly subscription/ contribution charged by a Residential Welfare Association from its members

Issue	Clarification
Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST and if yes, is there an upper limit on the amount of such charges for the exemption to be available?	Exempt upto amount of charges Rs 7500 p.m per member.
A RWA has aggregate turnover of ` 20 lakh or less in a FY. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than 7500/- per month per member?	If RWA Turnover Annually >20 lakhs, Maintenance charges > 7500 is Not Exempt. If RWA Turnover Annually <_20 lakhs, Maintenance charges < 7500 is Exempt. If RWA Turnover Annually >20 lakhs, Maintenance charges <7500 is Exempt. If RWA Turnover Annually <_20 lakhs, Maintenance charges >7500 is Exempt.

Is the RWA entitled to take ITC of GST paid on input and services used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than ₹ 7,500/- per month per member?	RWAs are entitled to take ITC of GST paid by them.
Where a person owns 2 or more flats in the housing society/residential complex, whether the ceiling of ₹ 7,500/- per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per person?	Applied per Residential Apartment wise. For example, if a person owns 2 residential apartments in a residential complex and pays 15,000/- per month as maintenance charges towards maintenance of each apartment to the RWA (₹ 7,500/- per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.
How should the RWA calculate GST payable where the maintenance charges exceed ₹ 7500/- per month per member? Is the GST payable only on the amount exceeding ₹ 7500/- or on the entire amount of maintenance charges?	On the entire amount of maintenance. For example, if the maintenance charges are ₹ 9000/- per month per member, GST @18% shall be payable on the entire amount of ₹ 9000/- and not on [₹ 9000 - ₹ 7500] =1500/- .

Passenger Transportation Services

1. Services provided **to the Central Government**, with or without accompanied belongings, by air, embarking from or terminating at a RCS (Regional Connectivity Scheme) airport, against consideration in the form of Viability Gap Funding: [Applicable for **of 3 year** from the date of commencement of operations of the RCS].
2. Transport of passengers, with or without accompanied belongings, by –
 - a. air, embarking from or terminating in an airport located in the state of **Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra** located in West Bengal;
 - b. non-air conditioned contract carriage other than radio taxi, for transportation of passengers, **excluding** tourism, conducted tour, charter or hire; or
 - c. stage carriage other than **air- conditioned** stage carriage.

However, nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator (ECO), and notified under section 9(5) [HMT Services] of the CGST, 2017, because it is taxable and tax payable by the ECO.
3. Service of transportation of passengers, with or without accompanied belongings, by—
 - a. railways in a class **other than**—
 - i. first class; or
 - ii. an air-conditioned coach;
 - b. metro, monorail or tramway;
 - c. inland waterways;
 - d. public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
 - e. metered cabs or auto rickshaws (including e-rickshaws).

However, nothing contained in items (e) above shall apply to services supplied through an electronic commerce operator (ECO), and notified under section 9(5) [HMT Services] of the CGST, 2017, because it is taxable and tax payable by the ECO.

Goods Transportation Services

1. Services by way of **transportation of goods by an aircraft** from a place outside India upto the customs station of clearance in India.
2. Services by way of **transportation of goods by an aircraft** from customs station of clearance in India to a place outside India *upto 30.09.2021*
3. Services by way of **transportation of goods by a vessel** from customs station of clearance in India to a place outside India *upto 30.09.2021*
4. **Services by way of transportation of goods-**
 - a. by road **except the services of—**
 - a goods transportation agency;
 - a courier agency;
 - b. by inland waterways.
5. **Services by way of transportation of the following goods by rail or a vessel & GTA :**
 - a. relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
 - b. defence or military equipments;
 - c. newspaper or magazines registered with the Registrar of Newspapers;
 - d. agricultural produce;
 - e. milk, salt and food grain including flours, pulses and rice; and
 - f. organic manure.

Only for Transport by Rail & Vessels-

- a. railway equipments or materials;

Only for Transport by GTAs-

- a. goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage **does not exceed ` 1,500;**
- b. goods, where consideration charged for transportation of all such goods for a single consignee **does not exceed ` 750;**

6. Supply of services provided by a **GTA to an unregistered person**, including an unregistered casual taxable person, **other than the following recipients**, namely: - [registered factory, Society, Co-operative Society, body corporate, partnership firm whether registered or not, casual taxable person, registered person].
7. Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -
- Department or Establishment of the CG/ SG/ UT ; or
 - local authority; or
 - Governmental agencies,

which has taken GST registration only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

Other Transport related services

1. Services by way of giving on hire –
 - a. to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers;
 - b. to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers;

[EOV means vehicle which is run solely on electrical energy derived from an external source or from one/more electrical batteries fitted to such road vehicle.]

 - c. to a goods transport agency, a means of transportation of goods.
 - d. motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent
2. Service by way of access to a road or a bridge on payment of toll charges.
3. Supply of service by way of access to a road or a bridge *on payment of annuity*.
4. Supply of services associated *with transit cargo to Nepal and Bhutan (landlocked countries)*.
5. Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States.

Services provided by specified bodies

1. **EPFO**: Services provided by the Employees Provident Fund Organisation.
2. **ESI**: Services by the Employees' State Insurance Corporation.

3. **IRDA:** Services provided by the Insurance Regulatory and Development Authority of India.
4. **SEBI:** Services provided by the Securities and Exchange Board of India.
5. Services by Coal Mines Provident Fund Organisation.
6. Services by National Pension System (NPS) Trust.
7. Satellite launch services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited.

Banking and financial services

1. **RBI:** Services by the Reserve Bank of India.
2. Services by way of—
 - a. 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*);
 - b. inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.
3. Services by an acquiring bank, to any person in relation to settlement of an amount upto 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.
4. Services by the following persons in respective capacities –
 - a. business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;
 - b. any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
 - c. business facilitator or a business correspondent to an insurance company in a rural area.
5. Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR).
6. Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).

Clarification regarding applicability of GST on delayed payment charges in case of late payment of Equated Monthly Instalments (EMI)

GST is applicable on additional / penal interest on the overdue loan & included in the value of goods. Such penal interest would be exempt under Entry 27 of exemption notification & GST is not applicable.

Illustration – 1: X sells a mobile phone to Y. The cost of mobile phone is ₹ 40,000/-. However, X gives Y an option to pay in installments, ₹ 11,000/- every month before 10th day of the following month, over next four months (₹ 11,000/- × 4 = ₹ 44,000/-). As per the contract, if there is any delay in payment by Y beyond the scheduled date, Y would be liable to pay additional/ penal interest amounting to ₹ 500/- per month for the delay.

In some instances, X is charging Y ₹ 40,000/- for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional/ penal interest amounting to ₹ 500/- per month for each delay in payment.

Illustration – 2: X sells a mobile phone to Y. The cost of mobile phone is ₹ 40,000/-. **Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/s. ABC Ltd.** The terms of the loan from M/s. ABC Ltd. allows Y a period of four months to repay the loan and an additional/ penal interest @ 1.25% per month for any delay in payment.

Here, the additional/ penal interest is charged for a transaction between Y and M/s. ABC Ltd., and the same is getting covered under exemption Entry 27.

Life & General insurance business services

1. Services of **life insurance business provided by way of annuity** under the National Pension System.
2. Services of **life insurance business provided by the Army, Naval and Air Force Group Insurance Funds.**
3. Services of **life insurance provided by the Central Armed Police Forces & Group Insurance Funds to their members.**
4. Services of **life insurance provided by the Naval Group Insurance Fund.**
5. Services of **life insurance.** [Example: Janashree Bima Yojana, Aam Aadmi Bima Yojana, Life micro-insurance, having maximum amount of *cover of ₹ 2,00,000*].
6. Services of **general insurance business** [Example: Jan Arogya Bima Policy, Pradhan Mantri Suraksha Bima Yojna, **Bangla Shasya Bima**].
7. **Services by way of reinsurance of the insurance schemes specified above in serial number 5 or 6.**
8. Services by way of **collection of contribution under the Atal Pension Yojana.**
9. Services by way of **collection of contribution under any pension scheme of the SG.**

Agriculture related services

1. Services relating to **cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—**
 - a. agricultural operations directly related to production of any agricultural produce including

cultivation, harvesting, threshing, plant protection or testing;

- b. supply of farm labour;
- c. processes carried out **at an agricultural farm** including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable *for the primary market*;
- d. **renting or leasing of agro machinery or vacant land** with or without a structure incidental to its use;
- e. **loading, unloading, packing, storage or warehousing** of agricultural produce;
- f. agricultural extension services;
- g. services by any **Agricultural Produce Marketing Committee** or Board **OR** services provided by a **commission agent** for sale or purchase of agricultural produce.
- h. **Services by way of fumigation in a warehouse of agricultural produce**

Note:

Processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehusked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce and therefore the exemption from GST is not available to their loading, packing, warehousing etc.

2. Services by way of **loading, unloading, packing, storage or warehousing of rice**.
3. **Services by way of warehousing of minor forest produce.**
4. **Services by way of fumigation in a warehouse of agricultural produce.**
5. **Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.**
6. Services by way of **pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics** of the said fruits or vegetables.
7. Services provided by the **National Centre for Cold Chain Development** by way of cold chain knowledge dissemination.
8. *Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators*
9. **Carrying out an intermediate production process as job work** in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or **other similar products or agricultural produce.**

Note:

Milling of paddy is not an intermediate production process in relation to cultivation of plants. Therefore, milling of paddy into rice is not eligible for exemption.

10. Services by way of slaughtering of animals.

11. Services by way of artificial insemination of livestock (other than horses).

Legal services

1. Services provided by an arbitral tribunal or a partnership firm of advocates or an individual as an advocate or senior advocate by way of legal services to-

- any person other than a business entity; or
- a business entity with an aggregate turnover *up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017;*
- *the CG, SG, UT, local authority, Governmental Authority or Government Entity.*

2. A partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to- an advocate or partnership firm of advocates providing legal services;

Education services

1. Services provided -

- (a) by an educational institution to its students, faculty and staff;
- (b) by an educational institution by way of conduct of entrance examination against entrance fee
- (c) to an educational institution, by way of,-
 - i. transportation of students, faculty and staff;
 - ii. catering, including any mid-day meals scheme sponsored by the CG, SG, UT;
 - iii. security or cleaning or house-keeping services **performed in** such educational institution;
- iv. services relating to admission to, or conduct of examination. [Any Educational institution].
- v. supply of online educational journals or periodicals [education as a part of a curriculum for obtaining a qualification recognised by any law (Indian law)].

pre-school and up to higher secondary school

Educational institution: means an institution providing services by way of,-

- ✓ **pre-school education** and education up to higher secondary school or equivalent;
- ✓ **education as a part of a curriculum for obtaining a qualification recognised by any law (Indian law)** for the time being in force;
- ✓ education as a part of **an approved vocational education course**. [**Industrial Training Institute (ITI) or an Industrial Training Centre (ITC) or Modular Employable Skill Course**].

Note:

- **IIMs provide various short duration/ short term programs & Executive Development Programme not exempt from GST.**
- **2 year full time Post Graduate Programme/ Diploma in Management, Fellow programme in Management, 5 year Integrated programme in Management are exempt from GST.**
- **Maritime Training Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST.**

Skill Development services

1. **Any services provided by the National Skill Development Corporation, Sector Skill Council, assessment agency & training partner approved by the Sector Skill Council or the National Skill Development Corporation.**
2. **Services of assessments under the Skill Development Initiative Scheme.**
3. **Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY).**

Health care services

1. **Services by way of-**
 - a. **health care services** by a clinical establishment, an authorised medical practitioner or para-medics;
 - b. **transportation of a patient in an ambulance**, other than those specified in (a) above.

NOTE:

- ✓ Rent of rooms provided to in-patients in hospitals **is exempt**.
- ✓ Services provided by senior doctors/ consultants/ technicians **are exempt**.
- ✓ Hospitals charge the patients, 10,000/- and pay to the doctors only 7,500/- and keep the balance 2,500 for providing ancillary services then entire amount is exempt.
- ✓ **Canteen Outsourced- GST charged on Suppliers. Hospitals own Canteen & food supplied to – Patients are exempt & for visitors are taxable.**
- ✓ **Renting of shops, auditoriums in the premises of the hospitals , display of advertisements etc.** will be subject to GST.

2. Services by a **veterinary clinic in relation to health care of animals or birds.**
- 3 Services provided by the cord blood banks by way of preservation of stem cells.
4. Services provided **by operators of the common bio-medical waste treatment facility** to a clinical establishment by way of treatment or disposal of bio-medical waste.
5. Services of rehabilitation, therapy or counselling .

Performance by an Artist

1. **Services by an artist by way of a performance in folk or classical art forms of music, or dance, or theatre, if the consideration charged is not more than 1,50,000. However, the exemption shall not apply to service provided by such artist as a brand ambassador.**
2. **Services by way of right to admission to-**
 - a. circus, dance, or theatrical performance including drama or ballet;
 - b. award function, concert, pageant, musical performance or a sporting event [recognized or unrecognized ;
 - c. planetarium,

where the consideration for admission is not more than 500 per person as referred to in (a),(b) & (c) above.

- 3 **Services by way of admission** to a museum, national park, wildlife sanctuary, tiger reserve or zoo.
4. **Services by way of admission to a protected monument .**

Sports related services

1. **Services provided to a recognised sports body by-**
 - a. an individual as a player, referee, umpire, coach or team manager;
 - b. another recognised sports body.
2. **Services by way of sponsorship of sporting events organized [Example: National sports federation, Association of Indian Universities, Inter-University Sports Board, Indian Olympic Association].**
3. **Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020.**
4. **Services provided by and to Fédération Internationale de Football Association (FIFA).**

Services Provided by Governments etc

1. Services **by** CG, SG, UT, local authority or governmental authority by way of any activity in relation to any function entrusted **to a municipality** under article 243W of the Constitution.
2. Services **by** CG, SG, UT, local authority or governmental authority by way of any activity in relation to any function entrusted **to a Panchayat** under article 243G of the Constitution.
3. Services **by** CG, SG, UT or local authority **excluding** the following services-
 - a. services by the Department of Posts by way of **speed post, express parcel post, life insurance, and agency services provided to Non Govt.**
 - b. services in relation to an aircraft or a vessel;
 - c. transport of goods or passengers; or
 - d. **any service**, other than services covered under entries (a) to (c) above, **provided to business entities.**
4. Services provided by the CG, SG, UT or local authority **to a business entity** with an aggregate turnover of up to *such amount in the preceding FYs makes it eligible for exemption from registration under the CGST Act, 2017.* However the provisions of this entry shall not be applicable to following services:-
 - Clauses (a), (b) and (c) of 'Point 3' above.
 - services by way of renting of immovable property.
5. Services provided by the CG, SG, UT or local authority **to another** CG, SG, UT or local authority. However the provisions of this entry shall not be applicable to clauses (a), (b) and (c) of 'Point 3' above.
6. Services provided by CG, SG, UT or a local authority **where the consideration for such services does not exceed ` 5,000.** However the provisions of this entry shall not be applicable to clauses (a), (b) and (c) of 'Point 3' above. [For continuous supply of service the limit is **5,000 in a FY**]
7. Services provided **by the** CG, SG, UT or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period **prior to the 1st April, 2016, on payment of licence fee or spectrum user charges.**
8. Services provided **by the** CG, SG, UT or local authority **by way of issuance of passport, visa, driving licence, birth certificate or death certificate.**

9. Services provided by the CG, SG, UT or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the CG, SG, UT or local authority under such contract.
10. Services provided by the CG, SG, UT or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, **except the rearing of horses.**
11. Services provided by the CG, SG, UT or local authority by way of assignment of right to use any natural resource before the 1st April, 2016. However, the exemption shall apply **only to tax payable on one time charge payable**, in full upfront or in installments.
12. Services provided by the CG, SG, UT by way of deputing officers **after office hours or on holidays in relation to import export cargo** on payment of Merchant Overtime charges.
13. Services provided by the CG, SG, UT or local authority by way of-
 - a. **registration required** under any law;
 - b. testing, calibration, safety check or certification relating to **protection or safety of workers, consumers or public at large.**
14. Services by an old age home run by CG, SG, an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration [including charges for boarding, lodging and maintenance] upto ` 25,000 per month per member.
15. Services supplied by CG, SG, UT to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
16. Services supplied by a SG to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the SG on the mineral dispatched by the mining lease holders.
 - GST paid by mining lease holders > GST exempted on the service provided by SG to ERCC then Service shall be fully exempt
 - GST paid by mining lease holders < GST exempted on the service provided by SG to ERCC then ERCC shall pay = GST exempted by SG to ERCC – GST paid by Mining lease holders.
17. Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.
18. Services of **public libraries** by way of lending of books, publications.

19. Services by way of **public conveniences such as bathroom**, washrooms, lavatories, urinal or toilets.
20. Services by a **foreign diplomatic mission** located in India.
21. **Services by way of providing information under the Right to Information(RTI) Act, 2005.**
22. Supply of service by a Government Entity to CG, SG, UT, local authority or any specified person against consideration received in the form of grants.
23. Services provided by the **Goods and Services Tax Network (GSTN)** to the CG, SG, UT for implementation of Goods and Services Tax (GST).
24. Services provided to the CG, SG, UT administration under **any training programme for which 75% or more of the total expenditure is borne by the CG, SG, UT.**
25. Services provided to the CG, SG, UT under any insurance scheme **for which total premium is paid by the CG, SG, UT.**
26. Supply of service provided by **Fair Price Shops** to CG, SG, UT by way of sale of **food grains, kerosene, sugar, edible oil, etc.** under Public Distribution System against consideration in the form of commission or margin.
27. Pure services (excluding works contract service or other composite supplies involving supply of any goods) **provided to the CG, SG, UT or local authority ~~or a Governmental authority or Government Entity~~**
 - by way of any activity in relation to any function entrusted to a Panchayat/Municipality under article 243G/243W of the Constitution.
28. **Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply** provided to the CG, SG, UT or local authority ~~or a Governmental authority or a Government Entity~~
 - by way of any activity in relation to any function entrusted to a Panchayat/Municipality under article 243G/243W of the Constitution.
29. Services provided by way of **pure labour contracts** of construction, installation, repair, maintenance of any other original works pertaining to the beneficiary-led individual house construction under the **Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.**
30. Services by way of **pure labour contracts** of construction, installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.

31. **One time upfront amount** leviable in respect of the service, by way of granting long term (30 years, or more) lease of **industrial plots**, provided by the State Government Industrial Development Corporations or Undertakings (SGIDCU) **or by any other entity having 20% or more ownership of CG, SG, UT** to the industrial units.
32. **Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer have been exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.**
- Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.**
- ~~33. Services of **leasing of assets** (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.~~
34. Taxable services, provided or to be provided, by a **Technology Business Incubator or a Science and Technology Entrepreneurship Park.**
35. **Services provided by an incubatee up to a total turnover of ` 50 lakh in a financial year subject to the following conditions:-**
- the total turnover **had not exceeded ` 50 lakh** during the preceding financial year; and
 - a period of **three years has not elapsed from the date of entering** into an agreement.
36. **Transmission or distribution of electricity by an electricity transmission or distribution utility.**
37. Services supplied by **Electricity Distribution Utilities** by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network **upto the tube well of the farmer for agricultural use.**
38. Services by an organiser to any person in respect of a **business exhibition held outside India.**
39. Services **by way of transfer of a going concern**, as a whole or an independent part thereof.

**List of Services exempt from IGST under Notification No. 9/2017
IT (R)**

1. **Services received by the RBI**, from outside India in relation to management of foreign exchange reserves.
2. **Services provided by a tour operator** to a foreign tourist in relation to a **tour conducted wholly outside India**.
3. **Services received from a provider of service located in a non- taxable territory** by –
 - a. the **CG, SG, UT ,local authority, a governmental authority or an individual** in relation to any purpose **other than business**;
 - b. **Charitable Trust** ; or
 - c. **a person located in a non-taxable territory**.

However, the exemption **shall not apply to** –

- i. **online information and database access or retrieval services [OIDAR Services] received by persons** specified in entry (a) or entry (b); or
 - ii. services by way of **transportation of goods by a vessel** from a place outside India up to the customs station.
4. **All goods & services imported** by a unit/developer in the Special Economic Zone (SEZ) for authorised operations **are exempt from IGST**.
 5. Services received from a provider of service located in a non- taxable territory by way of supply of online educational journals or periodicals to an **education as a part of a curriculum for obtaining a qualification recognised by any law(Indian law)**.

TIME OF SUPPLY

Recipient:

Recipient of supply of goods or services or both, means-

- a. where a consideration is payable **for the supply of goods or services** or both, the person who is liable to pay that consideration;
- b. where no consideration is payable **for the supply of goods**, the person to whom the goods are delivered or made available, or to whom possession is given; and
- c. where no consideration is payable for the **supply of a service**, the person to whom the service is rendered;
- d. shall include **an agent** acting as such on behalf of such recipient in relation to the goods or services or both received;

SECTION 12: TIME OF SUPPLY OF GOODS

1. The **liability to pay tax on Goods** shall arise at the time of supply as determined in terms of the **provisions of this Section**.
2. The **Time of Supply of Goods shall be the earlier of the :-**
 - a. date of issue of invoice by the supplier or the last date of issue of invoice;
 - or
 - b. date of payment;

Note:

- ✓ “date of payment” shall be the date of **entered in his books** or the date of **credited to his bank account**, ***whichever is earlier***.
 - ✓ The Council, *exempts all taxpayers (not opted for composition scheme) from payment of GST on advances received in case of supply of goods.*
3. In case of supplies in respect of which tax is paid on **reverse charge basis**, the time of supply shall be the **earliest** of the following :
 - a. date of the receipt of the **goods**, or
 - b. date of payment, or
 - c. the **date immediately following 30 days from the invoice date**;

Where it is not possible to determine the time of supply THEN **the date of entry in the books of account of the recipient**.
 4. In case of **supply of vouchers** by a supplier, the time of supply shall be –
 - a. the **date of issue of voucher**, ***if the supply is identifiable*** at that point; or
 - b. the **date of redemption of voucher**, in all other cases.
 5. Where it is not possible to determine the time of supply Above then--
 - a. If **periodical return has to be filed**, the date on which such return is to be filed; or
 - b. in any other case, **the date on which the tax is paid**.

6. The time of supply of interest, latefee or penalty shall be the date of payment.

Date of Invoice of Goods:

- Where the supply involves movement then invoice issued removal of goods ; or
- In any other case, delivery of goods;
- Where the goods being sent on approval basis *then invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.*

SECTION 13: TIME OF SUPPLY OF SERVICES

1. The liability to **pay tax on services** shall arise at the time of supply, as determined as per provisions of this section.

2. The time of supply of services shall be:-

- a. the date of issue of invoice, if the invoice is issued within 30 days or the date of payment, whichever is earlier; or
- b. the date of provision of service, if the invoice is not issued within 30 days or the date of receipt of payment, whichever is earlier; or
- c. the date of receipt of services if above point (a) or (b) not apply .

Provided that where the supplier of service receives an amount **up to 1,000** in excess of the amount indicated in invoice, the time of supply to the extent of such excess amount shall be the date of invoice.

3. In case of supplies in respect of which tax is paid **on reverse charge basis**, the time of supply shall be the **earlier of the :-**

- a. the **date of payment**; or
- b. the **date immediately following 60 days from the date of invoice**.

Where it is not possible to determine the time of supply THEN **the date of entry in the books of account of the recipient**.

In case of supply by 'associated enterprises', the time of supply shall be the date of entry or the date of payment, whichever is earlier.

4. In case of supply of vouchers by a supplier, the time of supply shall be-

- a. the date of issue of voucher, if the **supply is identifiable** at that point; or
- b. the date of redemption of voucher, in all other cases;

5. Where it is not possible to determine the time of supply of services in the manner specified above , the time of supply

- a. where a **periodical return** has filed, be the date on which such return is to be filed; or
- b. in any other case, **be the date on which the tax is paid**.

6. The time of supply of **interest, latefee or penalty** shall be the **date of payment**.

Date of Invoice of Services:

In case of taxable supply of services, the invoice issued **within 30/45 days** from the date of supply of service in case of insurer or a banking company or a financial institution, including a non-banking financial company.

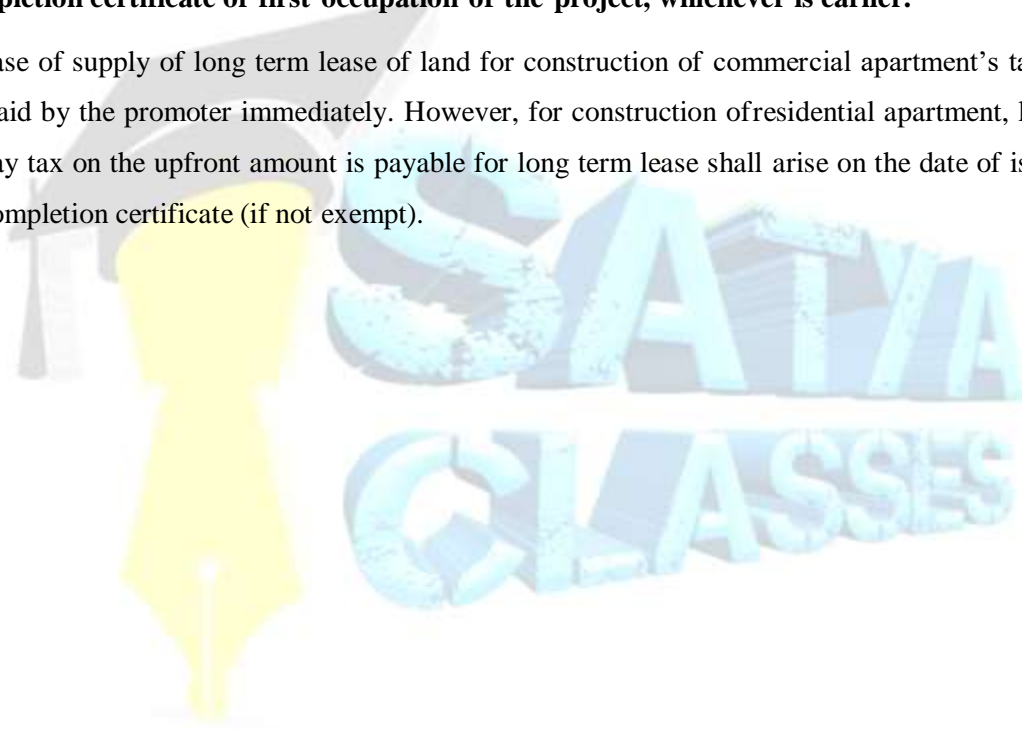
Special procedure for determining the time of supply of services in certain cases

Supply of services by a landowner to a developer by way of-

- a. transfer of transferable development rights (TDR) or floor space index (FSI);
- b. granting of long term lease,

The Time of Supply for supply of construction service against consideration **in the form of development rights or FSI** (including additional FSI), **shall arise on the date of issuance of completion certificate or first occupation of the project, whichever is earlier.**

In case of supply of long term lease of land for construction of commercial apartment's tax shall be paid by the promoter immediately. However, for construction of residential apartment, liability to pay tax on the upfront amount is payable for long term lease shall arise on the date of issuance of completion certificate (if not exempt).



VALUE OF SUPPLY

This Chapter provides **common provisions under section 15** for determining the value of goods and services. **When value cannot be determined under Section 15, the same is determined using CGST Rules.**

SECTION 15: VALUE OF SUPPLY

1. The value of a supply of goods or services or both **shall be the transaction value**,
 - which is the price **actually paid or payable**.
 - ***where the supplier and the recipient of the supply are not related and***
 - ***the price is the sole consideration*** for the supply.

2. The value of supply **shall include- [TPILS – D]**
 - a. any **taxes**, duties, cesses, fees and charges **other than** CGST, SGST, UTGST, IGST GST Compensation Cess. ***But municipal tax included. (Tax collected at source (TCS) under the ITAct, 1961 would not be includible as it is an interim levy not having the character of tax. [T]***
 - b. any amount that the supplier is liable to **pay** but which has been paid by the recipient of the supply; [P]
 - c. **incidental expenses, including commission and packing**, charged by the supplier and any amount charged for anything done by the supplier in respect of the supply of goods; [I]
 - d. interest or **late fee** or penalty for delayed payment for any supply; [L]
 - e. **subsidies** directly linked to the price **excluding** subsidies provided by the Central Government and State Governments. [S]

3. The value of the supply **shall not include any discount** which is given [D]
 - a. before or at the time of the supply **if such discount has been duly recorded in the invoice issued in respect of such supply; and**
 - b. **after the supply has been effected, if-**
 - an agreement of such discount entered into at or before the time of such supply and specifically linked to relevant invoices; **and**
 - ***input tax credit as is attributable to the discount has been reversed by the recipient.***

4. Where the value of the supply of goods or services or both cannot be determined under sub-section(1), **the same shall be determined as per CGST Rules.**

Clarification on discounts

A. Discounts including 'Buy more, Save more' offers It is clarified that discounts offered "Buy more, save more" scheme and post supply / volume discounts **shall be excluded** to determine the value of supply provided they satisfy the conditions of Section 15(3) of the CGST Act 2017.

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/-.

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.

B. Secondary Discounts It is further clarified that such secondary discounts **shall not be excluded** while determining the value of supply as such discounts are not known at the time of supply.

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

Clarification on value to be adopted for computing GST on services of Business Facilitator (BF) or a Business Correspondent (BC) to Banking Company

As per RBI's Circular banks may pay reasonable commission/fee to the BC, the rate and quantum of which may be reviewed periodically.

The agreement of banks with the BC specifically prohibits them from directly charging any fee to the customers for services rendered by them on behalf of the bank. On the other hand, banks are permitted to collect reasonable service charges from the customers for such service in a transparent manner.

The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via BF or BC.

INPUT TAX CREDIT

The GST promises seamless credit on goods and services across the entire supply chain with **some exceptions like supplies charged to tax under composition scheme and supply of exempted goods and/or services.**

Input

Input means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.

Input Tax

Input tax means CGST, SGST, IGST or UTGST charged on supply of goods or services or made to a registered person. It also includes the tax paid on **Reverse Charge (RCM) basis & IGST charged on import of goods.** It does **not include** tax paid under **Composition levy.**

Taxable Supply

Taxable Supply means a supply of goods or services or both which is leviable to tax under CGST Act.

Section 16(1) of IGST Act : Zero-Rated Supply

Zero-Rated Supply means any of the following supplies of goods or services or both, namely:-

- ✓ Export of goods or services or both; or
- ✓ Supply of goods or services or both to a **Special Economic Zone (SEZ) developer** or a **Special Economic Zone unit.**

IGST Credit of tax is allowed to be taken for inward supplies used to make zero rated supplies.

SECTION 16: ELIGIBILITY AND CONDITIONS FOR TAKING INPUT TAX CREDIT

1. Every registered person shall be entitled to take credit of input tax charged on any supply to him which are **used or intended to be used in the course or furtherance of his business** and the said amount shall be **credited** to the electronic credit ledger of such person.
2. No registered person shall be entitled to the credit of any input tax in respect of any supply to him unless,
 - a. he is in possession of a tax invoice or debit note or self invoice or bill of entry or revised invoice or invoice issued by ISD.
 - b. he has received the goods or services or both.

“Bill to Ship to” Model:

Under this model, the goods are delivered to a third party on the direction of the registered person. So, ITC will be available to the registered person on whose order the goods are delivered to third person.
 - c. the tax charged in respect of such supply has been actually paid to the Government.
 - d. he has furnished the return under section 39.

Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment.

Payment for the invoice to be made within 180 days

Where a recipient fails to pay to the supplier the value of supply along with tax within a period of 180 days from the date of issue of invoice then the ITC availed by the recipient shall be added to his output tax liability, along with interest @ 18% from the date of availing credit till the date of reversal.

Further, the recipient shall be entitled to re-avail of the credit of input tax on payment made by him of the value of supply with tax payable thereon without any time limit.

Exceptions:

- Supplies on which tax is payable under reverse charge
 - Deemed supplies without consideration
3. Where the registered person has claimed depreciation on the tax component of the cost of CGs and P&M the IT Act, 1961, the ITC on the said tax component shall not be allowed.
 4. Time limit for availing ITC: Due date of filing of return for the month of September of succeeding financial year or date of filing of annual return, whichever is earlier.

Restriction on availment of input tax credit (ITC) in respect of invoices/debit notes not uploaded by the suppliers in their GSTR-1s

<i>Case</i>	<i>Amount of ITC to be claimed by recipient</i>
<i>Where invoice/debit note has been uploaded by the supplier in his GSTR-1/ <u>IFF and communicated the same to the recipients in GSTR 2B</u></i>	<i>Full ITC, if all other conditions of availing ITC are fulfilled</i>
<i>Where invoice/debit note has not been uploaded by supplier in his GSTR-1/ <u>IFF and communicated the same to the recipients in GSTR 2B</u></i>	<i>5% of the eligible ITC available in respect of the uploaded invoices/debit notes. However, the ITC so claimed should not exceed the actual eligible ITC available in respect of the invoices not uploaded.</i>

SECTION 17: APPORTIONMENT OF CREDIT & BLOCKED CREDITS

1. Where the supply are used partly for business purpose and partly for other purposes, the credit allowed to input tax as is attributable to the business purposes.
2. Where the supply are used partly for taxable supplies including zero-rated supplies and partly for exempt supplies, the credit allowed to input tax as is attributable to the taxable supplies including zero-rated supplies.
3. The exempt supply under shall include supplies on on reverse charge basis, transactions in securities, sale of land and, subject to Schedule II, sale of building.
4. A banking company or a financial institution including a NBFC, shall option to either comply with the provisions of sub-section (2), or avail 50% eligible input tax credit and the rest shall lapse. The option once exercised shall not be withdrawn during the remaining part of the financial year. However, 100% credit available when supplies made by one registered person to another registered person having the same PAN.

Section 17(5): Blocked credits:**a. Motor vehicles having seating capacity \leq 13 persons (including the driver) , EXCEPT WHEN USED FOR [STD]**

- making further taxable supply of such motor vehicles; [S]
- making taxable supply of transportation of passengers; [T]
- making taxable supply of imparting training on driving such motor vehicles [D]

b. Vessels and aircrafts EXCEPT when used for [STTD]

- making further taxable supply of such vessels or aircraft; [S]
- making taxable supply of transportation of passengers; [T]
- making taxable supply of imparting training on Driving/ navigating such vessels;[D]
- making taxable supply of imparting training/ driving on flying such aircrafts;[D]
- Transportation of goods.[T]

c. General insurance, servicing, repair and maintenance relating to:

- ✓ Motor vehicles having seating capacity \leq 13 persons(including the driver),
- ✓ Vessels
- ✓ Aircraft

Except when ITC on such motor vehicles, vessels or aircraft is allowed.

ITC is allowed if these services are received by a Taxable person engaged

- ❖ in the *manufacture* of such motor vehicles, vessels, aircraft
- ❖ in the *supply of general insurance services* of such motor vehicles, vessels, aircraft.

d. Foods and beverages, Outdoor Catering, Beauty Treatment, Health Services, Cosmetic and Plastic Surgery, EXCEPT

- When such supply are provided by an employer under a statutory obligation.
- WHEN making further taxable supply of such inward supply.

e. Membership of a club, health and fitness centre EXCEPT When such services are provided by an employer under a statutory obligation.**f. Leasing, renting or hiring of motor vehicles, vessels or aircraft on which ITC is not allowed, life insurance and health insurance, EXCEPT WHERE**

- When such supply are provided by an employer under a statutory obligation.
- WHEN making further taxable supply of such inward supply.

g. Travel benefits to employees on vacation such as LTC or home travel concession EXCEPT When such services are provided by an employer under a statutory obligation

h. Works contract services for construction of an immovable property EXCEPT WHEN

- It is input service for further supply of works contract service.
- Immovable property is plant and machinery.

i. Inward supplies received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account even when such supplies are used in the course or furtherance of business.

“Plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural supports *but excludes land, building or other civil structures, telecommunication towers, and pipelines laid outside the factory premises.*

j. Inward supplies on which tax has been paid under the composition scheme.**k. Inward supplies received by a non-resident taxable person except goods imported by him.****l. Goods and / or services used for personal consumption.****m. Goods that are lost, stolen, destroyed, written off or disposed of by way of gift or free samples.****n. Tax paid under sections 74, 129 and 130. (tax paid as a result of evasion of taxes, or fine or penalty.)****Clarification on ITC in the hands of the supplier in respect of sales promotional schemes****A. Free samples and gifts:**

Where the activity of distribution of gifts or free samples falls within the scope of “supply” on account of the provisions contained in Schedule I of the said Act, the supplier would be eligible to avail the ITC.

B. Buy one get one free offer:

It is clarified that ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers.

C. Discounts including ‘Buy more, save more’ offers:

It is clarified that the supplier shall be entitled to avail the ITC for such inputs, input services and capital goods used in relation to the supply of goods or services or both on such discounts.

SECTION 18: CREDIT IN SPECIAL CIRCUMSTANCES

- **Subject to such conditions and restrictions as may be prescribed-**
 - a. A person in normal 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.*
 - b. a person who takes voluntary 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 of grant of registration;**
 - c. where any registered person **ceases to pay tax under section 10**, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi- finished or finished goods held in stock **and on capital goods** on the day immediately preceding the date from which he becomes liable to pay tax u/s 9: **Provided that the credit on capital goods shall be reduced by 5% per quarter or part of the quarter from the date of issue of invoice;**
 - d. where an exempt supply by a registered person **becomes a taxable supply**, such person 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 relating to such exempt supply **and on capital goods exclusively used for such exempt supply** on the day immediately preceding the date from which such supply becomes taxable: **Provided that the credit on capital goods shall be reduced by 5% per quarter or part of the quarter from the date of issue of invoice.**
- A registered person shall not be entitled to take input tax credit in respect of any supply to him *after the expiry of 1 year from the date of issue of tax invoice.*
- Where there is a **change in the constitution of a registered person** on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person **shall be allowed to transfer the input tax credit** which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business.
- Where any registered person who has availed of ITC *opts to pay tax under Section 10 or, wholly exempt supply*, he shall pay the **credit of input tax** in respect of **inputs** held in stock and inputs contained in semi-finished or finished goods held in stock and **on capital goods**, reduced by **5% per quarter or part of the quarter from the date of issue of invoice**, on the day immediately preceding the date of exercising of such option or the date of such exemption: **Provided that after payment of such amount, the balance of input tax credit, if any shall lapse.**

- In case of **supply of CGs or P&M**, on which input tax credit has been taken, the registered person shall pay an amount
 - a. the input tax credit taken on CGs or P&M **reduced by 5% per quarter or part thereof from the date of issue of invoice) OR**
 - b. the tax on the transaction value of such **CGs or P&M, whichever is higher.**

However, where **refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap**, the taxable person **may pay tax on the transaction value.**

Restrictions on use of amount available in electronic credit ledger [Rule 86B]

A registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds 50 lakh.

Exceptions:

- (a) Where the said person/proprietor/karta/managing director/any two partners, whole-time directors, or Board of Trustees, have paid more than 1 lakh as income tax in each of the last 2 financial years
- (b) Where the registered person has received a refund of more than 1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies or (ii) inverted duty structure.
- (c) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability.
- (d) Where the registered person is:-
 - Government Department
 - Public Sector Undertaking
 - Local authority
 - Statutory body

However, the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

REGISTRATION

- ✓ Registrations need to be taken **State-wise**, i.e. **there are no centralized registrations** under GST.
- ✓ A business entity having its branches in multiple States will have to take **separate State wise registration for the branches in different States**.
- ✓ Further, within a State, an entity with different branches would have single registration wherein it can declare **one place as Principal Place of Business and other branches as Additional Place(s) of Business**.
- ✓ **Registration under GST is not tax specific, which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and Cesses.**
- ✓ However, a PAN based business entity **having multiple place of business** in a registration State **may obtain separate registration for each of its place of business** otherwise a given PAN based legal entity would have one registration number – Goods and Services Tax Identification Number (GSTIN) per State.
- ✓ **Structure of GSTIN :** Each taxpayer is assigned a state-wise **PAN-based 15 digit Goods and Services Taxpayer Identification Number (GSTIN)**.
- ✓ **Certification of registration contains Goods and Services Tax Identification Number (GSTIN):**
 - **Two characters** for the State code.
 - **Ten characters** for the PAN.
 - **Two characters** for the entity code; and
 - **One checksum** character.
- ✓ **The following are advantages to a taxpayer who obtain registration under GST:**
 - He is **legally recognized as supplier** of goods or services or both.
 - He is **legally authorized to collect taxes** from his customers and pass on the credit of the taxes.
 - He **can claim Input Tax Credit** of taxes paid and can utilize the same for payment of taxes.
 - **Seamless flow of Input Tax Credit** from suppliers to recipients at the national level.
 - Registered person is **eligible to apply for Government bids** or contracts or assignments.
 - Registered person under GST **can easily gain trust from customers**.

SECTION 22: PERSONS LIABLE FOR REGISTRATION

1.

- A. **Manipur, Mizoram, Nagaland, Tripura**; Registration limit for goods or services is Rs 10 lakhs. [NMMT]
- B. **Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Assam, Himachal Pradesh and Jammu & Kashmir**; Registration limit for goods or services is Rs 20 lakhs. [MUASHAJ]
- C. **Rest of the States/UT Registration limit:**
- **Manufacturer of ice-cream, pan masala and tobacco (TIP) & fly ash bricks/blocks, building bricks, bricks of fossil, earthen/roofing tiles, etc** is Rs 20 lakhs.
 - **Supply of both goods & services is 20 lakhs.**
 - **Only services is 20 lakhs.**
 - **Only deals in goods in other states is 40 lakhs.**

Explanation - a person shall be considered to be engaged exclusively in the supply of goods **even if he is engaged in exempt supply of services such as interest or discount on deposits, loans or advances.**

2. Every person who, **preceding the appointed day (01/07/2017)**, is registered under an existing law, **shall be liable to be registered under this Act** with effect from the appointed day.
3. Where a business **is transferred**, whether **on succession or otherwise**, to another person as a **going concern, the transferee or the successor**, shall be liable to be registered with effect from the date of such transfer or succession.
4. In case of amalgamation / de-merger of two or more companies pursuant to an order of a High Court, Tribunal, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation.

SECTION 23 PERSONS NOT LIABLE FOR REGISTRATION

1. **The following persons shall not be liable to registration, namely:-**
- a. any person engaged **exclusively** in supply of goods or services that **not liable to tax or wholly exempt from tax.**
 - b. **an agriculturist**, to the extent of supply of produce out of cultivation of land.
2. The Government notify **following category of persons have being exempted from obtaining registration:**
- Persons who are **only engaged in reverse charge supplies (Suppliers).**
 - The persons making **inter-State supplies of taxable services upto 20/10 lakhs.**
 - **Casual Taxable Persons supplies the handicraft goods or persons making inter-State supplies of handicraft goods upto 20/10 lakhs.**
 - **Persons making supplies of services through an ECO (other than supplies specified under section 9(5) of the CGST Act) with aggregate turnover upto 20/10 lakhs.**

SECTION 24 COMPULSORY REGISTRATION IN CERTAIN CASES

The following categories of persons shall be compulsorily required to be registered under this Act-

- a. Persons making any **Inter-State taxable supply**;
- b. **Casual Taxable Persons (CTP)**;
- c. Persons who are required to **pay tax under Reverse Charge**;
- d. **Non-Resident Taxable Persons (NRTP)**;
- e. **ECO required to collect tax at source**,
- f. Person **pay tax u/s 9(5)** [HMT services],
- g. **Suppliers through ECO**,
- h. **Deductor of Tax at Sources**,
- i. **Agent**;
- j. **Input Service Distributor (ISD)**,
- k. **Supplier OIDAR services**,
- l. Any other notified person.

SECTION 25: PROCEDURE FOR REGISTRATION

1. Every person who is liable to be registered shall apply for registration in **every such State or UT** in which he is so liable **within 30 days** from the date on which he becomes liable to registration.

However, Casual Taxable Person (CTP) or a Non-Resident Taxable Person (NRTP) shall apply for registration **at least 5 days** prior to the commencement of business.

Further a person having a unit or a developer in a Special Economic Zone shall have to apply for a separate registration.

Explanation- Supply from the territorial waters of India shall obtain registration in the coastal State or UT where the nearest point of the appropriate baseline.

2. A person seeking registration shall be granted a **single registration** in a State or UT. **Further, a person having multiple places of business in a State or UT may be granted a separate registration for each such place of business.**
3. A person, though not liable to be registered under section 22 or section 24 **may get himself registered voluntarily**, and all provisions of this Act, shall apply to such person.
4. A person who has obtained more than one registration, whether in one or more than one State or UT shall, **in respect of each such registration, be treated as distinct persons.**
5. Where a person who has obtained registration in a State or UT in respect of an business, has an business in another State or UT, then **such business shall be treated as of distinct persons.**
6. Every person **shall have a PAN** issued under the IT Act, 1961 for grant of registration.

7. A **Non-Resident Taxable Person** may be granted registration without PAN. He also to submit a self attested copy of his passport along with application signed by his authorised signatory who is an Indian resident having valid PAN.
8. Where a person who is liable to be registered under this Act **fails to obtain registration**, the proper officer may, **proceed to register such person**.
9. Any specialised agency of United Nations Organisation or any Multilateral Financial Institution and Organisation (MFIO) or Consulate or Embassy **shall be granted a Unique Identity Number (UIN)**
10. The registration or the UIN shall be granted or rejected after due verification.
 - This UIN is needed **for claiming refund of taxes paid on notified supplies of goods and/or services received by them**.
 - **UIN granted is a centralized UIN i.e. it shall be applicable to the territory of India.**
 - **The taxable supplier making supplies to UN bodies is expected to mention the UIN in the invoice & treat such supplies as supplies to another registered person (B2B).**

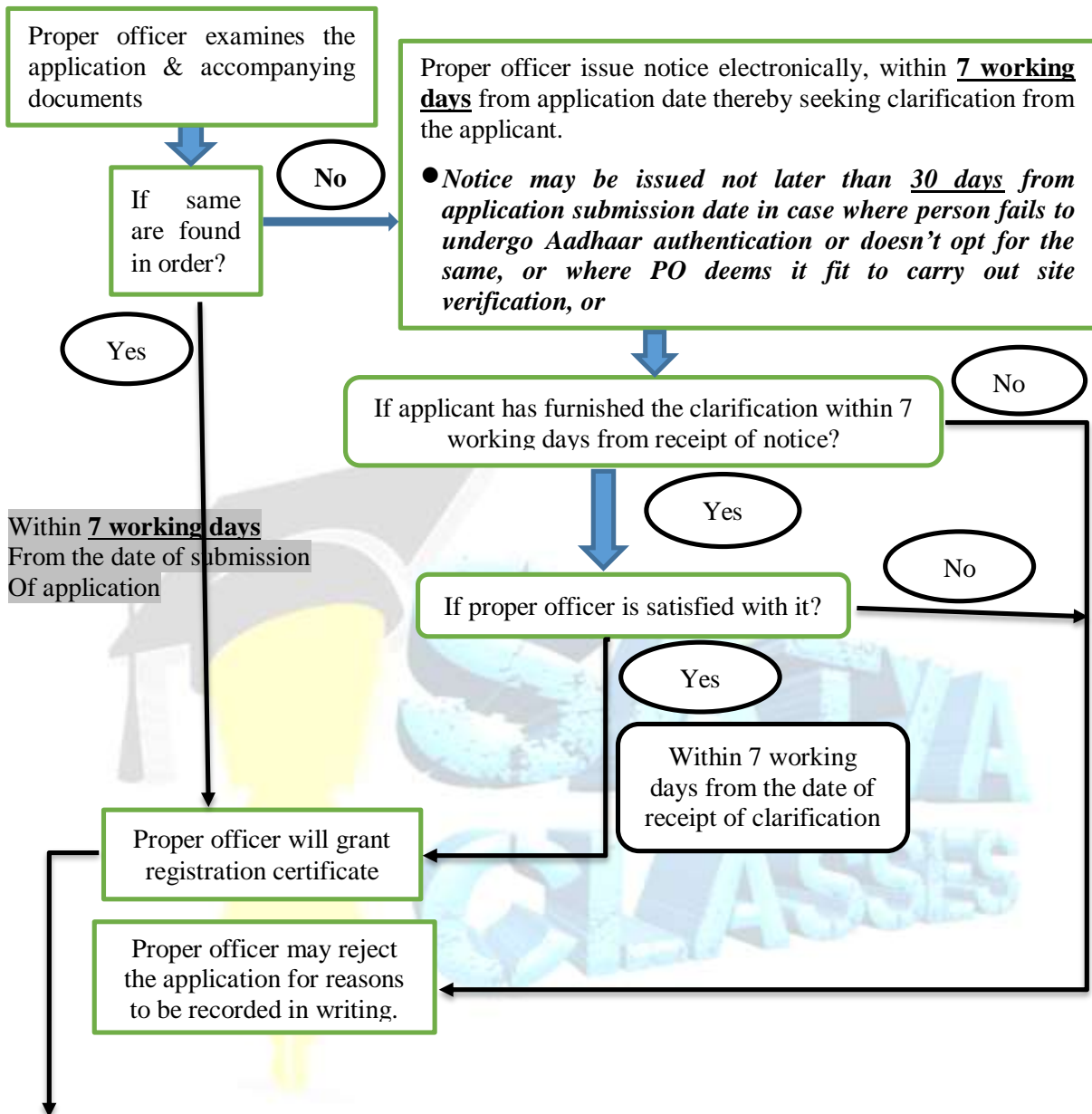
Furnishing of Bank Account Details

After a certificate of registration grant & GSTN has been assigned, the registered person, **within 45 days from the date of grant of registration or the due date of return u/s 39, whichever is earlier**, furnish details of bank account.

Effective date of Registration

Where an applicant submits application for registration	Effective date of registration is
Within 30 Days from the date he becomes liable to registration	<u>The date on which he becomes liable to Registration</u>
After 30 Days from the date he becomes liable to registration	<u>Date of Grant of Registration</u>

Procedure of Registration



Within **7 working days**
From the date of submission
Of application

Deemed Approval of Application

If PO fails to take any action -

- *within **30 days** from the date of submission of application in case where registration is to be granted after physical verification of a person who fails to undergo Aadhaar authentication or doesn't opt for the same, or where PO deems it fit to carry out site verification, or*
- *within **7 working days** from the date of submission of application in a case other than above, or*
- *within **7 working days** from the date of receipt of clarification, information or documents furnished by the applicant, the application for grant of registration shall be deemed to have been approved.*

Aadhaar authentication

With effect from 21.08.2020, aadhaar authentication is mandatory for all the new applicants in order to be eligible for grant of registration, existing registrants will also be required to undergo aadhaar authentication otherwise their registration shall be deemed to be invalid.

A. Persons required to undergo aadhaar authentication

As per section 25(6A), (6B) and (6C), following persons are required to undergo aadhaar authentication:

i. New applicant

Every applicant shall undergo authentication/furnish proof of possession of Aadhaar number, while submitting an application for registration. Said authentication is required to be eligible for grant of registration.

Date of submission of the application shall be earlier of:

- a. the date of authentication of the Aadhaar number, **or**
- b. **15 days** from the submission of the application.

In case applicant is an individual, he shall undergo authentication of his own aadhaar number.

In case applicant is other than individual, the authentication will be of aadhaar number of the Karta, Managing Director, whole time Director, partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory.

ii. Persons already registered

Every registered person shall undergo authentication/furnish proof of possession of Aadhaar number, **shall furnish the following identification documents, namely: –**

- (a) ***her/his Aadhaar Enrolment ID slip; and***
- (b) ***(i) Bank passbook with photograph; or***
 - (ii) ***Voter identity card issued by the Election Commission of India; or***
 - (iii) ***Passport; or***
 - (iv) ***Driving license issued by the Licensing Authority***

Such person shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.

B. Where Aadhaar number is not assigned

(i) In case of new applicant

Where a person aadhaar is not assigned or fails to undergo authentication or does not opt for authentication, then **within 30 days from the submission application issue a notice** by proper officer for seeking clarifications, after that **the registration shall be granted within 60 days from the date of application submission date only after physical verification of the principal place of business.**

However, **in lieu of the physical verification of the place of business**, the proper officer with **the approval of an officer not below the rank of Joint Commissioner** may carry out the verification of such documents as he may deem fit & record the reasons in writing.

(ii) **In case of an already registered persons**

In case of Aadhaar is not assigned or failure to undergo authentication furnish alternate and viable means of identification, registration allotted to such person **shall be deemed to be invalid & assume as if such person does not have a registration.**

C. Persons/class of persons exempt from aadhaar authentication

Section 25(6D) stipulates that above provisions shall not apply to such person or class of persons:

- ✓ A person who is not a citizen of India
- ✓ Department or establishment of State Government or Central Government
- ✓ Local authority
- ✓ Statutory body
- ✓ Public Sector Undertaking
- ✓ A person applying for Unique Identity Number

D. How aadhaar authentication is done?

- Once registration application is submitted, **GST system sends "link" to the concerned persons** at their GST registered mobile numbers and email ids mentioned in the GST application, for the aadhaar authentication.
- On clicking the verification link, a window for Aadhaar Authentication will open where they have entered **Aadhaar Number and the OTP received** by them on the mobile number linked with Aadhaar.

Section 26: Deemed Registration

- The grant of registration or UIN under the SGST Act / UTGST Act shall be deemed to be a grant of registration or the UIN under this Act.
- Any rejection of application for registration or the UIN under the SGST Act / UTGST Act shall be deemed to be a rejection of application for registration under this Act.

Special provisions for grant of registration in case of Non-Resident Taxable Person (NRTP) and Casual Taxable Person (CTP) [Sections 25 & 27]

Casual Taxable Person means 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/UT** where he has no fixed place of business.

Non-Resident Taxable Person means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, **but who has no fixed place of business or residence in India.**

Special Registration Provisions:

A. Both CTP and NRTP have to compulsorily get registered under GST **irrespective of the threshold limit**, atleast 5 days prior to commencement of business.

B. **Period of validity of registration certificate granted to CTP/NRTP**

Registration Certificate granted to CTP/NRTP will be valid for:

- a. Period specified in the registration application, or
- b. **90 days from the effective date of registration whichever is earlier.**

However, the proper officer may **extend the said period of 90 days by a further period not exceeding 90 days** in case application is filed by applicant.

C. **CTP & NRTP will make taxable supplies only after the issuance of the Certificate of Registration.**

Advance Deposit of Tax

At the time of submitting the registration application, CTP/NRTP are required to make an **advance deposit of tax in an amount equivalent to the estimated tax liability.**

Note:

- For extension of time the taxable person will deposit an **additional amount of tax equivalent to the estimated tax liability.**
- In case of long running exhibitions (for a period more than 180 days), the taxable person **cannot be treated as a CTP** and such person would be required to obtain registration as a normal taxable person.

SECTION 28: AMENDMENT OF REGISTRATION

1. Every registered person and UIN holder shall inform the proper officer of any changes in the information furnished in registration or subsequent thereto, **within 15 days of such changes.**
2. The proper officer may, on the basis of information may **approve or reject amendments** in the registration particulars and in case of reject **giving the person an opportunity of being heard.** Approval of the proper officer shall not be required in respect of amendment in **non-Core Fields.**
3. **Any rejection or approval of amendments under the SGST Act or the UTGST Act, shall be deemed to be a rejection or approval under this Act.**

Important Point:

- **Core fields of information**
 - Legal Name of Business
 - Address of **PPoB/APoB**
 - Addition, Deletion or Retirement of partners or Directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer.
- If PO is of the Opinion that documents furnished are complete/correct for amendments, the PO **shall grant permission within 15 working days.**

- If PO is of the Opinion that documents furnished are incomplete/incorrect, **the PO within 15 working days of receipt of application**, will serve a SCN why application for amendment should not be rejected.
- If registered Person replies to the notice **within 7 working days & reply is satisfactory** the registration certificate will be amended
- If reply is not received within 7 working days or reply is not satisfactory, **then application shall be rejected.**
- **If the proper officer fails to take any action**
 - a. within a period of **15 working days** from the date of submission of the application, or
 - b. within a period of **7 working days** from the date of the receipt of the reply to the SCN, **the certificate of registration shall stand amended.**

Section 29: Cancellation or Suspension of Registration

1. The proper officer may, **either on his own motion or on an application** filed by the registered person where:
 - a. the business has been **discontinued, transferred fully** for death of proprietor, **amalgamated, demerged OR**
 - b. any **change in the constitution OR**
 - c. the taxable person **is no longer liable to be registered u/s 22 or 24.**
2. The proper officer **may cancel the registration** of a person **from such date, including any retrospective date**, as he may deem fit, **where, -**
 - a. a registered person **has not** conduct any business, or violation of the provisions of this Act.
 - b. A Composition tax payer **has not furnished returns for 3 consecutive tax periods.**
 - c. Normal registered person, **has not furnished returns for a continuous period of 6 months.**
 - d. Voluntary registered person **has not commenced business within 6 months of registration.**
 - e. registration has been **obtained by means of fraud.**
 - f. *violation of conditions of taking ITC.*
 - g. *mismatch of GSTR-1 and GSTR-3B and*
 - h. *violation of rule 86B [utilizing more than 99% of credit available in E Credit ledger].*

The proper officer shall cancel the registration after giving an opportunity of being heard.

Provided further that during the pendency of the proceedings of cancellation, the proper officer may suspend the registration for such period and in such manner as may be prescribed.
3. The cancellation of registration shall not affect the liability of the person to pay tax and other dues.
4. The cancellation of registration under the SGST Act or UTGST Act, **shall be deemed to be a cancellation of registration under this Act.**
5. Every registered person whose registration is cancelled **shall pay an amount**, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the

- credit of **input tax in respect of inputs** held in stock and inputs contained in semi-finished or finished goods held in stock **or capital goods on the day immediately preceding the date of such cancellation OR**
- **the output tax payable on such goods, whichever is higher.**

In case of capital goods, the taxable person shall pay an amount **equal to the ITC taken on the CGs, reduced by 5% per quarter or part of the quarter OR** the tax on the transaction value of CGs, **whichever is higher**

Period & manner of Suspension of Registration

1. Where registered person has applied for cancellation of registration:

Where a registered person has applied for cancellation of registration, **the registration shall be deemed to be suspended from:**

- a. the date of submission of the application or
- b. the date from which the cancellation is sought, **whichever is later.**

2. Where cancellation of the registration has been initiated by the Department on their own motion:

Proper officer **after** affording the said person a reasonable opportunity of being heard, suspend the registration of such person **with effect from a date to be determined by him.**

3. A registered person, whose registration has been suspended shall **not make any taxable supply & shall not be required to furnish any return** during the period of suspension.
4. Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he can now suspend the registration, *without affording a reasonable opportunity of being heard.*

Where, a comparison of the returns furnished u/s 39 with the details of outward supplies & inward supplies in Form GSTR-1, show that there are significant differences indicating contravention of this Act, leading to suspension of registration then said person shall be intimated by sending a communication to his e-mail address.

In this intimation for suspension, the said differences are highlighted and said person is asked to explain, within a period of 30 days, as to why his registration shall not be cancelled.

5. Where the cancellation is initiated by the Department on its own and registration of a person has been suspended, such person shall not be granted any refund.
6. The suspension of registration shall be deemed to be revoked upon completion of the cancellation proceedings by the proper officer.

Section 30: Revocation of Cancellation of Registration

1. Any registered person, whose registration is cancelled by the proper officer **on his own motion**, may apply to such officer for revocation of cancellation **within 30 days from the cancellation order may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended, by the Additional Commissioner or the Joint Commissioner by 30 days; or by the Commissioner by 30 days.**
2. The proper officer may by order, **either revoke cancellation of the registration or reject the application** by giving the applicant an opportunity of being heard.
3. The revocation of cancellation of registration under the SGST Act or the UTGST Act, **shall be deemed to be a revocation of cancellation of registration under this Act.**

TAX INVOICE

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

SOME IMPORTANT DEFINITIONS

Section 2(37): Credit Note:

Credit Note means a document issued by a registered person under Section 34(1).

Section 2(38): Debit Note:

Debit Note means a document issued by a registered person under Section 34(3).

Section 2(32): Continuous Supply of Goods:

Continuous Supply of Goods means

- a supply of goods which is provided, continuously or on recurrent basis under a contract
- whether or not by means of a wire, cable, pipeline, and
- for which the supplier invoices on a regular or periodic basis and
- includes supply of such goods as the Government may, subject to such conditions.

Section 2(33) Continuous Supply of Services:

Continuous Supply of Services means

- supply of services which is provided, continuously or on recurrent basis under a contract
- **for a period exceeding 3 months** with periodic payment obligations and
- includes supply of such services as the Government may, subject to such conditions.

SECTION 31: TAX INVOICE

- **Tax Invoice:** For **taxable supply** of goods & services or both.

Important contents of tax invoice:

- ✓ GSTIN of Supplier.
 - ✓ Consecutive Serial No & Date of issue.
 - ✓ GSTIN of Recipient, if registered;
 - ✓ Name, address of Recipient if not registered;
 - ✓ Harmonised System of Nomenclature (HSN) Code. [**Annual t/o in preceding FY up to 5 crores - HSN Code 4 & >5 crore 6**].
 - ✓ Description of goods & services;
 - ✓ Quantity of goods ;
 - ✓ Total value of Supply ;
 - ✓ Taxable value of Supply ;
 - ✓ Tax Rate ;
 - ✓ Amount of tax charged;
 - ✓ Place of supply;
 - ✓ Tax payable on RCM ;
 - ✓ Signature ;
- **Bill of Supply:** For **exempt supply** & paying **composition tax**.

- **Revised tax invoice:** A person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration.

For **invoice already issued during the period beginning** with the **effective date of registration** till the date of **issuance of certificate** of registration to him.

- **No Invoice: 3 Conditions;**
 - 1) **Value is less than 200.**
 - 2) **Recipient is unregistered.**
 - 3) **Recipient does not require such invoice.**

A **consolidated tax invoice** can be issued **at the end of each day.**

Note: Consolidated revised tax invoice **not require if interstate supply value exceed 2,50,000 to unregistered person.** In case of **Banking Co, NBFC** Consolidated tax invoice is issued at the end of each month.

- **Receipt Voucher:** For **advance received** for supply. If **rate & nature** of supply is available then take **18% & Interstate.**
- **Refund Voucher:** For **refund of advance** received.
- **Self Invoice:** By **Recipient** in case of **RCM** where **supplier is unregistered.**
- **Payment Voucher:** By **recipient** when he makes **payment** to supplier.
- **Delivery Challan:** Issued in 4 cases-
 - a) **Liquid gas supply.**
 - b) **Transport of goods for Job work.**
 - c) **Transportation of non supply.**
 - d) **Notified supplies.**

Content of Delivery Challan:

 - ✓ Consecutive Serial No & Date of issue of delivery challan.
 - ✓ Name, address & GSTIN of consigner if registered
 - ✓ Name, address & GSTIN of consignee if registered;
 - ✓ HSN.
 - ✓ Description of goods & services;
 - ✓ Quantity of goods ;
 - ✓ Total value of Supply ;
 - ✓ Taxable value of Supply ;
 - ✓ Tax Rate ;
 - ✓ Amount of tax charged;
 - ✓ Place of supply;
 - ✓ Signature ;

Manner of issuing Delivery Challan: [TriPLICATE]:
Original copy for Consignee, Duplicate copy for transporter & TriPLICATE copy to consignor.
- **Invoice- cum-bill of supply:** Where a registered person is supplying taxable as well as exempted goods or services or both **to an unregistered person.**

Time limit of issuing Invoice:

GOODS:

1. **If involves movement- Date of Removal.**

Does not involves movement- Date of Delivery.

If Continuous supply- Where successive statements/ payments/ accounts are involved- Before or at the time of issue of successive statements/payments/ accounts.

2. On Approval Basis- Earlier of: [Time of supply] or [6 months of removal].

SERVICES:

1. Normally 30 days of supply & in case of Bank, NBFC 45 days.
2. Continuous Supply: a) Due date ascertainable- on or before Due date.
b) Due date not ascertainable- on or before date of payment.
c) Linked to event- on or before date of completion of event.

Manner of issuing invoice:

1. **Supply of Goods [Triplicate]:** Original copy to recipient, Duplicate copy to transporter & Triplicate copy to supplier.
2. **Supply of Services [Duplicate]:** Original copy to recipient & Duplicate for supplier.

SECTION 31A: Facility of digital payment to recipient:

The Government may, on the recommendations of the Council, *prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly.*

Section 32: Prohibition of unauthorized collection of tax.

Section 33: Amount of tax to be indicated in tax invoice & other documents.

Section 34: CREDIT & DEBIT NOTE:

(1) Credit Note:

Where one or more tax invoices has been issued for supply of goods & services & the

- a. **Taxable value or tax charged** in invoice > **Taxable value or tax charged** in respect of such supply.
- b. Where the goods supplied are **returned by the recipient.**
- c. Where goods or services supplied are **found to be deficient.**

Details of Credit Note to be show in return for the month in which such credit note is issued *but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier.*

- (2) **Debit Note:** Where **one or more tax invoices** has been issued for supply of goods & services & the **taxable value or tax charged in invoice < taxable value or tax charged** in respect of such supply.

Note: Common points for both the above

Registered Supplier of goods or services may issue **one or more Debit Note or Credit Note** for supplies made **in a FY to a Recipient of goods or services or both.**

Clarification in respect of goods sent/ taken out of India for exhibition or on consignment basis for export promotion

The activity of sending/ taking the goods out of India for exhibition or on consignment basis for export promotion, do not constitute supply as no consideration involved.

If the specified goods are sold abroad, fully or partially, within 6 months, the supply is effected, and sender shall issue a tax invoice in respect of such quantity sold.

When the specified goods sent / taken out of India have neither been sold nor brought back, either fully or partially 6 months, the sender shall issue a tax invoice on the date of expiry of 6 months from the date of removal.

E-INVOICE

What is 'e-invoicing'?

Taxpayers will continue to create their GST invoices on their own Accounting/Billing/ERP Systems decide by e-invoice schema. These invoices reported to 'Invoice Registration Portal (IRP)'. On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier.

Advantages of e-invoicing

- **auto-reporting of invoices into GST return and auto-generation of e-way bill.**
- **GSTR-1 can also be auto-populated** with the e-invoice data.
- **substantial reduction in transcription errors** as same data will get reported to tax department as well as to the buyer.
- It facilitate **standardisation and inter-operability leading to reduction of disputes among transacting parties.**
- **It will eliminate the fake invoices.**
- **matching of input tax credit and output tax thereby reducing the tax evasion.**
- **Where it applicable, there is no need of issuing invoice copies in triplicate/duplicate.**

Class of persons notified to mandatorily issue e-invoice

A registered person whose aggregate turnover in any preceding financial year from 2017-18 **onwards exceeds 50 20 crores**, has been notified as class of persons who shall prepare e-invoice in respect of B2B supplies or for exports.

Exemption from e-invoicing

Following entities are exempt from the mandatory requirement of e-invoicing:

- SEZ units but not SEZ developer.
- **Input Service Distributor (ISD).**
- Insurer or banking company or financial institution including NBFC.
- GTA supplying services in relation to transportation of goods by road in a goods carriage.
- Supplier of passenger transportation services.
- Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.
- **Import of goods (Bills of Entry).**
- **a Government Department and**
- **a local authority**

How e-invoice data is consumed by GST System for generation of e-way bill or populating relevant parts GST Returns?

IRP sends the e-invoice data along with IRN to the GST System as well as to E-Way Bill System. The GST system will auto-populate them into GSTR-1 of the supplier & GSTR-2A of respective receivers.

Cancellation/amendment of reported invoice

The seller can cancel IRN for an e-invoice already reported by reporting it on IRP within specified time. **Amendment of e-invoice already uploaded on IRP will be done only on GST portal not through IRP.**

E-invoice Schema

“E-invoicing’ was introduced aiming at machine-readability and uniform interpretation. To ensure this complete ‘inter-operability’ of e-invoices across the entire GST eco-system, an invoice standard is a must.

This uniform standard format (containing specified fields) applicable for all the businesses across the country is known as ‘e-invoice schema’. It is notified as Form GST INV-1. It mandates what particulars shall be reported in electronic format to IRP.

Invoice Registration Portal (IRP)

IRP is the website for uploading/reporting of invoices by the notified persons.

Invoice Reference Number

IRN is different from invoice number. It is a unique reference number (64 character hash) generated and returned by IRP, on successful registration of e-invoice.

Quick Response (QR) code

Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code. IRN is embedded in the QR Code which shall be extracted and printed on the invoice.

This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.

Dynamic QR code

All B2C invoices issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ` 500 crores are proposed to have a QR code from December 1, 2020.

The dynamic QR code, on the other hand, will have the payment details and thus ‘scan and pay’ in one go is possible for B2C supplies.

I. Non-applicability of requirement of Dynamic QR code:

Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:

- (i) Insurer or banking company or financial institution including NBFC
- (ii) Goods transport agency supplying services in relation to transportation of goods.
- (iii) Supplier of passenger transportation service
- (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- (v) Supplier of online information and database access or retrieval (OIDAR) services.

II. No Dynamic QR code in case of exports *[where an invoice is issued to a recipient located outside India, for supply of services, for which the place of supply is in India].***III. *Any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.***

IV. Parameters/ details are required to be captured in the Dynamic QR Code:

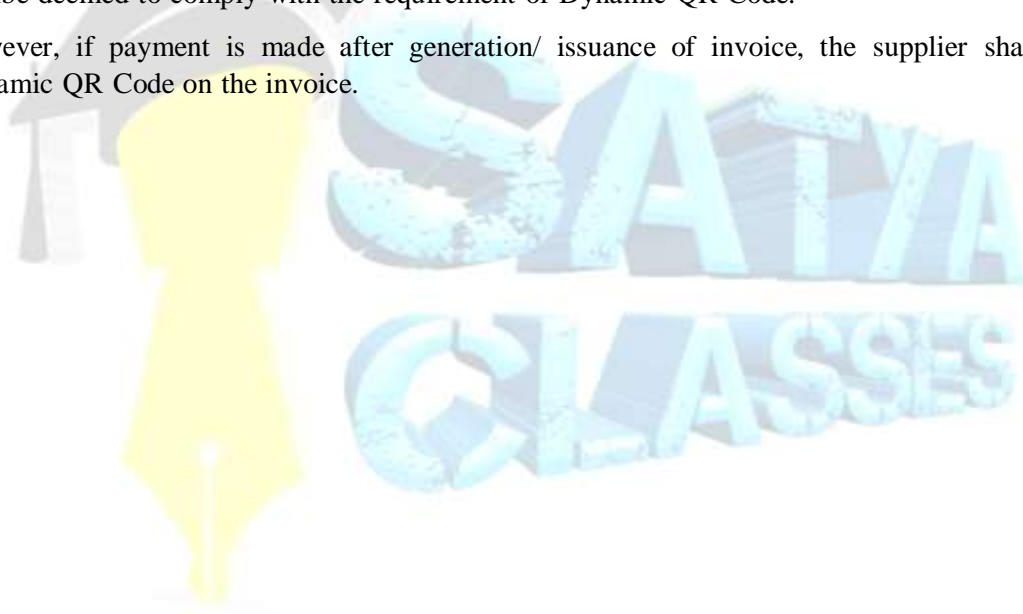
It shall contain the following information: -

- ✓ Supplier GSTIN number
- ✓ Supplier UPI ID
- ✓ Payee's Bank A/c number and IFSC
- ✓ Invoice number & invoice date,
- ✓ Total Invoice value and
- ✓ GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc.

V. Compliance with the Dynamic QR Code requirements in certain cases:

If the supplier has issued invoice having Dynamic QR Code for payment, the **said invoice shall be deemed to have complied with Dynamic QR Code requirements**, if the Supplier cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code.

However, if payment is made after generation/ issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.



E-WAY BILL

- As per Section 68 & Rule 138, E-way bill is an electronic document generated on the GST portal evidencing movement of goods.
- E-way bill is mandatory in case of movement of goods of consignment value exceeding 50000. [Exception: interstate movement from principal to job work & interstate transfer of handicraft goods].
- If the Supplier registered then supplier caused the movement of goods otherwise Recipient caused the movement of goods & Recipient also arranges the transport then movement caused by him.
- **Part A** : Furnished by the Supplier & Recipient. However Transporter or ECO or courier also furnished.
Part B : Furnished by Transporter.
- Upon generation of the e-way bill on the www.ewaybillgst.gov.in , a unique e-way bill number (EBN) of 12 digit shall be made available to the supplier, the recipient and the transporter on the common portal.
- **Transfer of goods from one conveyance to another**
Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, **update the details of conveyance in Part B** of the e-way bill on the common portal.
The consignor/recipient, who has furnished the information in Part A, or the transporter, **may assign the e-waybill number to another registered/enrolled transporter** for updating the information in Part B for further movement of the consignment.
However, once the details of the conveyance have been updated by the transporter in Part B, the consignor or recipient, as the case may be, who has furnished the information in Part A **shall not be allowed to assign the e- way bill number to another transporter.**
- E-way bill generated by the Consignor or Consignee or may be by the Transporter.
- Goods transported by railways goods delivered after production of E-way bill & it compulsory for <50000 consignment value.
- In a “Bill To Ship To” model of supply, there are 3 persons involved in a transaction, namely: ‘A’ is the person who has ordered ‘B’ to send goods directly to ‘C’, two supplies are involved and accordingly two tax invoices are required to be issued, either A or B can generate the e-Way Bill but **only one e-Way Bill is required to be generated**
- Details of conveyance may not be furnished in Part B: In case intra state movement of goods upto 50 km distance from consignor to transporter for further; or transporter to consignee.
- Transfer of goods to another conveyance then the Transporter or generator of the E-way bill shall update the new vehicle number in Part B before transfer.
- Where multiple consignments are intended to be transported in one conveyance then indicate the serial number of e-way bill & a consolidated e-way bill may be generated.
- E-way bill can be cancelled within 24 hours from the generation.

- **Validity period of E-way bill:**
Normal Cargo- Up to 200 km distance 1 day after that every 200 km or part thereof 1 day.
Over dimensional Cargo or Multimodal shipment in which at least one leg involves transport by ship- Up to 20 km distance 1day & after that every 20 km or part thereof 1day.
- Rejection of e-way bill within 72 hour by a person other than generator (if not rejected then deemed acceptance).
- E-way not required in case of: Notified goods, non-motorised vehicles, between port to an inland container depot, alcoholic liquor & 5 petroleum products, schedule III activities, transit cargo from or to Nepal or Bhutan, exempt goods, defence goods etc.
- Invoice or bill of supply or delivery challan & copy of e-way bill in physical or electronic form carried by person-in-charge of conveyance.
- Commissioner or other authorized officer verify the documents & conveyance. Verification can be done on the direction of any officers.
- Online summary upload by officer within 24 hours on portal & detailed report within 3+3 days on portal. If driver hold >30 minutes then complained can be made & physical verification cannot made twice unless specific information of contravention.
- If a composition supplier not furnished the statement for payment of self-assessed tax for 2 quarters; Normal tax payer not furnish 2 returns; & not furnished 2 GSTR-1; ~~then that person not allowed to furnish the Part A of E-way bill.~~ Blocking of GSTIN for e- way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN.

PAYMENT OF TAX

1. **Section 2(43): Electronic Cash Ledger** means the electronic cash ledger referred to in sub-section (1) of Section 49.
2. **Section 2(46): Electronic Credit Ledger** means the electronic credit ledger referred to in sub-section (2) of section 49.
3. **There are 3 types of Electronic Ledger:**
 - Electronic Cash Ledger.
 - Electronic Credit Ledger.
 - Electronic Liability Ledger.

SECTION 49: PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS

1. Every deposit made towards Tax, Interest, Penalty, Fee or any other amount by a person by internet banking or by using credit or debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or Over the counter payment through authorized bank upto 10,000 Rs shall be **credited to the Electronic Cash Ledger**.
2. The ITC as self-assessed in the return of a registered person shall be **credited to his Electronic Credit Ledger**. The ITC cannot be set off against interest, tax, penalty under RCM because output tax excludes tax payable under RCM.
3. The amount available in the Electronic Cash Ledger **may be used for making any payment towards tax, interest, penalty, fees or any other amount payable** under the provisions of this Act.
4. The amount available in the **Electronic Credit Ledger may be used for making any payment towards output tax (tax only)** under this Act or **under the IGST Act**.
5. **The amount of ITC available in the Electronic Credit Ledger of the registered person on account of-**
 - a. **IGST shall first be utilised** towards IGST and the balance, if any, may be utilised towards the CGST and SGST or UTGST, **in that order;**
 - b. **CGST shall first be utilised** towards CGST and the balance, if any, may be utilised towards the IGST;
 - c. **SGST shall first be utilised** towards SGST and the balance, if any, may be utilised towards the IGST;
 - d. **UTGST shall first be utilised** towards UTGST and the balance, if any, may be utilised towards the IGST;
 - e. **CGST shall not be utilised** towards SGST OR UTGST; and
 - f. **SGST or UTGST shall not be utilised** towards of CGST.
6. The **balance in the Electronic Cash Ledger or Electronic Credit Ledger** after payment of tax,

interest, penalty, fee or any other amount payable under this Act **may be refunded**.

7. All liabilities of a taxable person under this Act shall be **recorded and maintained in an Electronic Liability Register**.
8. Every taxable person shall discharge his tax and other dues under this Act **in the following order**, namely:-
 - a. self-assessed tax, and other dues related to returns of **previous tax periods**;
 - b. self-assessed tax, and other dues related to the return of **the current tax period**;
 - c. any other amount payable under this Act **including the demand u/s 73 or 74**;
9. Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, **be deemed to have passed on the full incidence of such tax** to the recipient of such goods or services or both. [Principles of unjust enrichment].
10. A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount **available in the electronic cash ledger under this Act**, to the electronic cash ledger for IGST, CGST, SGST, UTGST or Cess, and such transfer **shall be deemed to be a refund from the electronic cash ledger** under this Act.

Explanation:

For the purposes of this Section,-

- a. the date of **credit to the account of the Government in the authorised bank** shall be deemed to be the date of deposit in the electronic cash ledger;
- b. the expression,-
 - i. **“Tax Dues” means** the tax payable under this Act **and does not include interest, fee and penalty**; and
 - ii. **“Other Dues” means** interest, penalty, fee or any other amount payable under this Act or the rules made there under.

Section 49A: ITC of IGST to be fully utilised first

The ITC of CGST, SGST, UTGST shall be utilised towards payment of IGST, CGST, SGST, UTGST as the case may be, **only after the ITC available on account of IGST has first been utilised fully towards such payment.**

Section 49B: Order of utilization of ITC

The Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the **input tax credit** on account of IGST, CGST, SGST, UTGST, as the case may be, towards payment of any such tax.

Electronic Cash Ledger

- Any person, or a person on his behalf, **shall generate a challan** on the common portal. **Provided that the E-challan generated at the common portal shall be valid for a period of 15 days.**
- **The restriction for deposit up to ` 10,000 per challan in case of an Over the Counter payments hall not apply to deposit to be made by -**
 - i. Government Departments
 - ii. Proper officer or **authorized officers to recover outstanding dues** from any person.
 - iii. Proper officer or **authorized officers for the amounts collected** during any investigation.
- Any amount of TDS and TCS shall be **credited to his electronic cash ledger.**
- The amount reflected in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fee, or any other amount under the relevant tax head in the prescribed manner.

In the ledger, information is kept minor head-wise for each major head. The ledger is displayed major head -wise i.e., IGST, CGST, SGST/UTGST, and CESS. Each major head is divided into **five minor heads: Tax, Interest, Penalty, Fee, and Others.**

Question: How can the cash available in the Electronic Cash Ledger be utilised? Can a taxpayer utilise the amount available in any minor head of a major head for any other minor head of the same major head?

Answer: The amount available in the Electronic Cash Ledger can be utilised for payment of any liability **for the respective** major and minor heads. For example, liability for the tax under SGST/UTGST can be settled only from the available amount of cash under SGST/UTGST Major head.

Concept of CPIN, CIN, BRN & E-FPB

- **CPIN stands for Common Portal Identification Number.** It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. **CPIN remains valid for a period of 15 days.**
- **CIN or Challan Identification Number** is generated by the banks, once payment in lieu of a generated Challan is successful. **It is a 17-digit number that is 14-digit CPIN plus 3-digit Bank Code.**
- **E-FPB stands for Electronic Focal Point Branch.** These are branches of authorized banks which are authorized to collect payment of GST. **Each authorized bank will nominate only one branch as its E-FPB for pan India transaction.**

- **BRN or Bank Reference Number** is the transaction number given by the bank for a payment against a Challan.
- Manual or physical Challans are not allowed under the GST regime. **It is mandatory to generate Challans online on the GST Portal.**
- **How many types of Challans are prescribed for various taxes and payments to be paid under the GST regime:** There is **single Challan** prescribed for all taxes, fees, penalty, interest, and other payments to be made under the GST regime.

How do the new payment systems benefit the taxpayer and the Commercial Tax Department?

Benefits to Tax Payer:

- No more queues and waiting for making payments as payments can be made online 24 X 7.
- Instant online receipts for payments made online.
- Tax Consultants can make payments on behalf of the clients.
- Single Challan form to be created online, replacing the three or four copy Challan.
- Revenue will come earlier into the Government Treasury as compared to the old system.
- Greater transparency.
- Online payments made after 8 pm will be credited to the taxpayer's account on the same day.

Benefits to Commercial Tax Department:

- Revenue will come earlier into Government.
- Speedy accounting & reporting.
- Electronic reconciliation of all receipts
- Warehousing of all digital challan.

Key Features of Payment process

- Electronically generated challan from common portal and no use of manually prepared challan;
- Facilitation for the tax payer by providing hassle free, anytime, anywhere payment of tax;
- Convenience of making payment online;
- Logical tax collection data in electronic format;
- Faster remittance of tax revenue to the Government Account;
- Paperless transactions;
- Speedy Accounting and reporting;
- Electronic reconciliation of all receipts;
- Simplified procedure for banks;
- Warehousing of Digital Challan.

SECTION 50: INTEREST ON DELAYED PAYMENT OF TAX

1. Every person who is liable to pay tax, but **fails to pay** the tax to the Government within the **due date of payment, interest, not exceeding 18%** from the **day succeeding the day on which such tax was due to be paid to the date of actual payment of tax.**

Provided that interest also payable on taxes for furnishing of return after the due date return u/s 39.

2. A taxable person who makes an **undue or excess claim of ITC or undue or excess reduction in output tax liability, shall pay interest** on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate **not exceeding 24%**, from the **day succeeding the day on which such tax was due to be paid to the date of actual payment of tax.**

SECTION 53: TRANSFER OF INPUT TAX CREDIT

If the amount of CGST is utilised towards dues of IGST then, there shall be reduction in the amount of CGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.

Section 53A: Transfer of certain Amounts

Where any amount has been transferred from the electronic cash ledger **under this Act** to the electronic cash ledger **under the SGST Act or UTGST Act then** the Government **shall, transfer** to the State tax account or the UT tax account, an **amount equal to the amount transferred from the electronic cash ledger**, in such manner and within such time as may be prescribed.

For preventing a registered person from utilizing the input tax credit availed in a fraudulent manner. what authority vested under CGST Act, 2017

Every registered person, shall avail the input tax credit through a return filed u/s 39. Input Tax credit availed shall be credited to electronic credit ledger on a provisional basis. As per provisions contained in Rule 86A, In case the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has reasons to believe that ITC available in the electronic credit ledger has been fraudulently availed or is ineligible, he may prohibit use of ITC for discharge of any liability or for claim of any refund of any unutilised amount.

Grounds for disallowing debit of an amount from electronic credit ledger:

- *The supplier, who is found to be non-existent or is found not to be conducting any business.*
- *The registered person Not actually receiving any goods or services or both.*
- *The registered person not paid tax to the government.*
- *The registered person (Recipient) who is found to be non-existent or is found not to be conducting any business.*
- *The registered person not having any invoice or debit note or any other valid document.*

RETURNS

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

The returns serve the following purposes

- a. Mode for transfer of information to tax administration;
- b. Compliance verification program of tax administration;
- c. Finalization of the tax liabilities of the taxpayer within stipulated period of limitation;
- d. Providing necessary inputs for taking policy decision;
- e. Management of audit and anti-evasion programs of tax administration

Returns can be filed using any of the following methods:

- i. GSTN portal (www.gst.gov.in)
- ii. Offline utilities provided by GSTN
- iii. GST Suvidha Providers (GSPs)

SECTION 37: FURNISHING DETAILS OF OUTWARD SUPPLIES

SECTION 39: FURNISHING OF RETURN

Return Form	Particulars	Frequency	Due Date
GSTR-1	Registered Person opting for QRMP scheme	Quarterly	13 th of the month succeeding such tax period.
	Others	Monthly	11 th of the month succeeding such tax period.
GSTR-3B	Monthly Return for a Normal taxpayer	Monthly	20 th of the next month
GSTR-4	Registered person paying tax under composition scheme	Annually	On or before 30 th day of April following the end of such FY).

GST CMP-08	Registered person paying tax undercomposition scheme	Quarterly statement for payment of tax	18 th of the month succeeding the quarter
GSTR-5	Return for Non-Resident foreign taxable person (Section 39(5) of the CGST Act, 2017)	Monthly	20 th of the next month or within 7 days after the last day of the period of registration specified u/s 27(1), whichever is earlier
GSTR-5A	Registered person providing OIDAR services from a place outside India to a non-taxable online recipient	Monthly	20 th of the next month
GSTR-6	Input service distributor (ISD)	Monthly	13 th of the next month
GSTR-7	Registered person required to deduct tax at source	Monthly	10 th of the next month
GSTR-8	E-commerce operator required to collect tax at source	Monthly	10 th of the next month
GSTR-9	Annual Return (section 44 of the CGST Act, 2017) Who Files: Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer.	Annually	31 st December of next financial year

GSTR-9A	Registered person paying tax under composition scheme	Annually	31 st December of next financial year
GSTR-9B	E-commerce operator required to collect tax at source	Annually	31 st December of next financial year
GSTR-9C	Registered person whose aggregate turnover during a financial year exceeds ` 2 crore.	Reconciliation statement	To be submitted along with the annual return [GSTR-9]
GSTR-10	Final Return (Section 45 of the CGST Act, 2017)	Once	Within 3 months of the date of cancellation or date of cancellation order, whichever is Later
GSTR-11	Details of inward supplies to be furnished by person having UIN and claiming refund.	Monthly	28 th of the month following the month in which inward supply is received.

NOTE:

- A **simplified monthly return in Form GSTR 3B** was introduced in July, 2017 to help businesses to file returns easily in the initial months of GST roll out. This was to be followed with filing of returns – GSTR - 1, 2 and 3.
- A Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer.
- **What are the content of GSTR-1?**
 - GSTIN
 - Legal Name & Trade Name
 - Aggregate Turnover in Previous Year
 - Tax Period
 - HSN wise summary of supply
 - Details of documents issued
 - Advance receipts/Advance Adjusted
- A taxpayer cannot file GSTR-1 before the end of the current tax period. However, the **exceptions to this rule:**
 - **Casual Tax Persons**, after the closure of their business
 - **Cancellation of GSTIN of a normal taxpayer.**

➤ **What kind of details of outward supplies are required to be furnished in GSTR-1?**

The registered person is required to furnish details of **invoices and revised invoices** issued in relation to supplies made by him to **registered and unregistered persons** during a month and **debit notes and credit notes** in GSTR-1 **in the following manner:**

a. Invoice-wise details of all

- i. Inter-state & Intra-state supplies **made to registered persons &**
- ii. Inter-state supplies made to unregistered persons **with invoice value exceeding ` 250,000**

b. Consolidated details of all

- i. Intra-State supplies made to **unregistered persons** for **each rate of tax**
- ii. Inter-state supplies made to **unregistered persons** with invoice value up to ` 2,50,000 for **each rate of tax separately for each state.**

c. Debit & Credit notes issued during the month for invoices issued previously.

➤ **How are the details of outward supply furnished in prior periods amended?**

In GST since the returns are built from details of individual transactions, **there is no requirement for having a revised return.** Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. Instead of revising the return already submitted, **the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be amended.** They can be amended in any of the future GSTR-1 in the tables specifically provided for the purposes of amending previously declared details.

The rectification of errors/omissions is carried out by entering appropriate particulars in “Amendment Tables” contained in GSTR-1.

➤ **The maximum time limit within which such amendments are permissible is earlier of the following dates:**

- **Date of filing of monthly return** of September following the end of the financial year **or**
- **Date of filing of the relevant annual return**

➤ **Nil GSTR-1:**

Filing of GSTR-1 is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-1 is required to be filed.

A Nil GSTR-1 does not have any entry. For example, a Nil GSTR-1 for a tax period cannot be filed, if the taxpayer has made any outward supply (including exempt, nil rated or non-GST supplies), or it has received supplies on which tax is payable under reverse charge or an amendment needs to be made to any of the supplies declared in an earlier return or any credit or debit notes is to be declared / amended etc.

A Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer. GSTR-1 submitted through SMS is verified by registered mobile number-based OTP facility.

SECTION 40: FIRST RETURN

Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted **shall declare the same in the first return** furnished by him after grant of registration.

SECTION 44: ANNUAL RETURN

1. *Every registered person, other than an input service distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed on or before the 31st day of December following the end of such financial year.*
2. *However, the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section*
3. *Further, nothing contained section 44 shall apply to any department of the CG or a SG or a local authority, whose books of account are audited by the Comptroller and Auditor-General of India.*

SECTION 45: FINAL RETURN

Every registered person who is required to furnish a return **and** whose registration has been cancelled shall furnish a final return within 3 months of the date of cancellation or date of order of cancellation, **whichever is later**, in **Form GSTR-10** through the common portal.

SECTIONS 46 & 47: DEFAULT IN FURNISHING RETURN

1. Where a registered person fails to furnish a return under **Section 39 (Normal Return)** or **Section 44 (Annual Return)** or **Section 45 (Final Return)**, a notice shall be issued requiring him to furnish such return **within 15 days**.
2. Any registered person who fails to furnish the details of outward supplies required under section 37 or returns required under section 39 or section 45 by the due date shall **pay a late fee of ` 100 for every day during which such failure continues** subject to a maximum amount of ` 5,000.
3. Any registered person who fails to furnish the return required under **Section 44** by the due date shall be liable to pay a late fee of ` 100 for every day during which such failure continues subject to a maximum of an amount calculated at a **0.25% of his turnover** in the State or Union territory.

From the tax period June, 2021 onwards or quarter ending June, 2021 or FY 2020-21 onwards, as the case may be, late fee for delayed filing of Forms GSTR-1, GSTR-3B and GSTR-4, has been rationalized as follows:

For delayed filing of GSTR-1 and/or GSTR-3B:-

<i>Class of registered persons</i>		<i>Quantum of Late fee</i>
<i>(1) Registered persons who have nil outward supplies in the tax period/ whose total amount of tax payable in the GSTR- 3B is Nil, as the case may be</i>		<i>500 (250 each under CGST & SGST/UTGST)</i>
<i>(2) Registered persons other than those covered in (1) above</i>	<i>Aggregate turnover of \leq 1.5 crores in the preceding FY</i>	<i>2,000 (1,000 each under CGST & SGST/UTGST)</i>
	<i>5 crores \geq Aggregate turnover of $>$ 1.5 crores, in the preceding FY</i>	<i>5,000 (\sim2,500 each under CGST & SGST/UTGST)</i>
<i>(3) Registered persons other than those covered in (1) & (2) above</i>		<i>Late fee as specified under section 47</i>

For delayed filing of GSTR-4:-

<i>Class of registered persons</i>	<i>Quantum of Late fee</i>
<i>(1) Total tax payable in GSTR-4 is Nil</i>	<i>500 (250 each under CGST & SGST/UTGST)</i>
<i>(2) Registered persons other than those covered in (1) above</i>	<i>2,000 (1,000 each under CGST & SGST/UTGST)</i>

Quarterly Return Monthly Payment (QRMP) Scheme

QRMP Scheme is an **optional return filing scheme**, introduced for small taxpayers having aggregate annual turnover (PAN based) of upto ₹ 5 crore in the current and preceding financial year to **furnish their Form GSTR-1 and Form GSTR-3B on a quarterly basis while paying their tax on a monthly basis** through a simple challan.

This will significantly reduce the compliance burden on such taxpayers as now the taxpayers need to file only 4 GSTR-3B returns instead of 12 GSTR- 3B returns in a year. Similarly, they would be required to file only 4 GSTR-1 returns since Invoice Filing Facility (IFF) is provided under this scheme.

I. Eligibility for QRMP scheme

Registered persons, having **an aggregate turnover up to 5 crore** in the preceding financial year, and who have opted to furnish quarterly return under QRMP scheme as the class of persons who shall **furnish a return for every quarter** from January, 2021 onwards, and **pay the tax due every month**

Conditions and restrictions:

- (i) Registered persons under QRMP scheme must have furnished the return for the preceding month, as due on the date of exercising such option. A registered person shall not be eligible to opt for QRMP scheme if he has not furnished the last return due on the date of exercising such option.
- (ii) Registered persons under QRMP scheme are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.

Manner of exercising option of QRMP scheme.

A registered person intending to opt for QRMP scheme for any quarter shall indicate his preference

for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised.

Example: A registered person intending to avail of QRMP scheme for the quarter “July to September” can exercise his option from 1st May to 31st July.

However, where such option has been exercised once, the said registered person shall continue to furnish the return on a quarterly basis for future tax periods, unless he–

- (a) becomes ineligible for this scheme as per the conditions and restrictions notified in this regard; or
- (b) opts for furnishing of return on a monthly basis, electronically, on the common portal.

Option of QRMP scheme to lapse

- In case where a registered person’s aggregate turnover crosses 5 crore during a quarter in a financial year.
- He shall opt for furnishing of return on a monthly basis, electronically, on the common portal.

II. Form and manner of furnishing details of outward supplies - GSTR-1

- The details of outward supplies are required to be furnished, electronically, in Form GSTR-1, for the month or quarter.

Invoice furnishing facility (IFF)

- Taxpayers opting for QRMP scheme may furnish the details of such outward supplies to a registered person, as he may consider necessary, for the 1st and 2nd months of a quarter, using invoice furnishing facility (hereafter referred to as the “IFF”). Invoices pertaining to last month of a quarter are to be uploaded in GSTR-1 only.
- The facility of furnishing details of invoices in IFF has been provided so as to allow details of such supplies to be duly reflected in the Form GSTR-2A and Form GSTR-2B of the concerned recipient. In case where a buyer has made purchases from a person opting for QRMP scheme, he could claim full ITC.
- Taxpayers using IFF can upload the invoice details up to a cumulative value of 50 lakh in each of the first 2 months of the quarter.
- The invoices are to be furnished in IFF between the 1st day of the succeeding month till the 13th day of the succeeding month.

The said facility would however be available, say for the month of July, from 1st August till 13th August. Similarly, for the month of August, the said facility will be available from 1st September till 13th September.

Example: A registered person who has availed the QRMP scheme wants to declare 2 invoices out of the total 10 invoices issued in the 1st month of quarter since the recipient of supplies covered by those 2 invoices desires to avail ITC in that month itself. Details of these 2 invoices may be furnished using IFF.

The details of the remaining 8 invoices shall be furnished in Form GSTR-1 of the said quarter. The two invoices furnished in IFF shall be reflected in Form GSTR-2B of the concerned recipient of the 1st month of the quarter and remaining 8 invoices furnished in Form GSTR-1 shall be reflected in Form GSTR-2B of the concerned recipient of the last month of the quarter.

- However, if a registered person does not opt to upload invoices using IFF, then he has to upload invoice details for all the 3 months of the quarter in Form GSTR-1.

➤ **Cases where a registered person shall not be allowed to furnish details of outward supplies in GSTR-1/IFF**

- A registered person **not furnished** the return in **Form GSTR-3B for preceding two months**.
- A registered person, who is restricted from using the electronic credit ledger in excess of 99% of such tax liability. if he has **not furnished** the return in **Form GSTR-3B for preceding tax period**.

III. Form and manner of ascertaining details of inward supplies – GSTR-2A and GSTR-2B.

- **Form GSTR-2A** - is a system generated read only statement of inward supplies for a recipient. his statement is **updated on a real time basis**.
- Details of outward supplies furnished by the supplier in Form GSTR-1 or using the IFF is made available electronically to the concerned registered persons (recipients) in Form GSTR-2A, in Form GSTR-4A and in Form GSTR-6A, as the case may be.
- **Form GSTR-2B** – an auto-drafted read only statement containing the details of ITC - is made available to the registered person (recipient) for every month. It consists of –
- (i) the details of outward supplies furnished by the suppliers in Form GSTR-1, other than a supplier who has opted for QRMP scheme, between the day immediately after the due date of furnishing of Form GSTR-1 for the previous month to the due date of furnishing of Form GSTR-1 for the month.
 - (ii) the details of outward supplies furnished by his supplier who has opted for QRMP scheme, in Form GSTR-1 or using the IFF, as the case may be,-
 - (a) **for the 1st month of the quarter**, between the day immediately after the due date of furnishing of Form GSTR-1 for the preceding quarter to the due date of furnishing details using the IFF for the 1st month of the quarter;
 - (b) **for the 2nd month of the quarter**, between the day immediately after the due date of furnishing details using the IFF for the 1st month of the quarter to the due date of furnishing details using the IFF for the 2nd month of the quarter;
 - (c) **for the 3rd month of the quarter**, between the day immediately after the due date of furnishing of details using the IFF for the 2nd month of the quarter to the due date of furnishing of Form GSTR-1 for the quarter.

In case of monthly Form GSTR-1, the cut-off date is 00:00 hours on 12th of the relevant month to 23:59 hours, on 11th of the succeeding month. Whereas for quarterly Form GSTR-1/IFF, the cut-off date is 00:00 hours on 14th day of relevant month to 23:59 hours, on 13th day of succeeding month.

Example: If a supplier opting for QRMP files an invoice dated 15th July on 13th August, it will get reflected in GSTR-2B of July (generated on 14th August). If the document is filed on 14th August, the document will be reflected in Form GSTR-2B of August (generated on 14th September).

- The statement in Form GSTR-2B for every month shall be made available to the registered person,-
- (i) for the 1st and 2nd month of a quarter, a day after the due date of furnishing of details of outward supplies for the said month,
 - in the IFF by a registered person opting for QRMP, or
 - in Form GSTR-1 by a registered person other than opting for QRMP, whichever is later.
 - (ii) in the 3rd month of the quarter, a day after the due date of furnishing of details of outward supplies for the said month, in Form GSTR-1 by a registered person opting for QRMP.

Example: For the quarter July-September, Form GSTR-2B for a registered person (recipient) who has received supplies from QRMP suppliers as well as from other suppliers will be generated as follows:

Month	Date of generation of GSTR-2B
July	14 th August
August	14 th September
September	14 th October

IV. Form and manner of filing return – GSTR-3B

➤ Due date for filing return

- i. **In case of a taxpayer opting for QRMP scheme** - Quarterly GSTR-3B on or before 22nd of the month succeeding the quarter for which return is furnished for [Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman & Diu & Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep]. or 24th of the month succeeding the quarter for which return is furnished for [Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.
- ii. **In case of other taxpayers** - Monthly GSTR-3B on or before 20th of the month succeeding the month for which return is furnished.

V. Monthly payment of tax

The registered person under the QRMP Scheme would be required to pay the **tax due in 1st month or 2nd month or both** the months of the quarter to be made by **25th day of the month succeeding such month**.

The said person can use any of the following two options provided below for monthly payment of tax during the first 2 months –

- (a) **Fixed sum method:** If a taxpayer chooses this option, a facility is available on the GST portal for generating an auto-generated/pre-filled challan in Form GST PMT-06. The challan amount is calculated by the system which cannot be edited. The amount is equal to:
 - (i) **35% of the tax paid in cash** in the return for the preceding quarter where the return was furnished quarterly; or
 - (ii) **tax liability paid in cash** in the return for the last month of the immediately preceding quarter where the return was furnished monthly.

Example:

- (i) **In case the last return filed was on quarterly basis for quarter ending March:**

Tax paid in cash in quarter (January - March)			Tax required to be paid in each of the months – April and May		
CGST	100		CGST	35	
SGST	100		SGST	35	
IGST	500		IGST	175	

Cess	50			Cess	17.5
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(ii) In case the last return filed was monthly for tax period March:

Tax paid in cash in March			Tax required to be paid in each of the months – April and May		
CGST	50		CGST	50	
SGST	50		SGST	50	
IGST	80		IGST	80	
Cess	-		Cess	-	

However, no such amount may be required to be deposited-

- (a) for the 1st month of the quarter, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the tax liability for the said month or where there is nil tax liability;
- (b) for the 2nd month of the quarter, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the cumulative tax liability for the 1st and the 2nd month of the quarter or where there is nil tax liability

Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month.

- (b) **Self-Assessment Method:** The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in Form GST PMT-06. In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in Form GSTR-2B, for every month.

The registered person under QRMP is free to avail either of the two tax payment methods above in any of the two months of the quarter.

VI. Applicability of interest

A. For registered person making payment of tax by opting Fixed Sum Method

If while furnishing return in Form GSTR-3B, it is found that in any or both of the first 2 months of the quarter, the tax liability was higher than the amount paid in challan, then, no interest would be charged provided they deposit system calculated amount for each of the first 2 months and discharge their entire liability for the quarter in Form GSTR-3B by the due date.

In case such payment of tax by depositing the system calculated amount in Form GST PMT-06 is not done by due date, interest would be payable at the applicable rate, from the due date of furnishing Form GST PMT-06 till the date of making such payment.

Further, in case Form GSTR-3B for the quarter is furnished beyond the due date, interest would be payable as per section 50 of the CGST Act for the tax liability.

Example: A registered person, who has opted for the QRMP Scheme, had paid a total amount of 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays 35/- each on 25th February and 25th March for discharging tax liability for the first 2 months of quarter viz. January and February.

In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was 40/- and for February it was 42/-. However, no interest would be payable for the lesser amount of tax (i.e. 5 and 7 respectively) discharged in these 2 months provided that he discharges his entire liability for the quarter in the Form GSTR-3B of the quarter by the due date.

Example: A registered person, who has opted for the QRMP Scheme, had paid a total amount of

100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays 35/- each on 25th February and 25th March for discharging tax liability for the first 2 months of quarter viz. January and February.

In his return for the quarter, it is found that total liability for the quarter net of available credit was 125, but he files the return on 30th April. Interest would be payable at applicable rate on 55 [125 – 70 (deposit made in cash ledger in first and second month)] for the period between due date of quarterly GSTR 3B and 30th April

B. For registered person making payment of tax by opting Self- Assessment Method

Interest amount would be payable as per the provision of section 50 of the CGST Act for tax or any part thereof which remains unpaid / paid beyond the due date for the first 2 months of the quarter.

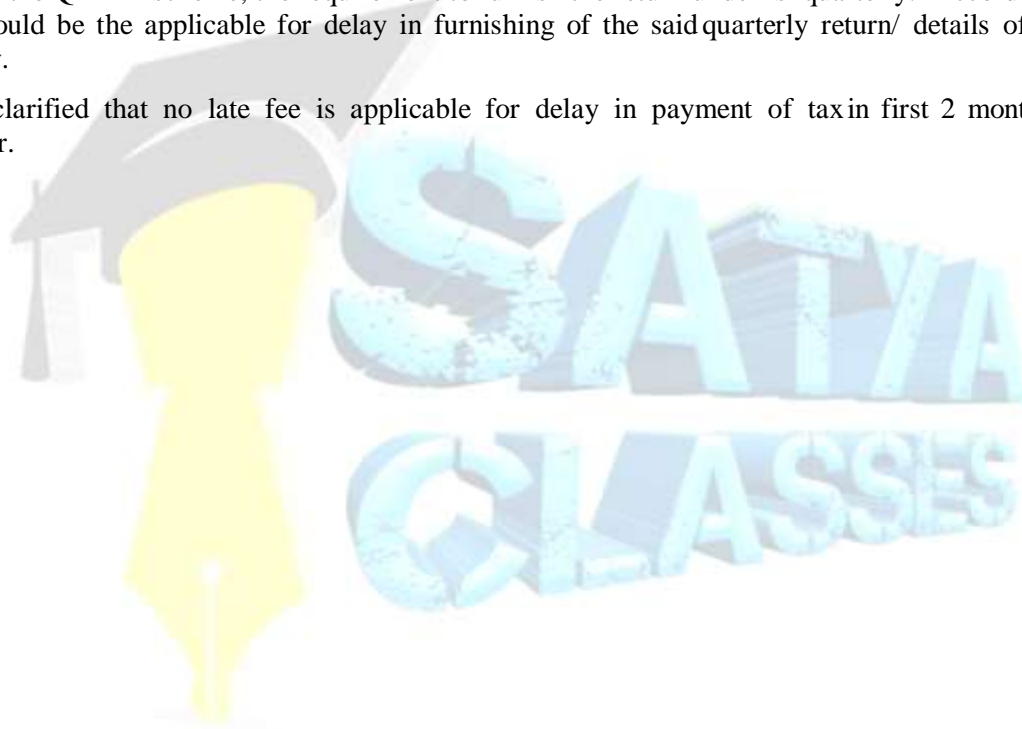
Interest payable, if any, shall be paid through Form GSTR-3B.

VII. Applicability of late fee

Late fee is applicable for delay in furnishing of return / details of outward supply as per the provision of section 47 of the CGST Act.

As per the QRMP scheme, the requirement to furnish the return under is quarterly. Accordingly, late fee would be the applicable for delay in furnishing of the said quarterly return/ details of outward supply.

It is clarified that no late fee is applicable for delay in payment of tax in first 2 months of the quarter.



Section 48: GOODS AND SERVICES TAX PRACTITIONERS

Section 48 provides for the authorisation of an eligible person to act as approved Goods and Services Tax Practitioner (GSTP).

A GSTP enrolled in any State or Union Territory shall be treated as enrolled in the other States/Union territories.

1. The eligibility criteria for GSTP

Following are the persons who can act and file as GST practitioner. A person who:

- a. is a citizen of India;
- b. is a person of sound mind;
- c. is not adjudicated as insolvent;
- d. has not been convicted by a competent court,

2. Following are the conditions to be satisfied (any one) before applying as goods and services tax practitioner:

- a. he is a retired officer of the Commercial Tax Department, who worked in a post **not lower in rank than that of a Group-B gazetted officer for a period of not less than 2 years**; or
- b. **Enrolled as a sales tax practitioner or tax return preparer for a period of not less than 5 years**
- c. **He must have passed:** a graduate or postgraduate degree in Commerce, Law, Banking from any Indian University established by any law; or a degree examination of any Foreign University **recognized by any Indian University.**
- d. **has passed any of the following examinations,** final examination of the ICAI, ICMA, ICSI.

3. The activities which can be undertaken by a GSTP

A GST practitioner can undertake any or all of the following activities on behalf of a registered person, if so authorised by him to:

- a. furnish the details of outward and inward supplies;
- b. furnish monthly, quarterly, annual or final return;
- c. make deposit for credit into the electronic cash ledger;
- d. furnish information for generation of e-way bill;
- e. **file an intimation to pay tax under the composition scheme or withdraw from the said scheme;**
- f. **file a claim for refund; and**
- g. **file an application for amendment or cancellation of registration.**

NOTE

- a. No person enrolled as a GSTP is eligible to remain enrolled unless he passes such examination conducted at such periods by NACIN*
- b. Any person who has been enrolled as GSTP by virtue of him being enrolled as a Sales Tax Practitioner or TaxReturn Preparer under the earlier indirect tax laws can remain enrolled only for a period of 30 months from the appointed date unless he passes the said examination within the said period of 30 months.*

