

CHAPTER 3

CHARGE UNDER GST

1. ICAI STUDY MATERIAL QUESTIONS

Concept Problem 1

State the person liable to pay GST in following independent cases provided recipient is located in taxable territory:

- Services provided by an arbitral tribunal to any business entity.
- Sponsorship services provided by a company to an individual.
- Renting of immovable property service supplied by Central Government to a registered business entity.

Solution

- Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity. It is assumed that the business entity has turnover exceeding limit u/s 22 in preceding financial year.
- GST on sponsorship services provided by any person to anybody corporate or partnership firm located in the taxable territory is payable under RCM. Since in the given case, services have been provided to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier - Company.
- GST on services supplied by Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017 is payable under RCM. Therefore, in the given case, GST is payable under RCM by the recipient- registered business entity.

Concept Problem 2

Vivek Goyal, an independent director of A2Z Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from A2Z Pvt. Ltd. for attending the Board meetings. Who is the person liable to pay tax in this case?

Solution

GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient i.e., A2Z Pvt. Ltd.

Concept Problem 3

Raghu Associates provided sponsorship services to WE-WIN Cricket Academy, an LLP. Determine the person liable to pay tax in this case.

Solution

In case of services provided by any person by way of sponsorship to anybody corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory. Further, for reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also be considered as a partnership firm. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.

Concept Problem 4

'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm, which is not registered under GST. Determine the person liable to pay tax in this case.

Solution

This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.

In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Kapil & Co. is liable to pay GST under reverse charge.

It is assumed that GST is not being payable @ 12%.

Concept Problem 5

Legal Fees is received by Sushrut, an advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakh in preceding financial year Who is the person liable to pay tax in this case?

Solution

GST on legal services supplied by an advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading Company] located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Tatva Trading Company.

It is assumed that the business entity has turnover exceeding limit u/s 22 in preceding financial year.

Concept Problem 6

State the person liable to pay GST in following independent cases provided recipient is located in taxable territory:

- Services supplied by an insurance agent to an insurance company.
- Services supplied by a recovery agent to a car dealer.
- Security services (services provided by way of supply of security personnel) provided to a registered person.

Solution

- GST on services supplied by an insurance agent to any person carrying on insurance business located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - Insurance Company.
- GST on services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company located in the taxable territory is payable under reverse charge. However, since, in the given case, services are being supplied by a recovery agent to a car dealer, GST is payable under forward charge by the service provider - recovery agent.
- GST on security services (services provided by way of supply of security personnel) provided to a registered person, located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered person receiving the services.

Concept Problem 7

Sultan & Sons, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product 'P' and product 'Q' exempt by way of a notification, in the State of Maharashtra. Its aggregate turnover in the preceding financial year is ₹ 130 lakh. The firm wishes to opt for composition scheme under section 10 (1) & (2). However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss.

Note: Assume that Sultan & Sons is not engaged in manufacture of goods as notified under section 10(2)(e).

Solution

The view taken by the accountant of Sultan & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Maharashtra. Further, such person must not be engaged in making any supply of goods or services which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods or services, for being eligible to pay tax under said scheme.

In the given case, the aggregate turnover of Sultan & Sons does not exceed INR 1.5 crore. Further, it is engaged in making only intra-State supply of goods and Product P supplied by it is taxable and Product Q supplied by it is

leviable to tax, though exempted by way of notification. Therefore, it is eligible for composition levy under section 10(1) & 10(2) in the current year.

Concept Problem 8

A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

Solution

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year exceeds the specified limit (₹ 1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Concept Problem 9

Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2), provided their turnover in preceding year does not exceed ₹ 1.5 crore:

- i) Mohan Enterprises is engaged in trading of pan masala in Rajasthan and is registered in the same State.
- ii) Sugam Manufacturers has registered offices in Punjab & Haryana and supplies goods in neighbouring States.

Solution

- i) A supplier engaged in the manufacture of goods as notified under section 10(2)(e), during the preceding FY is not eligible for composition scheme under section 10(1) and 10(2). Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes and aerated waters are notified under this category.

However, in the given case, since Mohan Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.

- ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

Concept Problem 10

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advise Subramanian Enterprises whether he can do so?

Solution

A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Since the aggregate turnover of Subramanian Enterprises does not exceed ₹ 1.5 crore, it is eligible for composition levy in the current year.

However, all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, Subramanian Enterprises either have to opt for composition levy for both places of business or under normal levy for both places of business.

Concept Problem 11

Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme under section 10(1) & 10(2) in the current financial year? Or whether he is eligible to avail benefit of composition scheme under section 10(2A)? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your Solution be different if Mr. Ajay procures few items required for providing repair services from neighbouring State of Madhya Pradesh?

Solution

Section 10(1) provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore (₹ 75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, as per proviso to section 10(1), person who opts to pay tax under composition scheme may supply services other than restaurant services, of value not exceeding 10% of the turnover in a State or Union territory in the preceding financial year or ₹ 5 lakh, whichever is higher.

In the given case, since Mr. Ajay is an exclusive supplier of services other than restaurant services [viz. repair services], he is not eligible for composition scheme under section 10(1) & 10(2).

However, section 10(2A) provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2), to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the composition scheme under section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme under section 10(1) & 10(2).

Thus, amount of tax payable by him as per composition scheme u/s 10(2A) is ₹ 2,10,000 [6% of ₹ 35 lakh].

A registered person cannot opt for composition scheme under section 10(2A), if, inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods. Hence, Solution will remain the same even if Mr. Ajay procures few items from neighboring State of Madhya Pradesh.

Concept Problem 12

M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the preceding financial year by way of supply of appliances was ₹ 120 lakh.

The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

- (i) Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?
- (ii) If yes, up to what amount, the services can be supplied?

Solution

The registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2).

The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service.

However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Thus, M/s United Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in inter- State outward supplies.

The registered person opting for composition scheme, under section 10(1) and 10(2), can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakh [10% of ₹ 120 lakh or ₹ 5 lakh, whichever is higher] in the current financial year.

2. ICAI RTPS, MTPS AND PAST YEAR QUESTIONS

Concept Problem 13

The aggregate turnover of R & Sons, a firm registered under composition scheme in Delhi, during the financial year 2021-22 is INR 86,00,000. During the FY 2022-23, the aggregate turnover for the firm till 12.10.2022 is INR 1,49,00,000. On 13.12.2022, it issues three invoices of INR 1,50,000 INR 80,000 and INR 90,000. Will the firm liable to pay GST and if so, on what amount?

Solution

R & Sons shall be liable to pay GST under normal scheme u/s 9 of CGST Act, 2017 on all the three invoices as its turnover on 13.12.2022 exceeds INR 1.5 crore.

Concept Problem 14 [RTP May 2020]

a) Chanchal started providing beauty and grooming services and inaugurated “Care & Care Beauty Centre” in Delhi on 01st April, 20XX. She opted to pay tax under section 10(2A) of CGST Act, 2017 in the said financial year.

The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was INR 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached INR 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached INR 70 lakh by the end of October, 20XX. Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

b) Care & Care Beauty Centre wishes to opt for composition scheme u/s 10(1) from the next financial year. You are required to advise it whether it can do so?

Note: Rate of GST applicable on such services is 18%.

Solution

a) Section 10(2A) of CGST Act, 2017 provides an option to a registered person to pay CGST @ 3% [Effective rate 6% (CGST+ SGST/ UTGST)] on first supplies of goods and/or services upto an aggregate turnover of ₹ 50 lakh made on/after 1st April in any financial year, subject to specified conditions.

It is clarified in the notification that first supplies of goods or services or both shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from 1st April of a FY to the date from which he becomes liable for registration under the said Act, but for the purpose of determination of tax payable under this notification, shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

Thus, Care & Care Beauty Centre is eligible to pay tax under this notification upto the turnover of INR 50 lakh. The total tax payable by it is as under:

Period	Tax Rate	Turnover	Tax liability
I Quarter	Since turnover did not exceed INR 20 lakh, it was not required to obtain registration. Hence, no tax was required to be paid	20 Lakh	Nil

Period	Tax Rate	Turnover	Tax liability
II Quarter	Effective rate is 6% (CGST+ SGST/ UTGST)] under section 10(2A) of CGST Act, 2017	30 Lakh [(50-20) lakh]	1,80,000
For the month of October, 20XX	Normal rate of GST of 18% is to be applied	20 lakhs [(70-50) lakh]	3,60,000
Total tax payable			5,40,000

- b) No, Care & Care Beauty Centre cannot opt for composition scheme u/s 10(1) from the next financial year. Fundamentally, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. As regards services other than restaurant services are concerned, only marginal supply of the such services for a specified value along with the supply of goods and/or restaurant service, as the case may be, is permitted under section 10(1) of CGST Act, 2017.

Therefore, a person engaged exclusively in supply of services other than restaurant services is not eligible to opt for composition scheme u/s 10(1).

Concept Problem 15

Mr. Zafar of Assam, provides the following information for the preceding FY 20XX-YY. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 20YY-ZZ.

Particulars	Amount (L)
Value of taxable outward supplies (out of above, INR 10 lakh was in course of inter-state supply)	50.00
Value of exempt supplies (which include INR 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	5.00
Value of exports	5.00
All the amounts in Lakhs and are exclusive of GST.	

Solution

Computation of aggregate turnover of Zafar for FY 20XX-YY for purpose of eligibility of composition levy scheme:

Particulars	Amount in lakhs
Value of taxable outward supplies [Value of all taxable supplies including inter-state supplies are includible in aggregate turnover]	50
Value of exempt supplies [Value of exempt supplies is includible in aggregate turnover. However, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, though exempt, is not includible in aggregate turnover for determining eligibility for composition scheme]	40
Value of inward supplies on which Mr. Zafar is liable to pay tax under reverse charge [Excludible from aggregate turnover]	Nil
Value of exports [Includible in aggregate turnover]	5
Aggregate turnover for determining eligibility for composition scheme	95

Thus, Mr. Zafar is eligible to opt for composition levy if his aggregate turnover does not exceed INR 1.5 crore in the preceding financial year, provided he is not engaged in inter-State outward supplies of goods.

Therefore, in the given case, assuming that he is not engaged in making any inter-state outward supply of goods in FY 20YY-ZZ, Mr. Zafar is eligible to opt for composition levy for FY 20YY-ZZ since his aggregate turnover does not exceed INR 1.5 crore in preceding FY 20XX-20YY.

Concept Problem 16 [RTP Nov 2020]

The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e., a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement.

Solution

The statement is not correct. Every registered person paying tax under section 10, i.e., a composition supplier, is required to file a return annually in Form GSTR-4. Form GSTR-4 for a financial year should be furnished by 30th April of the succeeding financial year.

However, a composition supplier is required to pay his tax on a quarterly basis. A quarterly statement for payment of self-assessed tax in GST CMP-08 is required to be furnished by 18th day of the month succeeding such quarter.

Therefore, while the return is to be furnished annually, payment of tax needs to be made on a quarterly basis, by a composition supplier.

Concept Problem 17 [RTP May 2021]

“Wedding Bells”, a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current FY. It has provided following details of turnover for various quarters till Dec, 20XX:

S. No.	Particulars	Amount (Lakhs)
1.	April 20XX - June 20XX	20
2.	July 20XX – September 20XX	30
3.	October 20XX – December 20XX	40

You may assume the applicable tax rate as 18%. Wedding bells wishes to pay tax at a lower rate and opts for the composition scheme. Advise whether it can do so and calculate the amount of tax payable for each quarter.

Solution

Section 10(2A) of the CGST Act, 2017 provides the turnover limit of 50 lakh in the preceding financial year for becoming eligible for composition levy for services, Wedding bells has started the supply of services in the current financial year (FY), thus it's aggregate turnover in the preceding F.Y. is Nil. Consequently, in the current F.Y. Wedding bells is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST +SGST/UTGST) of the turnover of supplies of goods and services in the state.

Further, Wedding Bells becomes eligible for the registration when the aggregate turnover exceeds 20 lakh (the threshold limit of obtaining registration), While registering under GST, Wedding Bells can opt for composition scheme for services .

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of 50 lakh.

However, for the purpose of determining the tax payable under composition scheme, the expression “turnover in State” shall not include the value of supplies from the first day of April of a FY up to date when such person becomes liable for registration under this Act.

Thus, for determining the turnover of the state for payment of tax under composition scheme for services, turnover of April 20XX- June 20XX quarter [20 lakh] shall be excluded. On next 30 lakh [Turnover of July 20XX – September, 20XX quarter], it shall pay tax @6% [3% CGST and 3% SGST]

For the purpose of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes value of supplies from the 1st April of a FY upto date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Wedding Bells' s eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year upto date when it becomes liable for registration under this Act, (i.e., turnover of April, 20XX – June 20XX quarter), are included.

By the end of July 20XX - September, 20XX quarter, the aggregate turnover reaches 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by end of July, 20XX - September, 20XX quarter and thereafter, it is required to pay tax at the normal rate of 18% .

Considering the above provisions, the tax payable for each quarter is as under-

S No	Quarter	GST Rate [CGST + SGST]	Turnover (In lakh)	GST Payable (in lakh)
1.	April, 20XX – June 20XX	-	20	-
2.	July, 20XX – September 20XX	6%	30	1.8
3.	October 20XX – December , 20XX	18%	40	7.2

Concept Problem 18 [ICAI May 2021]

P Ltd, a registered person provided following information for the month of October, 20XX:

Particulars	Amount
Intra - State supply outward supply	8,00,000
Inter - State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	20,00,000
Payment of IGST	1,20,000
Payment of CGST and SGST	45,000 each
Payment of custom duty on export	40,000
Payment made for availing GTA services	3,00,000

GST is a payable on Reverse Charge for GTA services.

Explain the meaning of aggregate turnover u/s 2(6) of the CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 20XX. All amounts are exclusive of GST.

Solution

The term aggregate turnover means the aggregate value of-

- i) All taxable supplies
- ii) Exempt supplies
- iii) Exports of goods or services or both and
- iv) Inter - state supplies of persons having same Permanent Account Number, to be computed on all India basis but excluding
 - a. Central tax, State tax, Union territory tax, integrated tax and cess.
 - b. The value of inward supplies on which tax is payable by a person on reverse charge basis.

Computation of aggregate turnover of P Ltd. for the month of October, 20XX.

Particulars	Amount
In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:	

Particulars	Amount
Intra – State outward supply	8,00,000
Inter- State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	Nil
Payment of CGST and SGST	Nil
Payment of customs duty on export	40,000
Payment made under reverse charge for availing GTA services	Nil
Aggregate Turnover	32,40,000

Concept Problem 19 [ICAI Nov 2020]

In the following independent cases, decide, who is liable to pay GST, if any. You may assume that recipient is located in the taxable territory. Ignore the aggregate turnover and exemption available.

- a) 'Veer Transport', a registered GTA paying IGST @ 12%, transported goods by road of Dilip & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law.

Solution

- a) In case of a GTA service, where GST is payable @ 5% and recipient is one of the specified recipients, tax is payable by the recipient of service under reverse charge.

However, where GST is payable @ 12%, tax is payable under forward charge by the supplier of service. Therefore, in the given case, tax is payable under forward charge by "Veer Transport", a registered GTA.

Note In the given case, since the recipient of service is other than specified recipient, i.e., unregistered sole proprietorship firm, GTA service is exempt from GST. However, in the above answer, the said exemption has been ignored since the question specifically requires the students to ignore the exemptions, if any, available.

Concept Problem 20 [RTP May 2021]

Mr. Priyam, director of Sun Moon Company Private limited, provided services to the company for remuneration of 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If Yes, who is liable to pay GST?

- a) Mr. Priyam is an independent director of Sun Moon Company Pvt. Ltd. and not an employee of the company.
- b) Mr. Priyam is an executive director, i.e., an employee of Sun Moon Company Private limited. Out of total remuneration amounting to INR 1,25,000, INR 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, INR 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

Solution

- a) As per Para I of schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e., they are neither supply of goods nor supply of services.

Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis.

Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST

- b) The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income – tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of schedule III.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fee for professional or technical services are treated as consideration for providing services which are outside the scope of schedule III and is therefore, taxable. The recipient of the said services i.e., the company, is liable to discharge the applicable GST on it on reverse charge basis.

Accordingly, INR 60,000 declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS u/s 192 of the Income tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.

Further, 65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS u/s 194J of the IT Act as professional services is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.