

NEW SCHEME ADDITIONAL CHAPTERS

For CA INTER



For May 24 and Onwards Exams

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AUTHOR

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Number of lecture - **25**
Batch start date - **5th Jan 2024**

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CA RAJKUMAR

Applicable for may 24 & nov 24

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About CA RAJ KUMAR

CA Raj Kumar is a dynamic & qualified Chartered Accountant. As a brilliant student and a position holder at Graduation & Post Graduation level, during his **16 years of glorious teaching experience** in the field of Indirect Taxation he has taught **over 1,70,000 students**.

He is a favorite amongst CA Students for the astute & insightful academic inputs provided by him and for his pleasing & endearing personality and **lucid art of teaching**.

He firmly believes in **blending studies with fun** and this is quite evident in his classes wherein he goes beyond theoretical reading of the subject, makes students **solve practical problems**, gives them practical **real life examples** and pushes them to achieve their goals with full precision.

In the subject Indirect Tax Laws, his students have continued to score 10 times AIR #1 and All India Highest Marks for 11 times till now. He has also been entrusted by Government agencies to **show the ropes to IRS Officers** in training, which is a **testament to his caliber** as a subject matter expert.

He is famous for **concepts linkage** from the very beginning till the end which helps in understanding the topic, acing the exams and in post CA life as well. **His unique use of GST portal during the class** to link theory with Practical makes him stand apart from the crowd. His **classes are practical, conceptual and concise**. He is also the author of bestselling titles 'GST Compact Book'.

CHAPTER AT A GLANCE

NATURE OF SUPPLY: INTRA OR INTER

ORIGIN OF SUPPLY

As per section : 2 of CGST Act
 1 Head Office
 2 Branch Office
 3 Head Office / Branch Office
 (which is more connected)
 4 Residence

DESTINATION OF SUPPLY
Consumption place of Supply

OF GOODS

Section : 10
 Section : 11

OF SERVICE

Section : 12
 Section : 13

In 2 Different

- State
- UT'S
- State & UT
- Countries ie Boarder of State/UT/
Country/State & UT : Exist

- Then the supply will be Inter-state
Supply [Section : 7]
- Otherwise : it will be intra state supply
[Section : 8]

SPECIAL: where UNIT/Developer of SEZ involved in a transaction then the transaction will always be Inter- state supply
SPECIAL: If goods sold to a tourist – who will claim refund at Indian airport shall be treated as Inter State Supply

→ TWI'S Origin/Destination shall be Interpreted as per
 Nearest Coastal State /UT [Section : 9]

NATURE OF SUPPLY : Whether INTER or INTRA**Section 7 of IGST Act, 2017: Inter-State supply****General Provision for Goods**

- (1) Supply of goods, where the **location of the supplier** and the **place of supply** are in—
- (a) two different States;
 - (b) two different Union territories; or
 - (c) a State and a Union territory,
- shall be treated as a supply of goods in the course of inter-State trade or commerce.

Import of Goods	(2) Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.
General Provision for Services	(3) Supply of services, where the location of the supplier and the place of supply are in— (a) two different States; (b) two different Union territories; or (c) a State and a Union territory, shall be treated as a supply of services in the course of inter-State trade or commerce.
Import of Services	(4) Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.
Export of goods/ services	(5) Supply of goods or services or both,— (a) when the supplier is located in India and the place of supply is outside India; (b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce

Section 8 of IGST Act, 2017: Intra-State supply

General Provision for Goods	(1) Supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply: However following supply of goods shall not be treated as intra-State supply, namely:— (i) Supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit; (ii) Goods imported into the territory of India till they cross the customs frontiers of India; or (iii) Supplies made to a tourist
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General Provision for Services

(2) Supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:

Section 9 of IGST Act, 2017: Supplies in territorial waters.

- (a) Where the location of the supplier is in the territorial waters, **the location of such supplier**; or
 (b) Where the place of supply is in the territorial waters, **the place of supply**,
 shall, for the purposes of this Act, **be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.**

PLACE OF SUPPLY**Section 10 of IGST Act, 2017: Place of supply of goods other than supply of goods imported into, or exported from India**

- (1) The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under,—

SECTION: 10(1): DOMESTIC TRANSACTION	
(a) Where Movement of Goods Involved :	Destination will be consumption place/ Delivery Place.
(b) Bill to Ship to Model :	Destination will be the Location of buyer/ the person who place order.
(c) Where No Movement of Goods Involved:	Destination will be location of goods.
(d) In Case of Assembly/Installation:	Destination of goods will be the Assembly or Installation place.
(e) On Board supply of Goods :	Destination will be the place where goods are taken on board.

- (2) Where the place of supply of goods cannot be determined, the place of supply shall be determined in such manner as may be prescribed

Analysis

Section: 10(1)(a)- Movement of goods involved



Case: -1

Supplier (Registered)
Blue Star Showroom
(Delhi)



Stock Transfer of AC (B2B)



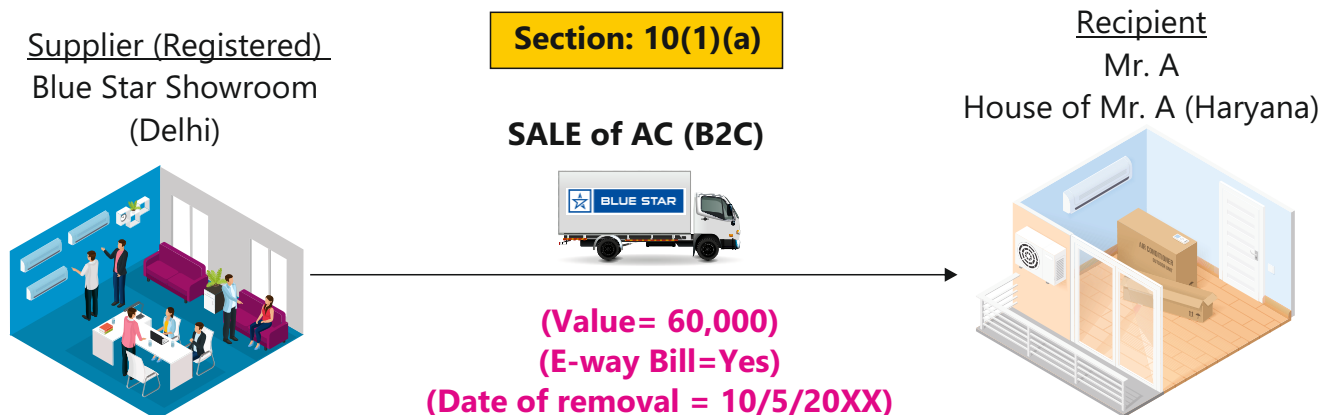
OMV = 40,000
(E-way Bill= No)

Mr. X (Registered)
Blue Star Showroom
(Haryana)



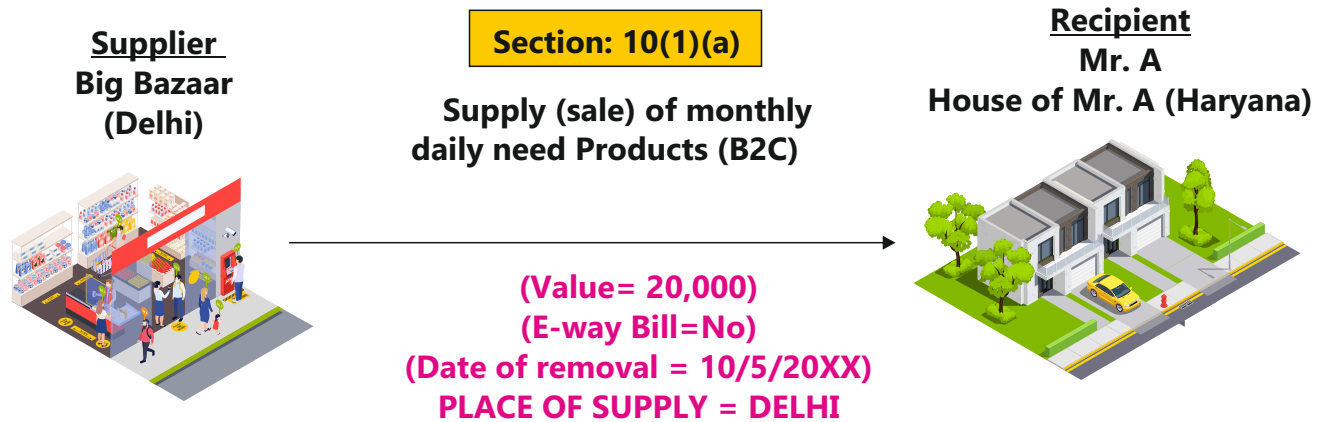
Particulars	Stock Transfer of AC
Supplier?	Supplier [Blue Star Showroom (Delhi)]
Recipient?	Mr. X [Blue Star Showroom (Haryana)]
Goods or Service?	Goods
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	As per sec 10(1)(a)-If Movement involves, POS= Location of goods, where movement terminates for delivery to recipient i.e. Haryana
Inter State or Intra State?	Inter State Supply
Taxable Person?	Supplier (Delhi)
Exemption?	No
Status Of GST	YES
Valuation?	Value as per Rule 28 AV = Open Market Value (or) Declared Value = ₹40,000 (or) say ₹1,000
Computation of GST?	AV * Rate of GST = (40,000 * 18%)= 7,200 (or) = (1,000*18%)= 1,800
Status of ITC?	Rs. 1,800 (In hands of Mr. X – Haryana)

Case: -2



Particulars	Supply of AC
Supplier?	Blue Star Showroom (Delhi)
Recipient?	Mr. A (Haryana)
Goods or Service?	Goods
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	As per sec 10(1)(a)-If Movement involves, POS= Location of goods, where movement terminates for delivery to recipient i.e. Haryana
Inter State or Intra State?	Inter State Supply
Taxable Person?	Blue Star Showroom (Delhi)
Exemption?	No
Status Of GST	YES
RCM / NCM?	NCM
Time of Supply?	Invoice Date (10/05/20XX)
Valuation?	AV = Transaction Value = 60,000
Computation of GST?	AV * Rate of GST = (60,000 * 18%)= 9,000 [100% amount to CG, from where 50% will be allocated to CG and 50% will be allocated to Haryana Govt.)
Due Date of Payment?	20th June 20XX
Status of ITC?	No ITC to Recipient

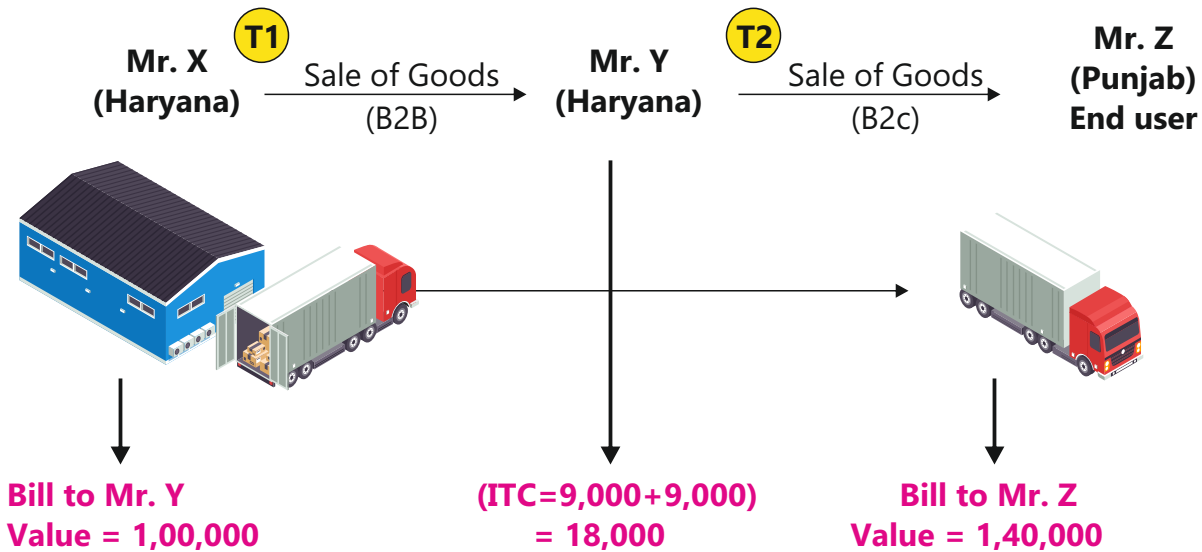
Case: -3



Particulars	Supply of AC
Supplier?	Big Bazar (Delhi)
Recipient?	Mr. A (Haryana)
Goods or Service?	Goods
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	As per sec 10(1)(a)-If Movement involves, POS= Location of goods, when movement terminates for delivery to recipient i.e. Haryana, But in the given case, we are unable to trace termination place, so take location of supplier i.e., Delhi.
Inter State or Intra State?	Intra State Supply
Taxable Person?	Blue Star Showroom (Delhi)
Exemption?	No
Status Of GST	YES
RCM / NCM?	NCM
Valuation?	AV = Transaction Value = 10,000
Computation of GST?	AV * Rate of GST CGST= (10,000 * 9%)= 900 SGST= (10,000 * 9%)= 900

Section: 10(1)(b)- Bill to Ship to Model

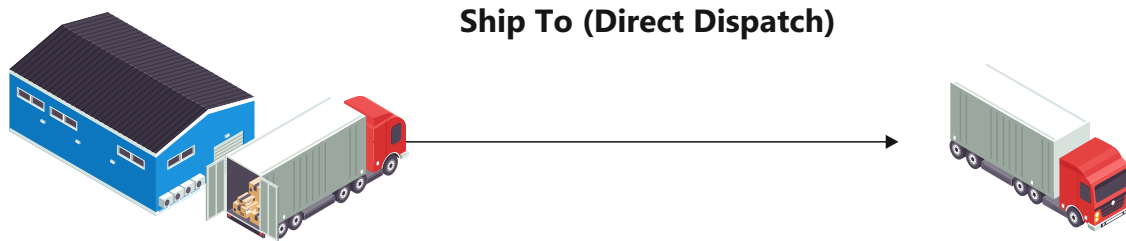
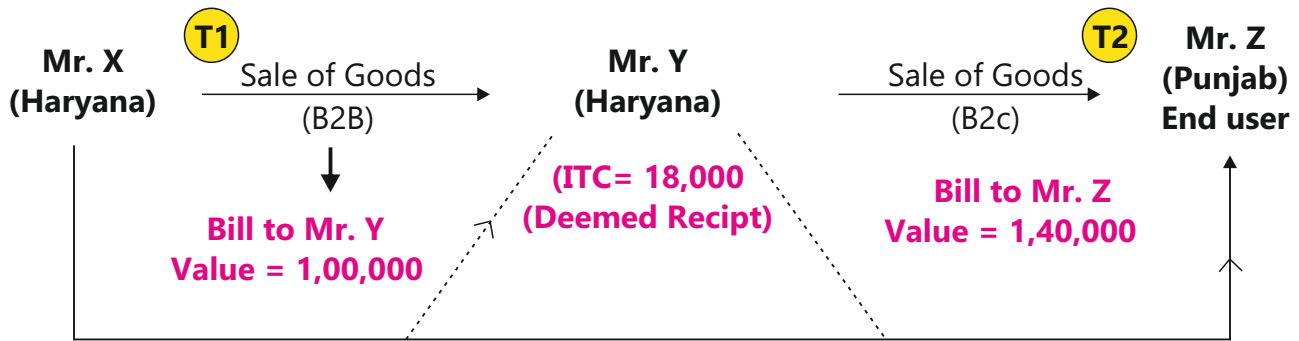
Case 1: - (Background case)



Particulars	T1	T2
Supplier?	Mr. X	Mr. Y
Recipient?	Mr. Y	Mr. Z
Goods or Service?	Goods	Goods
Supply?	Yes	Yes
Origin?	Location of Supplier: Haryana	Location of Supplier: Haryana
Destination?	POS = As per sec 10(1)(a), =Delivery place = Haryana	POS = As per sec 10(1)(a), =Delivery place = Punjab
Inter State or Intra State?	Intra State Supply	Inter State Supply
Taxable Person?	Mr. X	Mr. Y
Exemption?	No	No
Status Of GST	YES	YES
Valuation?	AV= Transaction Value=1,00,000	AV=Transaction Value= 1,40,000
Computation of GST?	AV * Rate of GST CGST= 1,00,000 * 9% = 9,000 SGST=1,00,000 * 9% = 9,000	AV * Rate of GST IGST= 1,40,000 * 18% = 25,200 (Allocation => CG=12,600, Punjab Govt.= 12,600)
Status of ITC?	ITC = 9,000+9,000 = 18,000 (Available to Mr. Y)	No ITC (as Mr.Z is End user)

Case: -2

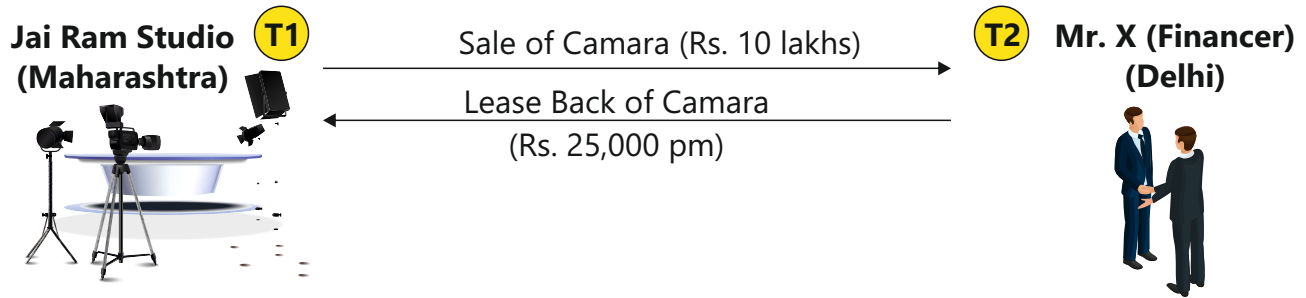
Section: 10(1)(b)



Particulars	T1	T2
Supplier?	Mr. X	Mr. Y
Recipient?	Mr. Y	Mr. Z
Goods or Service?	Goods	Goods
Supply?	Yes	Yes
Origin?	Location of Supplier: Haryana	Location of Supplier: Haryana
Destination?	POS = As per sec 10(1)(b), = Location of intermediary = Haryana	POS = As per sec 10(1)(a), = Delivery place = Punjab
Inter State or Intra State?	Intra State Supply	Inter State Supply
Taxable Person?	Mr. X	Mr. Y
Exemption?	No	No
Status Of GST	YES	YES
Valuation?	AV= Transaction Value=1,00,000	AV=Transaction Value= 1,40,000
Computation of GST?	AV * Rate of GST CGST= 1,00,000 * 9% = 9,000 SGST=1,00,000 * 9% = 9,000	AV * Rate of GST IGST= 1,40,000 * 18% = 25,200

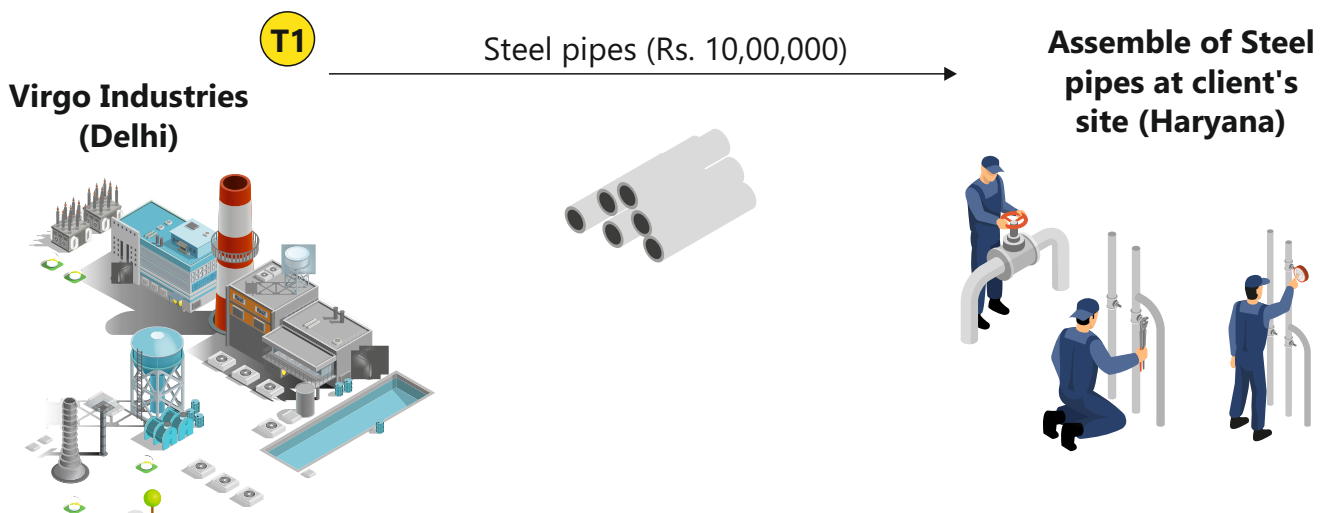
CRUX :-
 Bill to Ship to Model =
 Place of Supply = Location of buyer / person who place the order (Mr.Y)

Section: 10(1)(c) - No movement of goods



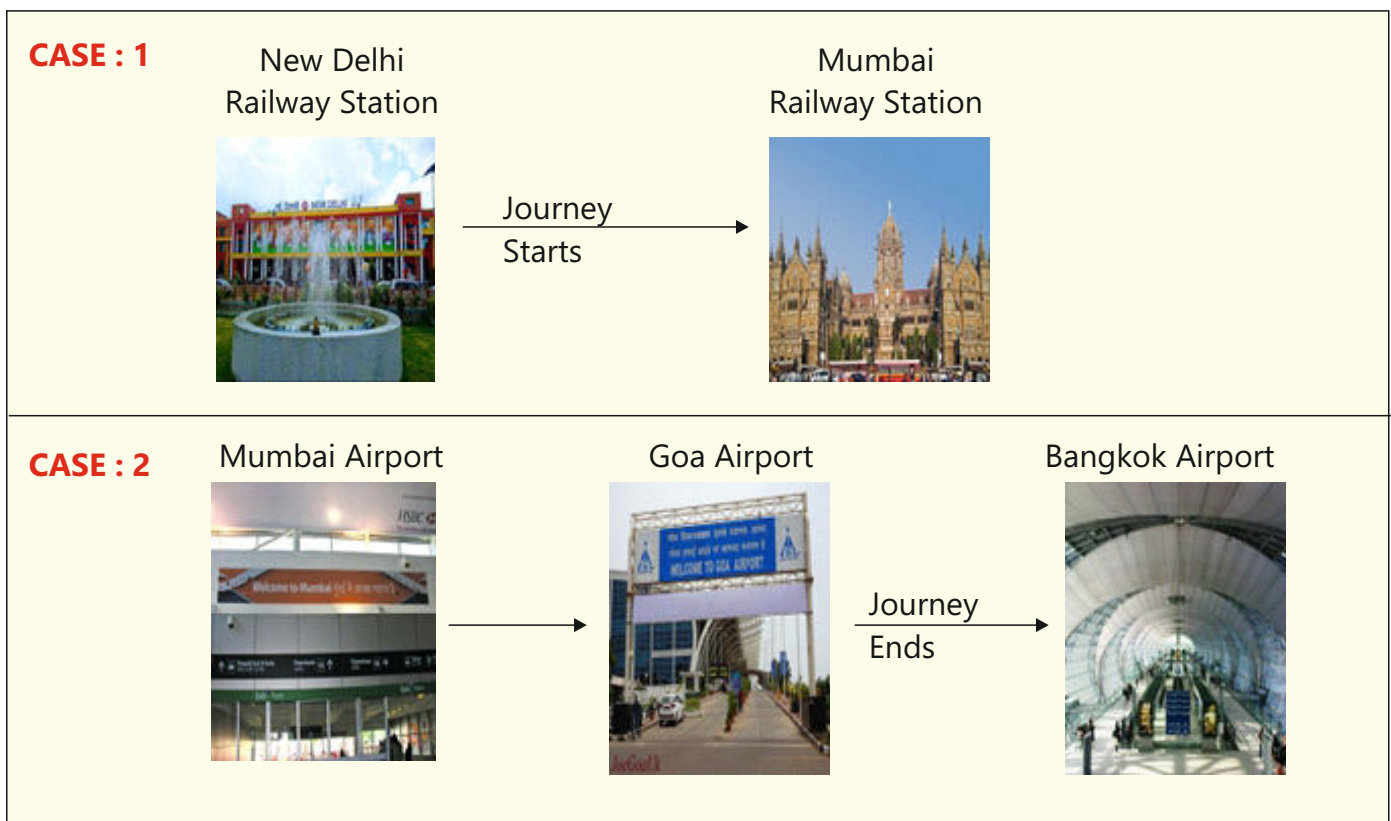
Particulars	T1	T2
Supplier?	Jai Ram Studio	Mr. X
recipient?	Mr. X	Jai Ram Studio
Goods or Service?	Goods	Service (Camara on lease)
Supply?	Yes	Yes
Origin?	Location of Supplier: Maharashtra	Location of Supplier: Delhi
Destination?	POS = As per sec 10(1)(c) = Location of Goods	POS = As per sec 12 = Maharashtra
Inter State or Intra State?	Intra State Supply	Inter State Supply
Taxable Person?	Jai Ram Studio	Mr. X
exemption?	No	No
Status Of GST	YES	YES
Valuation?	AV= Transaction Value=10,00,000	AV=Transaction Value= 25,000
Computation of GST?	AV * Rate of GST CGST= 1,00,000 * 9% = 90,000 SGST=1,00,000 * 9% = 90,000	AV * Rate of GST IGST= 25,000 * 18% = 4,500

Section: 10(1)(d) - Goods assembled / installed at site



Particulars	Steel Pipes
Supplier?	Virgo Industries
Recipient?	Client
Goods or Service?	Goods
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	POS = As per sec 10(1)(d), = place of installation / assembly = Haryana
Inter State or Intra State?	Inter State Supply
Taxable Person?	Virgo Industries
Exemption?	No
Status Of GST	YES
Valuation?	AV= Transaction Value=10,00,000
Computation of GST?	AV * Rate of GST IGST= 10,00,000 * 18% = 1,80,000

Section: 10(1)(e) - Goods Supplied on Board



Shopping during the journey - (Ex-Masks / Sanitizer / Oxygen Cylinder / etc.)

Origin = Location of Supplier

Destination = Location at which such goods are taken on board

SECTION : 12

Services	Section 12
Applicability	(1) When both the parties located in India (State to State ie Tax to UP or HR) (here need to decide in between states)
Residuary provision Eg PCA	(2) POS = Location of Recipient (if known ie either registered person or address on record exist) Otherwise it will be location of supplier.
Immovable property linked services	(3) POS = where immovable property (boat/ vessel) located or intended to be located. If it is outside India then POS will be at recipient's Location. Note: If immovable property is more than one state the POS proportionately.
Performance based service	(4) Individual Related services Restaurant and catering Personal Grooming, beauty treatment, Cosmetic and plastic surgery Fitness, health care POS= Actual place of performance (5) Services IRT Training and Performance appraisal: (eg GST Training Classes) B to B = Location of Recipient. B to C = Actual place of performance
Event linked services	(6) Event admission services: POS = location of Event (7) Event Linked Services: POS B to B = Location of Recipient. B to C = Location of event (but if event is located outside India then POS will be location of Recipient) Note: If it is held in more than one state the POS proportionately.
Multiple Location domestically	If service is held in more than one state/UT the POS proportionately.

SS	Section 12
Transportation of Goods	(8) B to B = Location of Recipient. B to C = Loading Place Note: Where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.
Transportation of Passenger	(9) B to B = Location of Recipient. B to C = Boarding Place (if not identified because of journey art future date then Residuary provision shall apply)
On- Board Services	(10) POS = First Departure point of conveyance
Tele-communication Services	(11) POS: Location of Fixed device, Billing address, address of selling agent / Recharge Place, in case of online recharge location of Recipient.
Specified Services	(12) Banking company etc. -- --- POS: Location of recipient (if known) Otherwise Location of supplier.
Insurance service	(13) B to B = Location of Recipient. B to C = location of recipient
Advertisement service to Govt.	(14) POS: Proportionate in respective state and UT



Background of Section 12

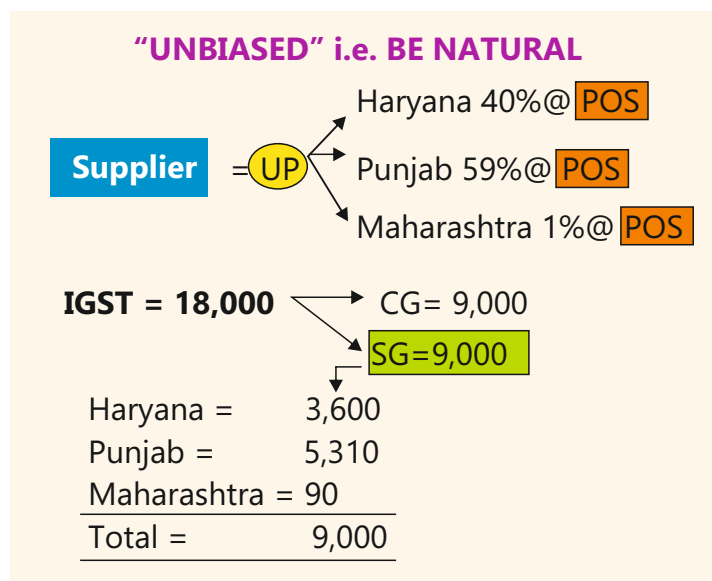
Section : 12 Domestic Supply

1) Section 12 is applicable, when both the parties Supplier and Recipient are located in India

INDIA

Supplier = UP

Recipient = Haryana



1) How to determine POS :

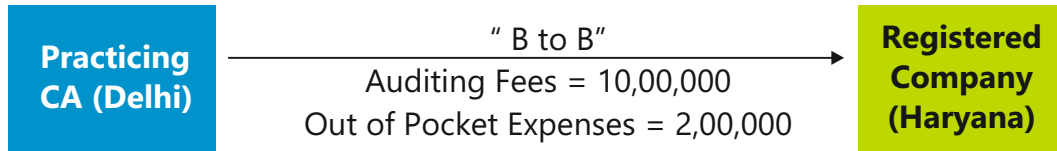
Rule:1 If any **“CLUE”** of consumption place of Service : then that place = POS
eg. **Construction service / Event / Gym / Restaurant Services, etc.**

Rule:2 Transaction: (B to B),
POS = Location of Recipient (Always)
i.e. where recipient is registered
i.e. ITC available to Recipient
Practically no revenue to Govt.
[Sec 17(5) – ITC Blocked]

Rule:3 Transaction: Residuary (B 2 C) = POS =
*Location of Recipient (If known)
*Location of Supplier (Other cases)

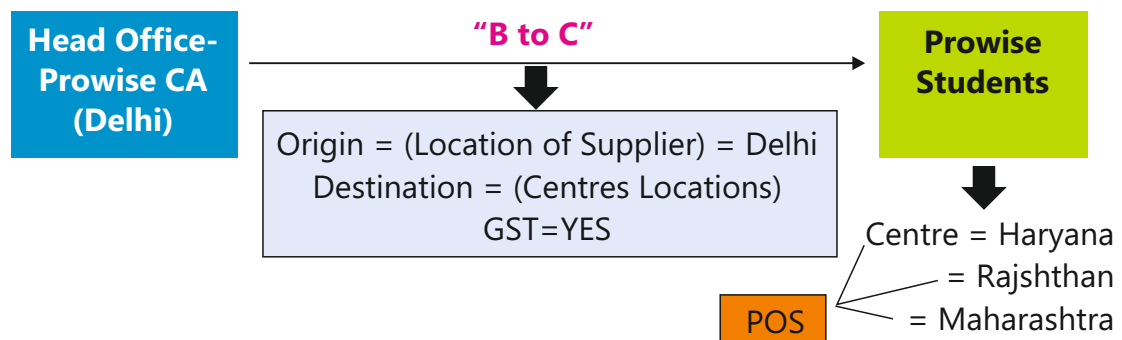
Analysis of Section 12 (2)

Case:1

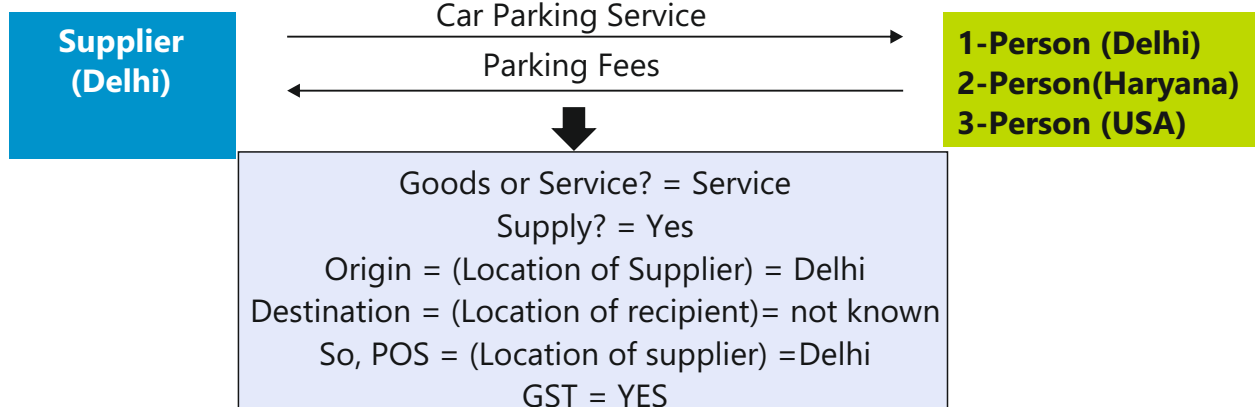


Particulars	Audit Service
Supplier?	Practicing CA
Recipient?	Company (Registered)
Goods or Service?	Service
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	POS= As per sec 12(2), Location of Recipient = Haryana
Inter State or Intra State?	Inter State Supply
Taxable Person?	Practicing CA
Exemption?	No
Status Of GST	YES
Amount of GST	$(12,00,000 * 18\%) = 2,16,000$

Case:2



Case:3

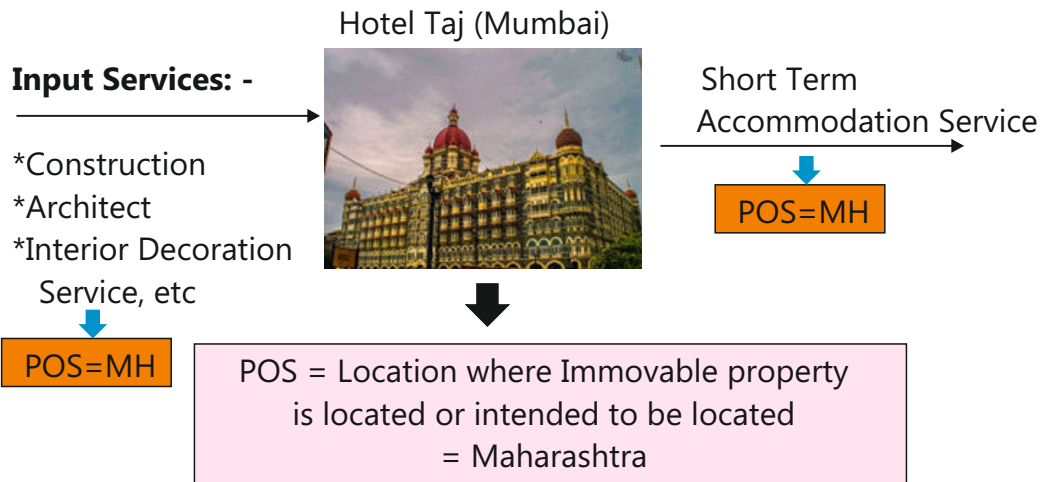


Section 12(3)- Immovable Property Linked Services

↓
CRUX: -
 Service Directly linked with Immovable Property
 &
 Immovable Property is Identifiable

Case:1

Builder= West Bangal
 Recipient= Delhi



Case:2

House Boat (Srinagar)



Service of House-Boat / Vessel
 [Nature of service: - Stay / Accommodation
 Not Transportation]

↓

POS = Where vessel / house boat is located @ J/K

Case:3



Particulars	Normal Situation
Goods or Service?	Service (Construction)
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	POS= As per sec 12(3), Location where immovable property is situated = Dubai, but if it is located outside India, POS= Location of Recipient = Haryana
Status Of GST	YES



What if, situation is opposite ?



Particulars	Opposite Situation
Goods or Service?	Service (Construction)
Supply?	Yes
Origin?	Location of Supplier: Dubai
Destination?	POS= As per sec 13, Location where immovable property is situated = India
Inter-state or Intra-State?	Inter State Supply
Exemption?	Exempted
Status Of GST	NO

Case:4 - (Multiple Location)



**Road Construction = Service
(Which involves multiple States)**

Note: -

Supplier	—	150km	POS= Haryana	[Ratio = 3:4:1]
		200km	POS= UP	
		50km	POS= Delhi	
		<u>400 km</u>		

Value = 100Cr

 GST = $\frac{18\text{Cr}}{118\text{Cr}}$

CG = 9 Cr

SG = 9 Cr
(3:4:1)

*Haryana = 3.375Cr

*UP = 4.5 Cr

*Delhi = 1.125 Cr

Case:5 -

Mr. X (Delhi) has commercial property in Haryana



Annual Rental = 25Lakhs [POS = 12(3)]

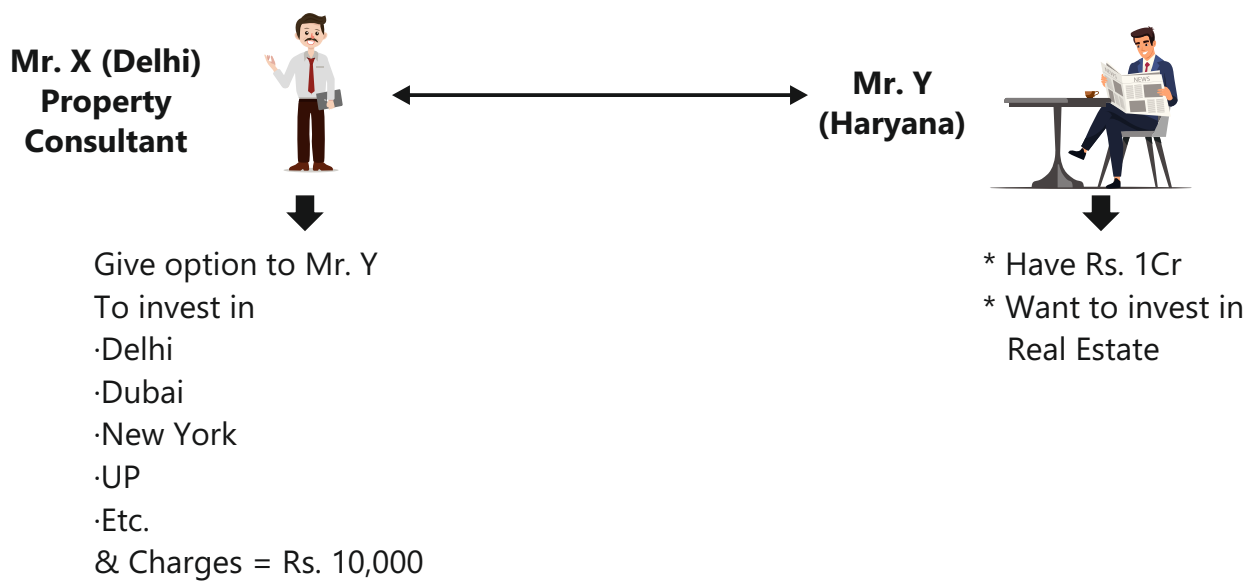


Need to file Income Tax Return

CA (Delhi) Fees for filing return: **Rs. 5,000**

Is it Immovable Property Link Service? = No
So, Sec 12(3): Not Applicable
Go for Residuary provision: As per Sec 12(2)

Case:6



POS = Section 12(3) shall not be applicable.
Section 12(2) shall be applicable = Location of Supplier

Next Step : Mr. Y likes property in Delhi
Mr. X dealer: Delhi
Property Commission: Rs. 1,00,000

POS = As per Section 12(3)
= Location of Immovable property
= Delhi

Section 12(4)

Delhi

Restaurant	} → Haryana → Delhi → Uttar Pradesh → USA
Personal Grooming	
Beauty Parlour	
Fitness	

Note: - No credit to recipient of these services u/s 17(5)

POS = As per Section 12(4),
Actual Performance Place = Delhi

Section 12(5)

Case : 1

Mr. Raj
(Delhi)
Supplier

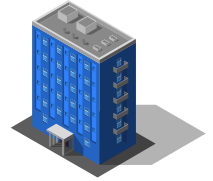


GST Training Service (B to C)



Origin = Delhi
Destination = Actual Performance
Place (POS)

Face to Face
Classes
(Delhi)



[Actual Recipient]

(Unregistered)
Students Coming from
Delhi/Punjab/Haryana Etc.

Case : 2

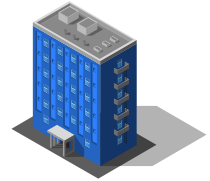
Mr. Raj
(Delhi)
Supplier



GST Training Service (B to C)



Face to Face
Classes
(Delhi)

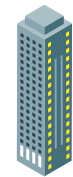


[Actual Recipient]

(Unregistered)
Students Coming from
Delhi/Punjab/Haryana Etc.

Payment made
by Company
(B to B)

HCL
(Haryana)



(Registered)

[Recipient]

Particulars	GST Training Service
Supplier?	Mr. Raj
Recipient?	HCL
Goods or Service?	Service
Supply?	Yes
Origin?	Location of Supplier: Delhi
Destination?	POS= As per sec 12(5), Location of recipient= Haryana
Inter State or Intra State?	Inter State Supply
Status Of GST	YES

Section 12(6)

ABC Pvt. Ltd. (J & K)



(B 2 C)

@ Admission Service
@ Ticket of Rs. 2,000

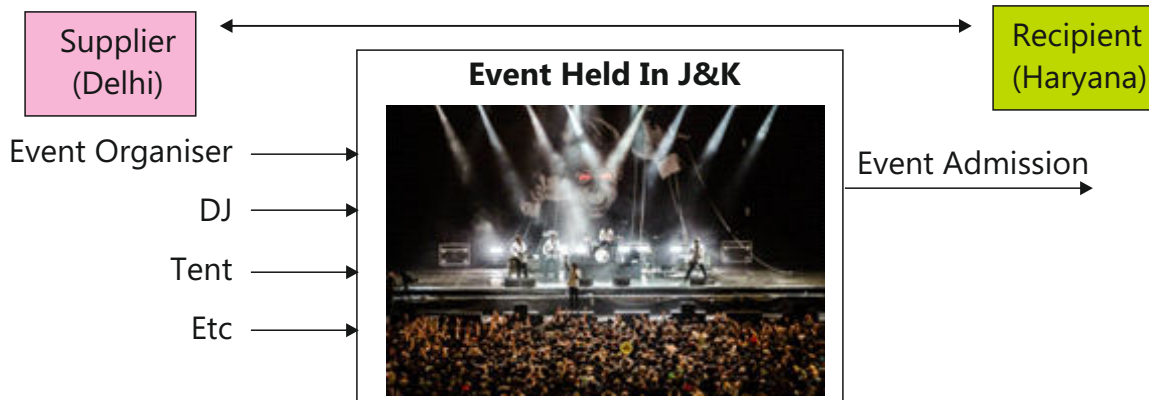
- Individuals
- From Haryana
 - From Punjab
 - From Rajasthan

Events like: - •Exhibition •Event •Trade Fare •Concert •Pagent •Etc.

Particulars	Admission to an event
Goods or Service?	Service
Supply?	Yes
Origin?	Location of Supplier: J&K
Destination?	POS= As per sec 12(6), Location where Event is held = J&K
Inter-state or Intra-State?	Intra State Supply
Exemption?	No
Status Of GST	YES

Note: B2B = POS = Same as in B2C

Section 12(7)



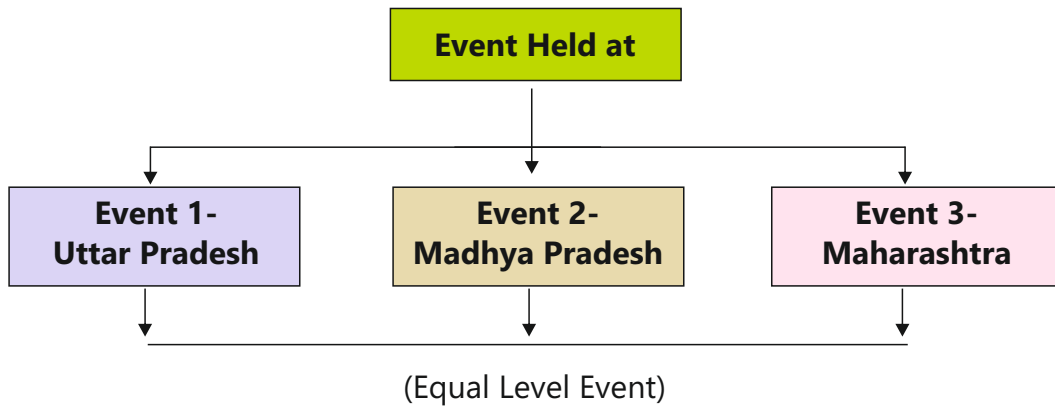
Question: -

Event Organizer (Haryana)



Value = 10,00,000
GST = 1,80,000

**ABC Ltd.
(Delhi)**



**@ B2C : Origin = Haryana
Destination = Where event is actually held (Proportionately)**
**@ B2B : Origin = Haryana
Destination = Location of Recipient = Delhi**

Question: -

Event Organizer (Haryana)
Supplier



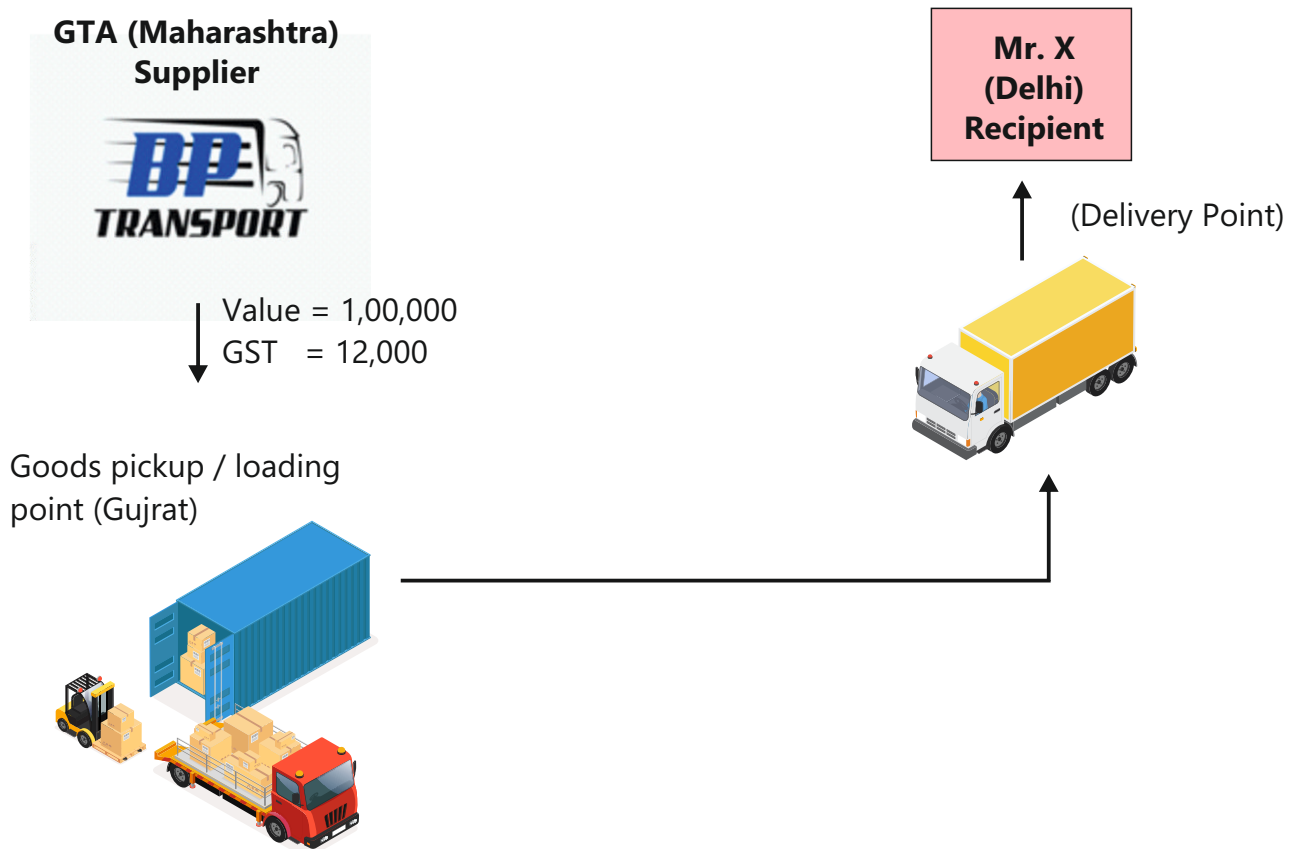
Event in Canada



↑↓
ABC Ltd.(Delhi)
Recipient

**@ B2C : Origin = Haryana
Destination = Where event is actually held (but if event is outside India, Then location of recipient) = Delhi**
**@ B2B : Origin = Haryana
Destination = Location of Recipient = Delhi**

Section 12(8)- Goods Transport Service



Particulars	GTA Service
Supplier?	BP Transport Company
Recipient?	Mr. X
Goods or Service?	Service
Supply?	Yes
Origin?	Location of Supplier: Maharashtra
Destination?	As per sec 12(8)-Pick up point / loading point i.e. Gujrat
Inter State or Intra State?	Inter State Supply
Status Of GST	YES
Valuation?	AV = Value of Service = 1,00,000
Computation of GST?	AV * Rate of GST IGST= (1,00,000 * 12%)= 12,000

What if Transaction is B2B?-

Origin = Location of Supplier= Maharashtra

Destination= Delivery point = Delhi

(Recipient will be eligible for ITC)

Service of Transportation of Goods

Question

**Air India (Delhi)
Supplier**



Mr. X (Haryana)
Recipient

Movement
Of Goods



Value = 1,00,000
GST= 12,000

Canada



@ B2B : Origin = Delhi
Destination = Canada
(ITC=allowed to recipient)
@ B2C : Origin = Delhi
Destination = Canada

Section 12(9)- Passenger Transport Service

Jai Balaji Travels Supplier



If it is B 2 B Transaction

POS = Location of Recipient

HCL



If it is B 2 C Transaction

POS = Boarding Point / Pickup Point

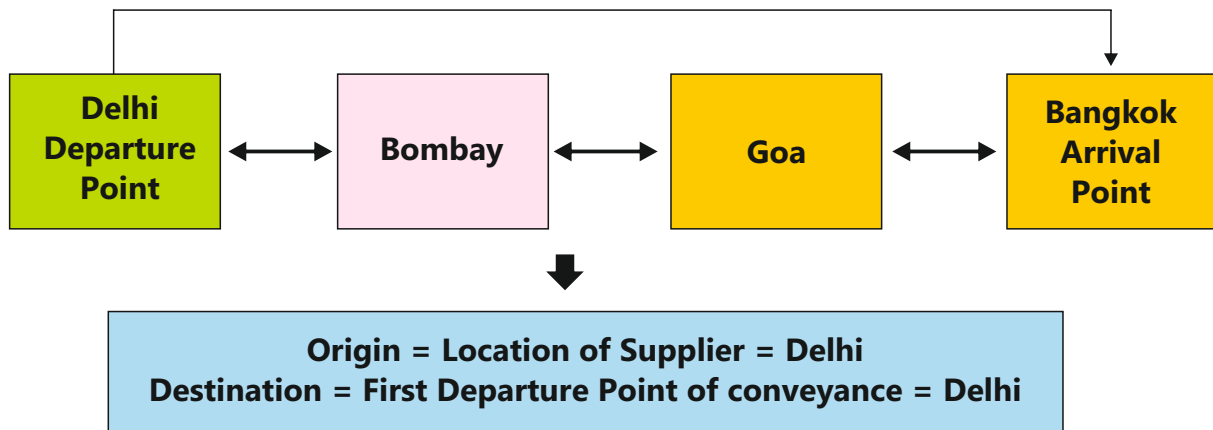
Individuals
(Unregistered)

Where Embarkation point not defined? (B2C)

- Mr. X win the Contest – Won a ticket to Swiss.
- Boarding place will be- POS u/s 12(9)
- But, boarding place not known as of now- Which may be: Delhi / Mumbai / Kolkata etc.
- So, POS can not be determined u/s 12(9)
- So, go for sec 12(2)-
i.e. POS = Location of Recipient (if known)
POS = Location of Supplier (Other cases)

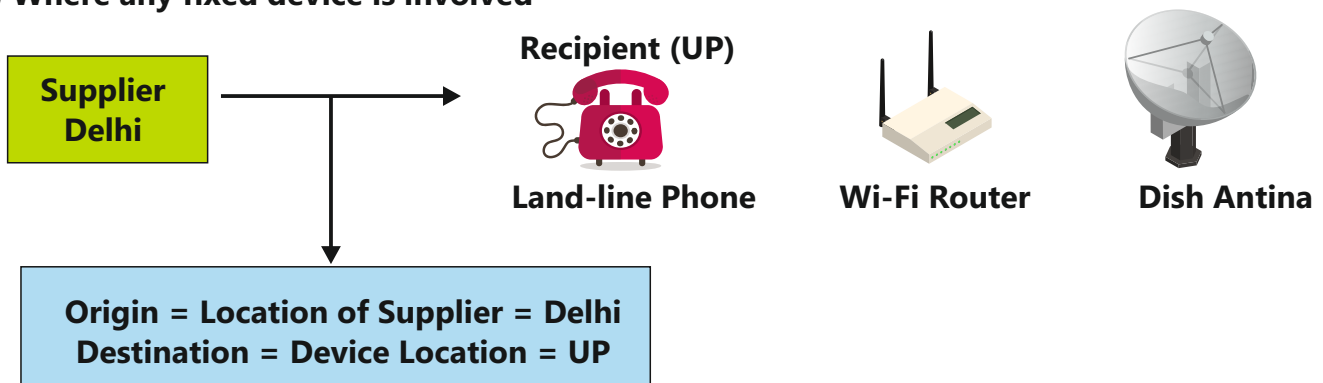
Section 12(10) : On Board Service

(Where available on separate charges)

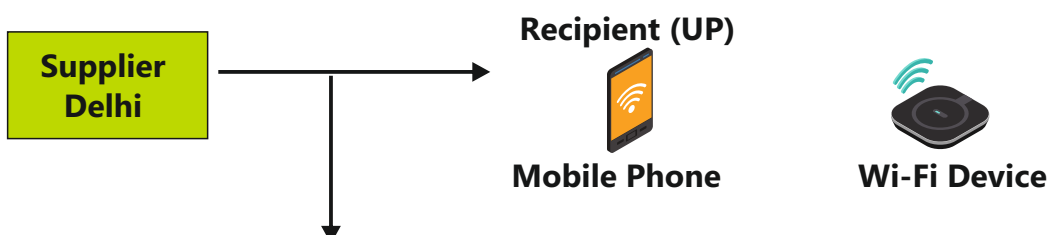


Section 12(11): Telecommunication Service

1) Where any fixed device is involved-



2) Where any portable device is involved-



a) Post Paid Connection

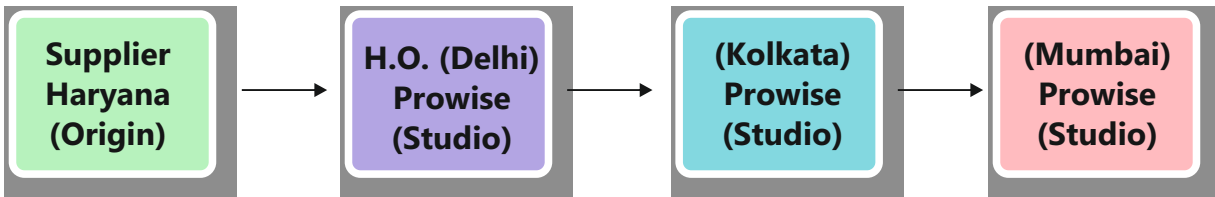
- Origin = Location of Supplier = Delhi
- Destination = Billing Address of Recipient

b) Pre- Paid Connection

- Origin: Location of Supplier = Delhi
- Destination =
Manual Recharge = Location of Recharge voucher seller
Online Recharge = Location of Recipient

Question: -

Lease line / Internet (Dedicated) : Rs. 30,000 PM (Multiple State)



Value = 30,000				
GST = 5,400	→	CG = 2,700	→	Delhi = 900
Total = 35,400	→	SG = 2,700	→	Kolkata = 900
			→	Maharashtra = 900
				[Ratio = 1:1:1]
				} Place of Supply

Section 12(12)

Banking Company (Supplier)
(For Banking service, including
Stock broker services)



- Demand drafts
- FOREX
- Etc.

Recipient
If location of recipient
is not known

POS = Location of
Supplier

Recipient
If location of recipient
is known

If B2B=> POS = Location of recipient
If B2C=> POS = Location of recipient

Section 12(13): Insurance Service

Life Insurance Corporation



Insurance Service

Mr. X
(Recipient)

If B2B=> POS = Location of recipient
If B2C=> POS = Location of recipient

IGST Rules, 2017

RULE : 1	IGST Rule, 2017 deemed to be effective 22/06/2017
RULE : 2	Applicable : with respect to Section : 12(14)
RULE : 3	For Section : 12(14) @ Proportion

Rule 3

Advertisement In....	Proportionate Ratio
News Paper	No. of Readers
Pamphlet etc.	No. of Pamphlet distributed
Hoardings	No. of Hoardings placed
Train	Track Length
Railway Ticket	No. of Railway Station
Gas Bill	No. of Consumers
Radio	No. of listeners
TV	No. of Viewers
Internet	No. of Subscribers [The service shall be deemed to have been provided @ all over India]
Cinema Hall	_____

Rules	Question	Answer
Rule 4 Immovable property Linked Services	A hotel chain X charges ₹ 30,000/- (Consolidated) for stay in its two establishments for- * Delhi= 2 Nights * Agra= 1 night.	POS=Both in Delhi and in UP(Agra), Provision of Service= Delhi & UP (ratio 2:1), Value of Service= Accordingly apportioned between the States/UTs.
	A piece of Land= Area 20,000 square feet, where- * In State S1= 12,000 square feet, & * In State S2= 8000 square feet. Ratio= (12:8) Site preparation work has been entrusted to T.	POS= Both in S1 and S2, Provision of Service= S1 & S2 (ratio of 12:8), Value of Service= Accordingly apportioned between the States/UTs.
	Accommodation Service in a houseboat (24 hrs) provided by C company. Houseboat is situated both in Kerala and Karnataka. * In Kerala- Most of the guests board & stay there for 22 hours, * In Karnataka- For 2 hours (declared by the service provider).	POS= Both in Kerala and Karnataka, Provision of Service= Kerala and Karnataka (ratio of 22:2), Value of Service= Accordingly apportioned between the States/UTs.
Rule 5 Event linked service	An event management company E charges ₹ 10,00,000 (Consolidated) for organising some promotional events in States S1 and S2 for a recipient R, where – * In S1= 3 Events, * In S2= 2 Events.	POS= Both the States S1 and S2, Provision of Service= S1 & S2 (ratio of 3:2 as per GAAPs), Value of Service= Accordingly apportioned between the States/UTs.
Rule 6 Telecommuni- cation service	A company T installs a leased circuit between the Delhi and Mumbai offices of a company C. * Starting point of the circuit= Delhi, * End point of the circuit= Mumbai (Maharashtra).	POS= Both in Delhi & Maharashtra, Provision of Service= Delhi & Maharashtra, (ratio of 1:1), Value of Service= Accordingly apportioned between the States/UTs.

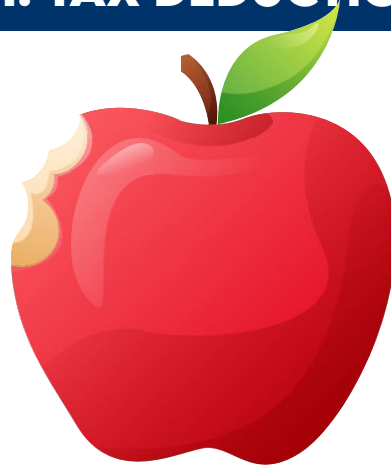
	<p>A company T installs a leased circuit between the Chennai, Bengaluru and Mysuru offices of a company C.</p> <p>* Starting point of this circuit= Chennai (Tamil Nadu),</p> <p>* End point of the circuit= Mysuru (Karnataka).</p> <p>* Circuit also connects Bengaluru.</p>	<p>POS= Both in Tamil Nadu and Karnataka,</p> <p>Provision of Service= Tamil Nadu and Karnataka (ratio of 1:2),</p> <p>Value of Service= Accordingly apportioned between the States/UTs.</p>
	<p>A company T installs a leased circuit between the Kolkata, Patna and Guwahati offices of a company C. There are 3 points in this circuit-</p> <p>* In Kolkata (West Bengal)</p> <p>* In Patna (Bihar)</p> <p>* In Guwahati (Assam).</p>	<p>POS= Both in West Bengal, Bihar and Assam,</p> <p>Provision of Service= West Bengal, Bihar and Assam, (ratio of 1:1:1),</p> <p>Value of Service= Accordingly apportioned between the States/UTs.</p>
<p>Rule 7 Related to Section 13(7)</p>	<p>A company C, located in Kolkata, is providing the services of testing of a dredging machine, carried out in Orissa and Andhra Pradesh.</p>	<p>POS= Both in Orissa & Andhra Pradesh,</p> <p>Provision of Service= Orissa and Andhra Pradesh, (ratio of 1:1),</p> <p>Value of Service= Accordingly apportioned between the States/UTs.</p>
	<p>A company C, located in Delhi is providing service of servicing of 2 cars belonging to Mr. X.</p> <p>Car 1= Manufacturer J / located in Delhi / serviced by its Delhi workshop.</p> <p>Car 2= Manufacturer A / located in Gurugram / serviced by its Gurugram workshop.</p>	<p>POS= Both in Delhi & Haryana,</p> <p>Provision of Service= Delhi & Haryana (In ratio of the invoice value of car 1 & car 2, to the total value of the service),</p> <p>Value of Service= Accordingly apportioned between the States/UTs.</p>
	<p>A makeup artist M has to provide make up services to an actor A.</p> <p>Some scenes in Mumbai and some scenes in Goa.</p>	<p>POS= Both in Maharashtra and Goa,</p> <p>Provision of Service= Maharashtra and Goa, (As per GAAPs),</p> <p>Value of Service= Ascertained by applying the GAAPs.</p>

<p>Rule: 8</p>	<p>The proportionate value, u/s 13(7), in case of services-</p> <ul style="list-style-type: none"> * directly in relation to an immovable property, * services supplied in this regard by experts and estate agents, * supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, * grant of rights to use immovable property, * services for carrying out / co-ordination of construction work, including that of architects or interior decorators, <p>where LOS or LOR = Outside India, & Such services are supplied in more than one State/UT.</p>	<p>POS= Location of Immovable property,</p> <p>Provision of Service= Multiple States, where the property situated.</p> <p>Value of Service= In the absence of any contract / agreement, shall be determined by applying the provisions of rule 4, mutatis mutandis.</p>
<p>Rule: 9</p>	<p>The proportionate value, u/s 13(7), in case of services by way of-</p> <ul style="list-style-type: none"> * admission to/ organisation of a cultural, artistic, sporting, etc., or similar events, & * services ancillary to such admission or organisation, <p>where LOS & LOR= Outside India, & such services are provided in more than one State/UT,</p>	<p>POS= Location of Immovable property,</p> <p>Provision of Service= Multiple States, where the property situated.</p> <p>Value of Service= In the absence of any contract / agreement, shall be determined by applying the provisions of rule 5, mutatis mutandis.</p>

Ch

14A TDS TCS

SECTION 51: TAX DEDUCTION AT SOURCE



Who when and how to deduct TDS and when TDS is not Required to be deducted

(1) **where total value of such supply, under a contract, exceeds ₹ 2,50,000 and Supplier is NON GOVERNMENT Recipient is Government ie fall under the following categories**

(a)	A department or establishment of the Central / State Government; or
(b)	Local authority ; or
(c)	Governmental agencies ; or
(d)	Notified Persons <ul style="list-style-type: none"> • An authority or a board or any other body with 50% or more participation • Society established by the Central/state /Local Government • Public sector undertakings.

Then TDS is required to be deducted

- @ 1%, [for CGST]
- **from the PAYMENT made or credited to the supplier**
- of taxable goods or services or both and
- it will be deducted on Assessable Value.

NOT TDS:

Where location of Recipient is Different from the Origin AND Destination of Supply then no TDS will be deducted.

Payment of TDS by 10th of Next month

Payment with in 10 days: (2) TDS amount shall be paid to the Government by the deductor **within 10 days in next month.**

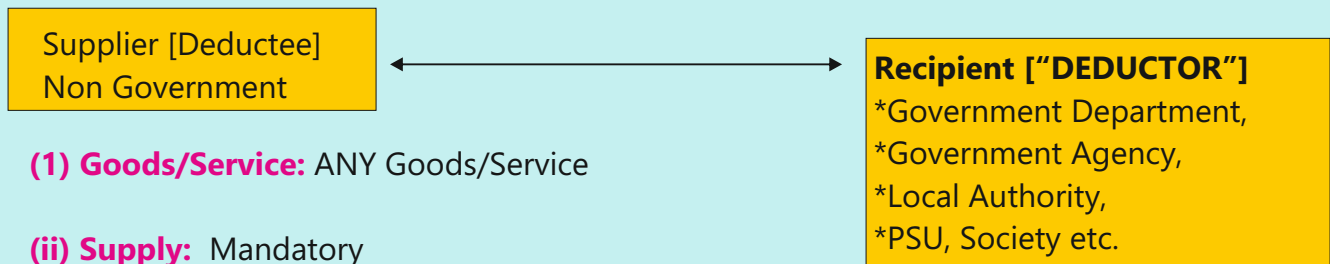
(6) If It is not paid on time then interest @ 18% PA under section 50(1) to be paid along with amount of TDS.

TDS Certificate to deductee and late fee	(3) A TDS certificate shall be issued in such form and in such manner as may be prescribed.
Deposit to deductee's E-Cash Ledger	The Amount of TDS shall be claimed in E cash Ledger by deductee.
Error / Omission	<p>(6) Where there is any Error / omission in TDS Statement filed by Deductor</p> <ul style="list-style-type: none"> • Then he shall rectify such omission /Error in upcoming month's statement along with interest if any and • Last date to rectification will be the 30th November of Next FY or the actual date of furnishing of the relevant annual statement, whichever is earlier.
Refund of Erroneous	(8) The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54. [Section 54 not in syllabus]

ANALYSIS: TDS UNDER GST Law (NOT Under Income TAX Act): Section 51

Objective of concept of TDS: Control, Control, Control " ie to CAPTURE A Transaction"

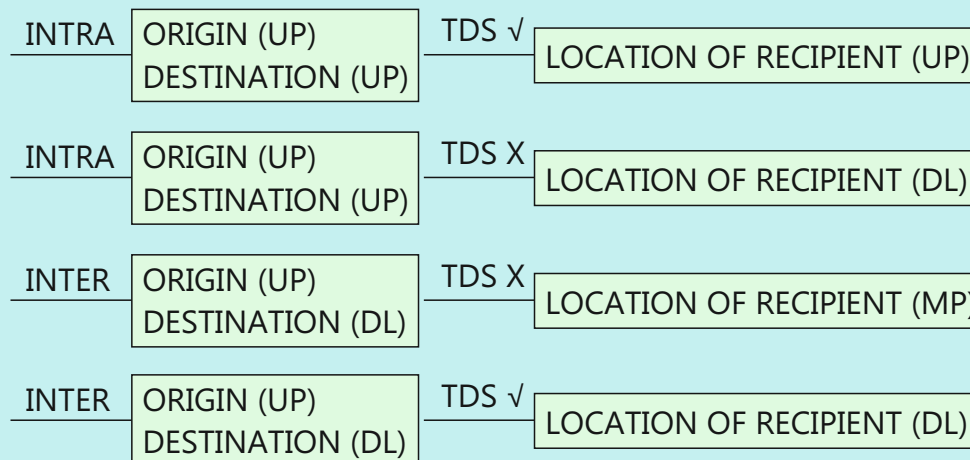
Supplier and Recipient:



(1) Goods/Service: ANY Goods/Service

(ii) Supply: Mandatory

(iii) NATURE: INTRA/INTER (Any)



CRUX:
Recipient's state should be matched with
- ORIGIN STATE OR
- DESTINATION STATE

Taxable Person: TDS is neither Output Tax nor Input Tax however is paid By Recipient to the Government.

Exempted Supply: TDS concepts launched to Check GST on the Transaction where no GST on the transaction then question of TDS. [Monkeys and Baboon] therefore TDS concept will be applicable on Taxable supplies.

COMPUTATION: Value will be Assessable value and Rate will be $1\% + 1\% = 2\%$ [moreover Assessable Value of Contract Should be more than 2,50,000]

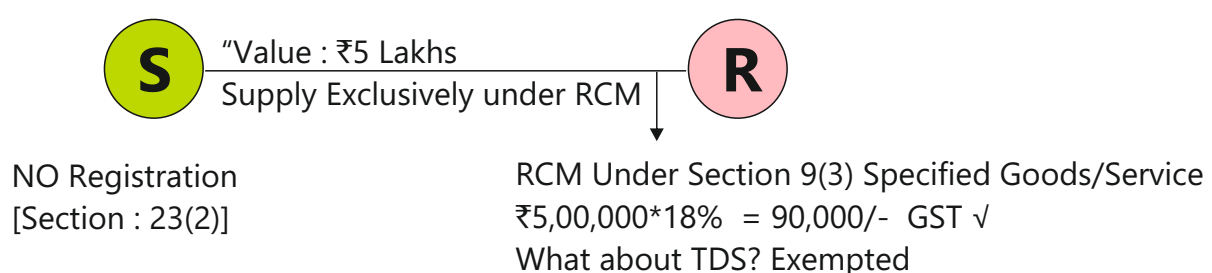
For example:

Value	5,00,000
IGST	90,000
Total Invoice value	5,90,000
Less: TDS @2%	(10,000)
Net Payment	5,80,000
Calculation under RCM:	
Value	5,00,000
IGST	Nil
Total Invoice value	5,00,000
Less: TDS @2%	(10,000)
Net Payment	4,90,000

NCM/RCM: TDS is neither Output Tax nor Input Tax so no Question of NCM or RCM, however is paid By Recipient to the Government.

Note: Under RCM, Where Supplier is engaged exclusively in RCM Supplies or the transaction fall under section 9(4) then supplier is not Required to get registered, in such cases whether TDS provision will be applicable...

Example:



TIME OF SUPPLY: TDS is neither Output Tax nor Input Tax so No question of applicability of RCM Provisions.

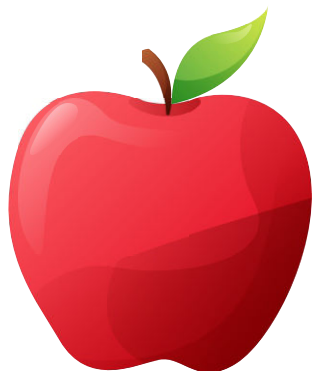
PROCEDURAL PART

Invoice	Nil
Payment	By Deductor to government by 10th of Next month
Return	By Deductor by 10th of Next Month [GSTR 07]
Records	Maintained by Deductor
Registration	Additional Registration to be taken by Deductor
Refund	In case of excess payment of TDS Refund will be claimed
Input tax credit	No ITC of TDS as TDS is neither Output Tax nor Input Tax however Deductee shall claim benefit in E cash Ledger.

FINAL CRUX:-

1. SUPPLIER MUST BE REGISTERED NON-GOVERNMENT AND RECEPIENT SHOULD BE GOVERNMENT ETC.
2. SUPPLY MUST BE THERE.
3. SUPPLY MAY BE INTRA OR INTER BUT RECIPIENT'S LOCATION MUST BE MATCHED WITH ORGIN OR DESTINATION STATE.
4. SUPPLY SHOULD NOT BE EXEMPTED.
5. VALUE (EXCLUSIVE OF GST AND CESS) MUST BE MORE THAN `2,50,000 @ PER CONTRACT.
6. TDS WILL BE DEDUCTED ON PAYMENT DUE.
7. AFTER DEDUCTION, TDS WILL BE DEPOSITED BY RECEPIENT TO GOVERNMENT BY 10TH OF NEXT MONTH AND REQUIRED TO FILE TDS RETURN IN GSTR 07
8. AFTER THAT IT WILL BE CREDITED TO E-CASH LEDGER OF SUPPLIER

SECTION 52 : COLLECTION OF TAX AT SOURCE



Applicability: of TCS

(1) **Every electronic commerce operator,**

- shall collect TCS @ $0.5\% + 0.5\% = 1\%$
- of the NET VALUE of TAXABLE supplies made through it by other suppliers
- Only where the CONSIDERATION with respect to such supplies is to be collected by the operator.

Note: Maximum Rate that can be $1\% + 1\% = 2\%$

Note: If consideration Not flow through ECO then TCS concept will not be applicable.

NET VALUE: Net Value of taxable supplies" shall mean supplies made during any month by all registered persons through the operator--

The aggregate value of taxable supplies of goods or services	Include
Less: Services notified under section 9(5) [HMT-Restaurant]	Exclude
Less: Taxable Supplies Returned during the said month.	Exclude
Less: Supplies where consideration is not collected by ECO	Exclude

Payment by 10th of next month

- (2) The amount of TCS shall be paid to the Government by the operator within 10 days of Collection Month.

Statement by 10th of next month and rectification if any

(3) Every operator who collects TCS

- shall furnish a **statement, electronically, containing the details of Outward supplies effected through it,**
- Returned Supplies including the supplies through it, and
- The amount of TCS collected during a month,
- within 10 days after the end of such month.

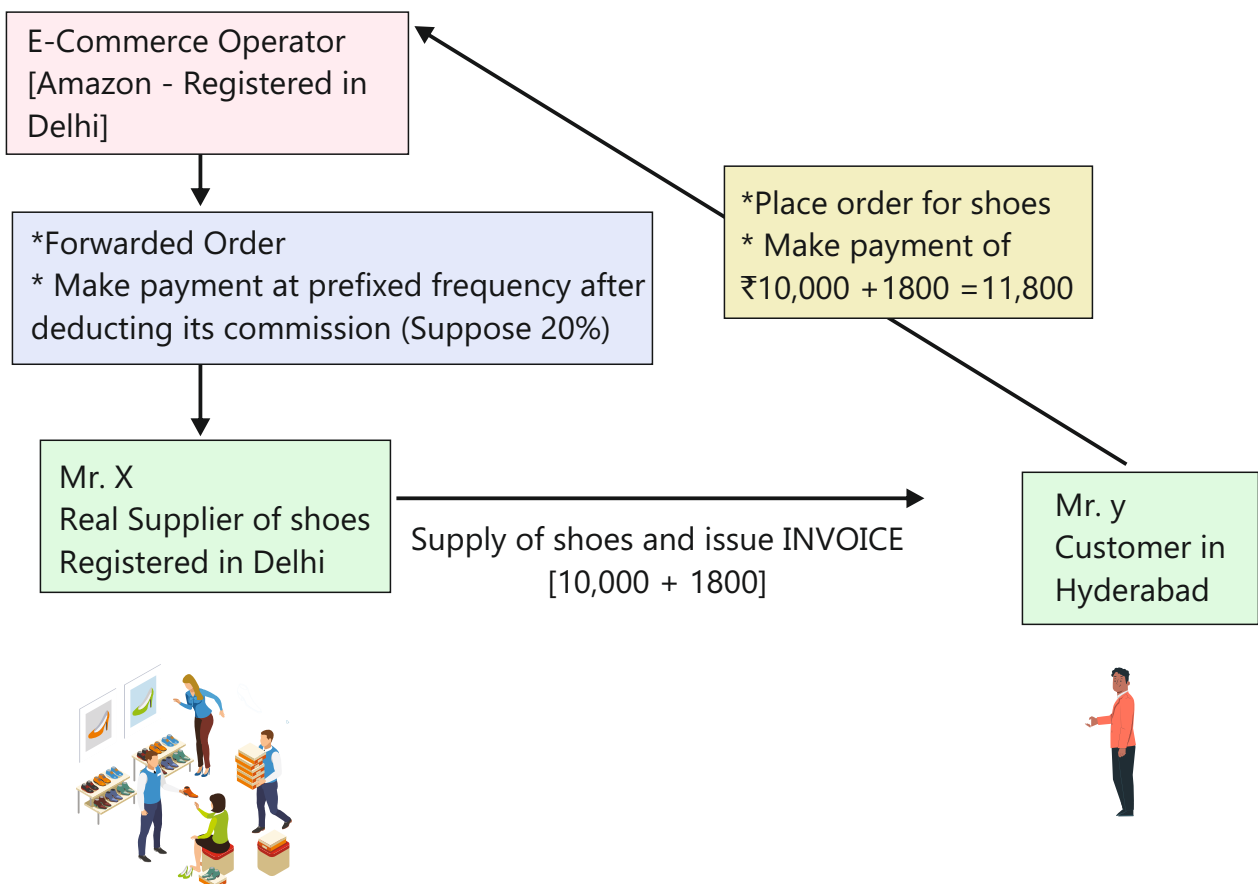
Note: The Commissioner may, extend the time limit for furnishing the statement.

	<p>(4) If Any operator suo moto after furnishing a statement,</p> <ul style="list-style-type: none"> - discovers any omission or incorrect particulars therein, - he shall rectify such omission or incorrect particulars, along with interest. <p>Last date of Rectification: No such rectification shall be allowed after</p> <ul style="list-style-type: none"> • 30th November of next FY or • the actual date of furnishing of the relevant annual statement, • whichever is earlier.
Annual statement by 31st December [GSTR 9B]	<p>(5) Every operator who collects the TCS</p> <ul style="list-style-type: none"> • shall furnish an annual statement, electronically, containing the details of <ul style="list-style-type: none"> • outward supplies effected through it, • Returned Supplies through it, and • The amount of TCS collected • during the financial year, • Before the 31st day of December of next financial year. <p>Note: The Commissioner may, extend the time limit for furnishing the annual statement.</p>
Benefit in E-cash Ledger of supplier	<p>(6) The supplier who has supplied the goods or services or both through the operator</p> <ul style="list-style-type: none"> • Shall claim Benefit, in his electronic cash ledger, • of the amount collected and reflected in the statement of the operator furnished.
Matching, Communication of discrepancy and Added in output liability	<p>(7) The details of supplies furnished by every operator</p> <ul style="list-style-type: none"> • Shall be matched with the corresponding details of outward supplies • furnished by the concerned supplier. <p>(8) Where the details of outward supplies furnished by the operator</p> <ul style="list-style-type: none"> • Do not match with the corresponding details furnished by the supplier under section 37 OR SECTION 39, • the discrepancy shall be communicated to both persons. <p>(9) The amount in respect of which any discrepancy is communicated and</p> <ul style="list-style-type: none"> • Which is not rectified by the supplier in his valid return or the operator in his statement for the month in which discrepancy is communicated, • Shall be added to the output tax liability of the said supplier,
Payment with interest	<p>(10) The concerned supplier, in whose output tax liability any amount has been added),</p> <ul style="list-style-type: none"> • Shall pay the tax payable in respect of such supply along with interest, • at the rate specified under section 50(1) • on the amount so added from the date such tax was due till the date of its payment.

Notice to operator, Reply and Penalty

- (11) AC/DC or above Rank officer may serve a notice, requiring the operator to furnish such details relating to–
- Supplies effected through such operator or
 - Stock of goods held by the suppliers in the warehouses, managed by such operator and declared as additional places of business by such suppliers,
- (12) Such operator shall furnish the required information within 15 working days of the date of Receipt of such notice.
- (13) Any person who fails to furnish the information required by the notice served shall, be liable to a penalty which may up to ₹ 25, 000.

Analysis of TCS



Note: Where only Orders are processed (not payment) then TCS concept will not be applicable.

Basis	Transaction Between Mr. X (Supplier) and Mr. Y (Recipient) [Transaction = 01]	Transaction Between E-Commerce Operator (Supplier) and Mr. X (Recipient) [Transaction = 02]																				
Goods /Services	It is a supply of Goods (Shoes)	It is a service (GST Rate 18%), given by Amazon to Mr. X for commission @20%																				
Supply	Yes, it's a supply with consideration	Yes, it's a supply with consideration																				
Nature of supply	Origin : Delhi POS: u/s 10(1) of IGST Act: Hyderabad It is inter -state supply	Origin : Delhi POS: u/s 12 of IGST Act: Delhi It is intra -state supply																				
Taxable Person	Mr. X, [Mandatory Registration u/s 24]	Amazon needs Dual Registration In the capacity of Taxpayer u/s 24 In the capacity of TCS Collector u/s 24																				
Exemption	Shoes are not exempted	It is not an Exempted Service																				
Computation	10,000 *18% + 1800 [IGST]	Consideration: 10,000 * 20% = 2,000 CGST: 180 SGST: 180																				
FCM/RCM	FCM ie Mr. X liable to pay GST	FCM ie AMAZON liable to pay GST of ₹ 360																				
Time of supply	u/s 12 : Invoice date	U/s 13: Invoice or Payment (Whichever is Earlier)																				
Compliances	All Compliances to be fulfilled by Mr. X INVOICE VALUE: 10,000 IGST : 1800 TOTAL : 11,800 Output GST = 1800 Itc = 360 Net = 1440	All Compliances to be fulfilled by Mr. X INVOICE <table border="1"> <tr> <td>VALUE</td> <td>: 2,000</td> </tr> <tr> <td>CGST</td> <td>: 180</td> </tr> <tr> <td>SGST</td> <td>: 180</td> </tr> <tr> <td>TCS (IGST)@ 1% On ₹ 10,000</td> <td>100</td> </tr> <tr> <td>Excluding: GST and cess</td> <td></td> </tr> <tr> <td>Excluding: Supplies Returned</td> <td></td> </tr> <tr> <td>Excluding: Supply u/s 9(5)</td> <td></td> </tr> <tr> <td>Nature will be Based on Transaction (01) :</td> <td></td> </tr> <tr> <td>(Because Object Of TCS is to catch Transaction :01)</td> <td></td> </tr> <tr> <td>TOTAL</td> <td>: 2460</td> </tr> </table>	VALUE	: 2,000	CGST	: 180	SGST	: 180	TCS (IGST)@ 1% On ₹ 10,000	100	Excluding: GST and cess		Excluding: Supplies Returned		Excluding: Supply u/s 9(5)		Nature will be Based on Transaction (01) :		(Because Object Of TCS is to catch Transaction :01)		TOTAL	: 2460
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(Because Object Of TCS is to catch Transaction :01)																						
TOTAL	: 2460																					

		<p>Payment: Amazon Liable to Pay GST of ₹360 and TCS of ₹ 100 to Govt. For Payment of TCS AMAZON can not use ITC as it is not an output tax. TCS of ₹ 100 will be reflected in E cash Ledger of Mr. X</p> <p>Filing of Return: <u>In the capacity of TAXPAYER</u></p> <ul style="list-style-type: none"> • Amazon Required to file GSTR 01/3B for ₹ 360 by 11th and 20th of NEXT month. • Annual Return by 31st dec. of Next Year in GSTR 09 <p><u>In the capacity of TCS COLLECTOR</u></p> <ul style="list-style-type: none"> • GSTR 08 For TCS of ₹ 100 by 10th of Next Month • Annual Statement by 31st dec. of Next Year in GSTR 9B
Others		<ul style="list-style-type: none"> • Matching, Communication of discrepancy and Added in output liability. • Payment with interest in case of Mismatch. • Notice to operator, Reply with in 15 days and Penalty up to Rs. 25,000

DIFFERENCES BETWEEN TDS AND TCS

TDS u/s 51	TCS u/s 52
Supplier = other than Government Recipient = Government	Supplier = E commerce Operator Recipient = the person who supplies goods through E commerce operator
Number of transaction involved =1	Number of transaction involved =2
Rate of TDS Maximum: 1%+1%= 2% As of now: 1%+1%= 2%	Rate of TCS Maximum: 1%+1%= 2% As of now: 0.5%+0.5%= 1%
Return in GSTR 07	Return in GSTR 08
Annual Statement = NO	Annual Statement = YES in GSTR 9B
Late payment of TDS attract interest @18% PA	Late payment of TCS attract interest @18% PA

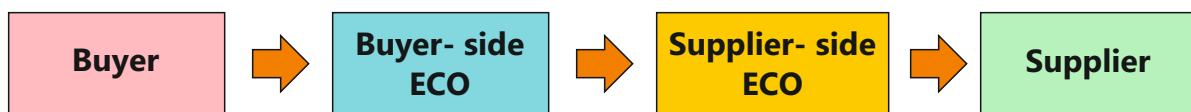
Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction in the context of Open Network for Digital Commerce (ONDC)

In the current platform-centric model of e-commerce, **the buyer interface and seller interface are operated by the same ECO. This ECO** collects the consideration from the buyer, deducts the TCS under Sec 52 of the CGST Act, credits the deducted TCS amount to the GST cash ledger of the seller and passes on the balance of the consideration to the seller after deducting their service charges.

In the case of the ONDC Network or similar other arrangements, there can be multiple ECOs in a single transaction - one providing an interface to the buyer and the other providing an interface to the seller.

In this setup, buyer-side ECO could collect consideration, deduct their commission and pass on the consideration to the seller-side ECO. So, clarity has been sought as to which ECO should deduct TCS and make other compliances.

Issue 1: In a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and where the supplier-side ECO himself is not the supplier in the said supply, who is liable for compliances under section 52 including collection of TCS?



Clarification: The compliances including collection of TCS, is to be done by the supplier-side ECO who finally releases the payment to the supplier for a particular supply made by the said supplier through him.

e.g.: Buyer-side ECO collects payment from the buyer, deducts its fees/commissions and remits the balance to Seller-side ECO. Here, the Seller-side ECO will release the payment to the supplier after deduction of his fees/commissions and therefore will also be required to collect TCS, as applicable and pay the same to the Government.

In this case, the Buyer-side ECO will neither be required to collect TCS nor will be required to make other compliances in accordance with section 52 of CGST Act with respect to this particular supply.

Issue 2: In a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and the Supplier-side ECO is himself the supplier of the said supply, who is liable for compliances under section 52 including collection of TCS?



Clarification: In such a situation, **TCS is to be collected by the Buyer-side ECO** while making payment to the supplier for the particular supply being made through it.

e.g. Buyer-side ECO collects payment from the buyer, deducts its fees and remits the balance to the supplier (who is itself an ECO. In this scenario, **the Buyer-side ECO will also be required to collect TCS**, as applicable, pay the same to the Government.

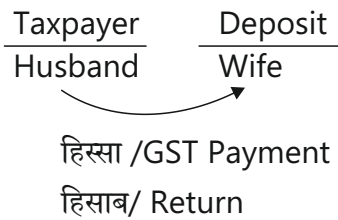
Ch 15 Return

Sections List

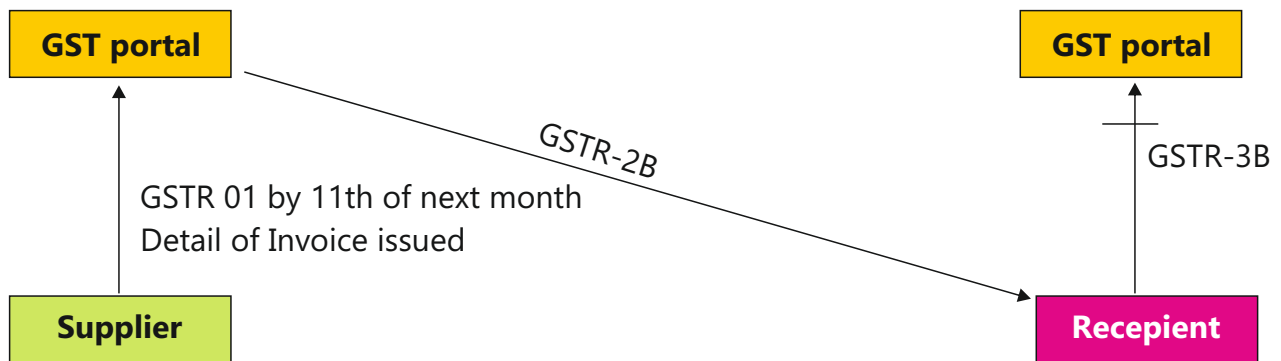
Section 37	Outward supply statement
Section 38	Communication of details of inward supplies and input tax credit [GSTR 2B]
Section 39	Filing of Return
Section 40	First Return
Section 41	Availment of input tax credit
Section 42	Matching / Mismatching of ITC
Section 43	Matching / Mismatching of ITC
Section 44	Annual Return
Section 45	Final Return
Section 46	Notice on Non- filing
Section 47	Late fees
Section 48	GST practitioner

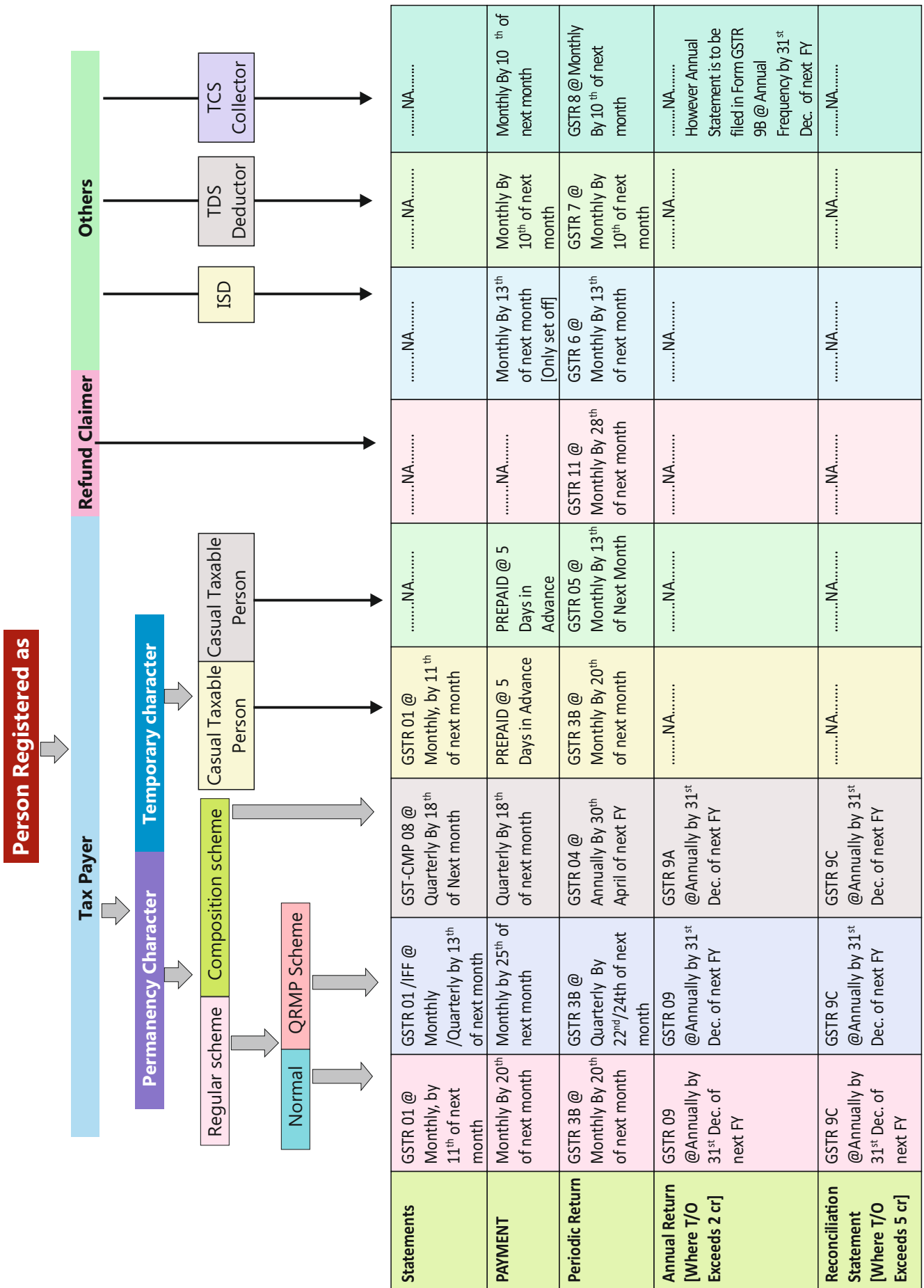
Forms List

Form	Content
GSTR 01	Invoice issued
GSTR 2B	ITC Statement on Portal
GSTR 3B	Return
GSTR 04	Annual statement @ composite dealer
GST-CMP: 08	Quaterly Statement
GSTR 05	N RTP
GSTR 06	ISD (Not in Syllabus)
GSTR 07	TDS RETURN
GSTR 08	TCS RETURN
GSTR 09	Annual Return @ Regular Scheme
GSTR 9A	Annual Return @ Composition Scheme
GSTR 9B	Annual TCS Statement
GSTR 9C	Annual Reconciliation Statement
GSTR 10	Final Return
GSTR 11	UIN HOLDER



Process:





Annual Return and Reconciliation Statement

For Regular and composite supplier			FOR Special category no need to file these forms
Aggregate Turnover	Annual Return Form 9/9A u/s 44	Reconciliation statement @ self-certified u/s 44	CTP, NRTP, Refund claimer TDS deductor, TCS collector, ISD and Govt. Departments.
Upto 2 cr	Exempted by way of notification issued every year	No	
Above 2 cr to 5 cr	Yes	No	
Above 5 cr	Yes	Yes	

First and Last Return

First Return	Last Return
<ul style="list-style-type: none"> * GSTR ??? @ One time After grant of RC * Details of outward supply * For the period: The date on which liability of registration arises TILL the date on which Registration is granted.[Pre RC Period] 	<ul style="list-style-type: none"> * GSTR 10 @ One time * Person whose RC canceled * With- in 3 month from (order/effective of Cancellation) whichever is later
	<ul style="list-style-type: none"> * GSTR 05 @ Monthly * Non Resident Taxable Person * Last Return: 13th of Next Month or within 7 days after the last day of validity of Registration Certificate – whichever is earlier.

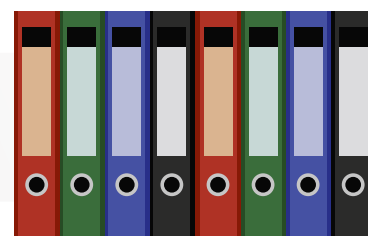
Notes:

- (1) No rectification of any omission or incorrect particulars shall be allowed after: 30th November of next FY or annual return Actual filing date (whichever is Earlier)
- (2) Payment of tax mandatory to file a valid return Except QRMP Scheme.
- (3) Nil return also required to be filed.

Ch

16

ACCOUNTS AND RECORDS



Heading	Content
<p>Place of Records</p>	<p>Place of Maintaining Records: Every registered person shall keep the books of account</p> <ul style="list-style-type: none"> • at the principal place of business as mentioned in the certificate of registration, and • books of account relating to additional place of business shall also be kept. <p>In case of Multiple Place of Business: Where more than one place of business is specified in the registration certificate, the accounts relating to each place of business shall be kept at such places of business:</p>
<p>Form of Records</p>	<p>Digital Form with Proper backup: The registered person MAY keep and maintain such accounts and other particulars in electronic form and shall be authenticated by means of a digital signature.</p> <p>Proper electronic back-up: of records shall be maintained and preserved in such manner that, in the event of destruction of such records due to accidents or natural causes, the information can be restored within a reasonable period of time.</p> <p>Where the Commissioner considers that</p> <ul style="list-style-type: none"> • Any class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of this section, • he may, for reasons to be recorded in writing, • permit such class of taxable persons to maintain accounts • in such manner as may be prescribed.
<p>General Records</p>	<p>Every registered person shall keep and maintain, a true and correct account of–</p> <ol style="list-style-type: none"> (a) Production or manufacture of goods; (b) Inward and outward supply of goods or services or both; (c) Stock of goods; (d) Input tax credit availed; (e) Output tax payable and paid; and (f) Such other particulars as may be prescribed: <p>Moreover Every registered person shall keep the particulars of -</p> <p>Vendors Record: Names and complete addresses of suppliers from whom he has received the goods or services chargeable to GST.</p>

	<p>Recipient Record: Names and complete addresses of the persons to whom he has supplied goods or services, where required.</p> <p>Warehouse Record: The complete address of the premises where goods are stored by him,</p>	
Additional Records	<p>The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.</p> <p>Every registered person shall keep and maintain, in addition to the particulars mentioned above a true and correct account of the goods or services</p> <ul style="list-style-type: none"> • Imported or exported or of • supplies attracting payment of tax on reverse charge • along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers. 	
Person-wise Record @Specific	<p>Record by Warehouse keeper</p>	<p>Every owner or operator of a warehouse shall maintain Records</p> <ul style="list-style-type: none"> • With respect to the period for which particular goods remain in the warehouse, • including the particulars relating to dispatch, movement, receipt and disposal of such goods. <p>And shall store the goods item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.</p>
	<p>Records By Agents</p>	<p>Every agent shall maintain accounts depicting the,-</p> <ul style="list-style-type: none"> • Authorization received by him from each principal • Particulars including description, value and quantity received on behalf of every principal; • Particulars including description, value and supplied on behalf of every principal; • Details of accounts furnished to every principal; and • Tax paid on receipts or on supply effected on behalf of every principal.
	<p>Record by Manufac-turer</p>	<p>Every registered person manufacturing goods shall maintain monthly production accounts showing quantitative details of</p> <ul style="list-style-type: none"> • Raw materials used in the manufacture • Input services used in the manufacture and

	<ul style="list-style-type: none"> quantitative details of the goods so manufactured including The waste and by products thereof.
Record by Service Provider	<p>Every registered person supplying services shall maintain the accounts showing quantitative details of</p> <ul style="list-style-type: none"> Goods used in the provision of services, details of input services utilised and the services supplied.
Records By Works Contractor	<p>Every registered person executing works contract shall keep separate accounts for works contract showing—</p> <ul style="list-style-type: none"> Details of the persons on whose behalf the works contract is executed; Description, value and quantity received for the execution of works contract; Description, value and quantity utilized in the execution of works contract; The details of payment received in respect of each works contract; Vendors Details
Un-Registered Person @UEN	<p>Every person required to maintain records and accounts and he is already not registered under the Act,</p> <ul style="list-style-type: none"> Shall submit the details regarding his business in FORM GST ENR-01, and, A unique enrolment number shall be generated and communicated to the said person.
Record by Transporter and @ Common UEN	<p>Any Transporter shall maintain records of</p> <ul style="list-style-type: none"> Goods transported, delivered and goods stored in transit by him along with the GSTIN of the consigner and consignee. <p>A transporter who is registered in more than one State or UT with the same PAN</p> <ul style="list-style-type: none"> He may apply for a unique common enrolment number by submitting the details in FORM GST ENR-02 using any one of his GST Numbers. Then a unique common enrolment number shall be generated and communicated to the said transporter.

<p>Item-wise Record @Specific</p>	<table border="1"> <tr> <td data-bbox="492 220 683 759"> <p>Stock Record</p> </td> <td data-bbox="683 220 1484 759"> <p>Every registered person, [other than Composite Supplier]</p> <ul style="list-style-type: none"> shall maintain the stock Record as the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof. <p>In Case Goods Found at Unauthorized Place: Then the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.</p> </td> </tr> <tr> <td data-bbox="492 759 683 920"> <p>Advances Record</p> </td> <td data-bbox="683 759 1484 920"> <p>Every registered person shall keep and maintain a separate account of advances received, paid and adjustments made thereto.</p> </td> </tr> <tr> <td data-bbox="492 920 683 1327"> <p>Tax Collected/ Payable / paid/ITC Claimed Record</p> </td> <td data-bbox="683 920 1484 1327"> <p>Every registered person, [other than Composite Supplier]</p> <ul style="list-style-type: none"> Shall keep and maintain an account, containing the details of tax payable Tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period. </td> </tr> </table>	<p>Stock Record</p>	<p>Every registered person, [other than Composite Supplier]</p> <ul style="list-style-type: none"> shall maintain the stock Record as the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof. <p>In Case Goods Found at Unauthorized Place: Then the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.</p>	<p>Advances Record</p>	<p>Every registered person shall keep and maintain a separate account of advances received, paid and adjustments made thereto.</p>	<p>Tax Collected/ Payable / paid/ITC Claimed Record</p>	<p>Every registered person, [other than Composite Supplier]</p> <ul style="list-style-type: none"> Shall keep and maintain an account, containing the details of tax payable Tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.
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<p>General Discipline related to Records</p>	<p>Not to Erase: Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature,</p> <p>Each Volume of Book Serially Numbered: Each volume of books of account maintained manually by the registered person shall be serially numbered.</p> <p>Records at unauthorized Place: If any documents, registers, or any books of account belonging to a registered person are found at any unauthorised premises, they shall be presumed to be maintained by the said registered person.</p> <p>Produce On Demand: Every registered person shall, on demand, produce the books of accounts.</p>						
<p>Unaccounted Goods or Services deemed to be supplied</p>	<p>Where the registered person fails to account for above records</p> <ul style="list-style-type: none"> The proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, As if such goods or services or both had been supplied by such person 						

	<p>and</p> <ul style="list-style-type: none"> • And proper officer shall issue show cause notice and make demand order for the same. • However a relaxation shall be given in the following cases: Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples,
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Section 36 Read with Rules

PERIOD of retention	<p>The Records shall be maintained upto 72 months (6 Year) from the date of ANNUAL RETURN for the year pertaining to such records.</p> <p>However, a taxable person who is a party in any appeal/revision/any other proceedings or under investigation for an offence: shall retain relevant records:</p> <ul style="list-style-type: none"> • for a period of 1 year from finalization OR • Above said period of 6 year [72 months] (whichever is LATER) <p>Analysis</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">FY</th> <th style="width: 15%;">Annual Return DUE Date</th> <th style="width: 15%;">Whether Any CASE filed Related to FY 20-21</th> <th style="width: 15%;">Decision Date of CASE</th> <th style="width: 15%;">Date at expiry of 6 Years From Due date of Annual Return</th> <th style="width: 20%;">Last Date to keep books of account</th> </tr> </thead> <tbody> <tr> <td>20-21</td> <td>30-12-2021</td> <td>No</td> <td></td> <td>31-12-2027</td> <td>31-12-2027</td> </tr> <tr> <td>20-21</td> <td>30-12-2021</td> <td>Yes</td> <td>30-03-2028 & + 1 year date = 30-03-2029</td> <td>31-12-2027</td> <td>Now 31-12-2027 OR 30-03-2029 Whichever is LATER Ie 30-03-2029</td> </tr> </tbody> </table>	FY	Annual Return DUE Date	Whether Any CASE filed Related to FY 20-21	Decision Date of CASE	Date at expiry of 6 Years From Due date of Annual Return	Last Date to keep books of account	20-21	30-12-2021	No		31-12-2027	31-12-2027	20-21	30-12-2021	Yes	30-03-2028 & + 1 year date = 30-03-2029	31-12-2027	Now 31-12-2027 OR 30-03-2029 Whichever is LATER Ie 30-03-2029
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Accounts & Records

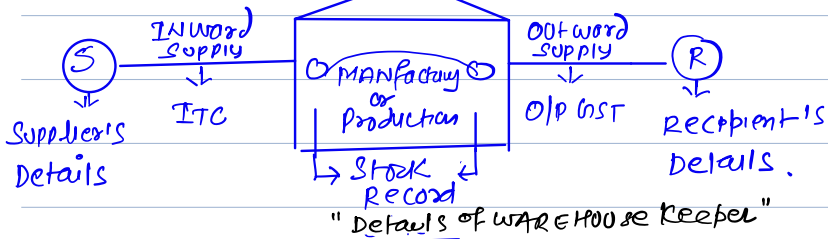
BASICS

Record Place	Record Form	General Discipline	NO Record of Goods/Services
<ul style="list-style-type: none">- At Principle Place of Business (HO Records & Add. Places Records)- At Every Add. Place of Business @ Respective Records.	<ul style="list-style-type: none">- IN DIGITAL Form with DSC & proper Back-up.- In manual form Subject to permission of Comm. person.	<ul style="list-style-type: none">- DONT Erase OR overwrite But Pass a verification entry.- "Record Books" will be serially numbered- Records found at unauthorised place will be treated as of taxable person	<ul style="list-style-type: none">- Such Goods & Services shall be deemed to be a Supply.- PAY GST, Int. Penalty.- Show Cause Notice, Demand order - Recovery.

RECORDS

General & Additional Records

TRUE & CORRECT ACCOUNT OF :-



IMPORT RECORDS Supported with :- Invoice
 Dr/cr. Note, Bill of Supply, All vouchers

EXPORT RECORDS

Item wise Records

Stock Records :

Other than composite Dealer :-
 " Stock of Raw material, Final product, WASTAGE etc ↓
 - Op. Balance xxx
 + Receipts xxx
 - Goods lost, Destroyed, Written off, Dispose off, Sample, Chit (xxx)
 Closing Balance xxx

Advance Records

Maintain separate accounts for
 * Advances received
 * Advances paid
 * Adjustment there off.

TDS/TCS/ITC

Every registered person other than composite Dealer, TDS, TCS, ITC with all relevant documents.

Person wise Records



Record By WAREHOUSE KEPTEN

- * RECORD for warehousing period
- * INTO & OUT Related
- * STORE Goods Item wise and ownerwise
- * ALLOW physical verification

Record By Agent

- * Authorisation to be An Agent
- * Detail of Goods Received
- * Detail of Statement (Hissab to Principal)
- * TAX Paid

Record by many features

- * Monthly Production Accounts showing -
 - INPUT USED
 - INPUT service Used
 - FINAL product
 - WASTAGE

Record By service Provider

- * shall maintain Accounts Related to
 - INPUT Used
 - Input service Used
 - OUTPUT service

Record By works Contractor

- * Detail of the person on whose behalf work done
- * Detail of Goods Received for work contract
- * Used in works Contract
- * Payment Receive @ each, Vendor Detail

Record By unRegistered Person

- * Person Required to maintain Records
 - Submit detail of His Business to GST ENR=01 and
 - A Unique enrolment Number shall be generated & given to the person

Record By Transporter

- * Shall maintain record of
 - Goods Transported
 - Goods Delivered
 - Goods Stored in transit
- Along with
Consign of
Consignor &
Consignee

Note: Multiple Registration in multiple states

↓
may Apply for UEN in
ENR=02

New Scheme

CA INTERMEDIATE

TAXATION
INDIRECT TAXES
GST Compiler

For May / Nov. 2024 Exams

Descriptive Q&A, Case Scenario and MCQ's

CA RAJ KUMAR

[Topic-(I)- Introduction]

Question I (1): Explain the significance of the place of supply of goods and services under GST.

Answer: The basic principle of GST is that it should effectively tax the consumption of such supplies at the destination thereof or as the case may be at the point of consumption. So, place of supply provision determines the place i.e. taxable jurisdiction where the tax should reach. The place of supply determines whether a transaction is intra-state or inter-state. In other words, the place of Supply of goods or services is required to determine whether a supply is subject to SGST plus CGST in a given State or union territory or else would attract IGST if it is an inter-state supply.

Question I (2): What do you mean by Intra State & Inter State supply?

Answer: As per section 8 of IGST Act, 2017, where the location of supplier and the place of supply are in the same State or same Union territory it shall be treated as an 'Intra State supply'.

As per section 7 of IGST Act, 2017, where the location of supplier and the place of supply are in

- two different States or
- two different Union territories or
- a State & a Union Territory

It shall be treated as an 'Inter State supply'.

Moreover, supply to or from SEZ even within the same state shall be treated as inter - state supply.

Question I (3): Why does GST law provide separate rules for place of supply in respect of B2B (supplies to registered persons) and B2C (supplies to unregistered persons) transactions?

Answer: In respect of B2B transactions, the taxes paid are taken as credit by the recipient so such transactions are just passing through. GST collected on B2B supplies effectively create a liability for the government and an asset for the recipient of such supplies in as much as the recipient is entitled to use the input tax credit for payment of future taxes. For B2B transactions, the location of recipient takes care in almost all situations as further credit is to be taken by recipient. The recipient usually further supplies to another customer. The supply is consumed only when a B2B transaction is further converted into B2C transaction.

In respect of B2C transactions, the supply is finally consumed and the taxes paid actually come to the government.

[Topic-(II)- Section 10 of IGST Act 2017]

Question II (1): In case of a domestic supply, what is the place of supply where goods are removed? [ICAI Material]

Answer: As per section 10(1)(a) of the IGST Act, the place of supply of goods is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Question II (2): What will be the place of supply if the goods are delivered by the supplier to another person on the direction of a third person? [ICAI Material]

Answer: As per section 10(1)(b) of the IGST Act, It would be deemed that the third person has received the goods and the

place of supply of such goods will be the principal place of business of such person.

Question II (3): Asha Enterprises, supplier of sewing machines, is located in Kota (Rajasthan) and registered for purpose of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for the purpose of GST in the said State. The order is for the supply of 100 sewing machines with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for purpose of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are being shipped in a lorry by Asha Enterprises.

Briefly explain the following:

- (a) the place of supply under IGST Act, 2017;
- (b) the nature of supply: - whether inter-State or intra-State and
- (c) whether CGST/SGST or IGST as would be applicable in this case. [ICAI Material]

Answer: The supply between Asha Enterprises (Kota, Rajasthan) and Deep Traders (Jalandhar, Punjab) is a bill to ship to supply where the goods are delivered by the supplier [Asha Enterprises] to a recipient [Jyoti Sons (Patiala, Punjab)] on the direction of a third person [Deep Traders].

In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b) of the IGST Act, 2017]. Thus, the place of supply between Asha Enterprises (Rajasthan) and Deep Traders (Punjab) will be Jalandhar, Punjab.

Since the location of supplier and the place of supply are in two different States, the supply is an inter-State supply in terms of section 7 of the IGST Act, 2017, liable to IGST.

This situation involves another supply between Deep Traders (Jalandhar, Punjab) and Jyoti Sons (Patiala, Punjab). In this case, since the supply involves movement of goods, place of supply will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e. Patiala, Punjab [Section 10(1)(a) of the IGST Act, 2017]. Since the location of supplier and the place of supply are in the same State, the supply is an intra-State supply in terms of section 8 of the IGST Act, 2017, liable to CGST and SGST.

Question II (4): Priyank Sales of Pune, Maharashtra enters into an agreement to sell goods to Bisht Enterprises of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Priyank Sales, Bisht Enterprises got an order from Sahil Pvt. Ltd. of Shimoga, Karnataka for the said goods. Bisht Enterprises agreed to supply the said goods to Sahil Pvt. Ltd. and asked Priyank Sales to deliver the goods to Sahil Pvt. Ltd. at Shimoga.

You are required to determine the place of supply in the above situation. [ICAI Material]

Answer: Relevant Provisions: As per section 10(1)(b), where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Analysis & Conclusion: The supply between Priyank Sales (Pune) and Bisht Enterprises (Bareilly) is a bill to ship to supply

where the goods are delivered by the supplier [Priyank Sales] to a recipient [Sahil Pvt. Ltd. (Shimoga)] or any other person on the direction of a third person [Bisht Enterprises]. The place of supply in case of domestic bill to ship to supply of goods is determined in terms of section 10(1)(b).

Thus, in the given case, it is deemed that the Bisht Enterprises has received the goods and the place of supply of such goods is the principal place of business of Bisht Enterprises. Accordingly, the place of supply between Priyank Sales (Pune) and Bisht Enterprises (Bareilly) will be Bareilly, Uttar Pradesh.

Relevant Provisions: Section 10(1)(a) stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Analysis & Conclusion: This situation involves another supply between Bisht Enterprises (Bareilly) and Sahil Pvt. Ltd. (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a).

Thus, the place of supply in second case is the location of the goods at the time when the movement of goods terminates for delivery to the recipient (Sahil Pvt. Ltd.), i.e. Shimoga, Karnataka.

Question II (5): Raman Row, a registered supplier under GST in Mumbai, Maharashtra is directed by Nero Enterprises, Kolkata, West Bengal to deliver goods valued at ₹ 12,00,000 to Fabricana of Aurangabad in Maharashtra. Raman Row makes out an invoice at 9% tax rate under CGST and SGST respectively (scheduled rate) and delivers it locally in Maharashtra.

Discuss and comment on the above levy of tax and determine the tax liability of goods in the above circumstances.

Answer: The supply between Raman Row (Mumbai, Maharashtra) and Nero Enterprises (Kolkata, West Bengal) is a bill to ship to supply where the goods are delivered by the supplier [Raman Row] to a recipient [Fabricana (Aurangabad, Maharashtra)] or any other person on the direction of a third person [Nero Enterprises]. In such a case, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b) of IGST Act, 2017].

Accordingly, the place of supply between Raman Row (Mumbai, Maharashtra) and Nero Enterprises (Kolkata, West Bengal) will be Kolkata and thus, it will be an inter-State supply liable to IGST. Hence, Raman Row should charge 18% IGST on ₹ 12,00,000, which comes out to ₹ 2,16,000.

This situation involves another supply between Nero Enterprises (Kolkata, West Bengal) and Fabricana (Aurangabad, Maharashtra). The place of supply in this case will be the location of the goods at the time when the movement of goods terminates for delivery to the recipient i.e., Aurangabad, Maharashtra in terms of section 10(1)(a) of IGST Act, 2017. Thus, being an inter-State supply, the same will also be chargeable to IGST.

Question II (6): Answer the following question in the light of the place of supply provisions contained in the IGST Act, 2017: Quickdeal Enterprises (Ahmednagar, Gujarat) opens a new branch office at Hissar, Haryana. It purchases a building for office from Ruhani Builders (Hissar) along with pre-installed office furniture and fixtures. Determine place of supply of the pre-installed office furniture and fixtures.

Answer: Relevant Provision: - Section 10(1)(c) of the IGST Act stipulates that if the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient.

Analysis & Conclusion: - Since there is no movement of office, furniture and fixtures in the given case, the place of supply of such goods is their location at the time of delivery to the recipient (Quickdeal Enterprises) i.e., Hissar, Haryana.

Question II (7): What is the place of supply where the goods or services are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle. [ICAI Material]

Answer: As per section 10(1)(e) of the IGST Act, in respect of goods, the place of supply is the location at which such goods are taken on board.

However, in respect of services, the place of supply is the location of the first scheduled point of departure of that conveyance for the journey, in terms of sections 12(10) and 13(11).

[Topic-(III)- Section 12 of IGST Act 2017]

Question III (1): The place of supply in relation to immovable property is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states. What will be the place of supply of construction services? [ICAI Material]

Answer: Where the immovable property is located in more than one State, the supply of service is treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf [Explanation to section 12(3) for domestic supplies].

In the absence of a contract or agreement between the supplier and recipient of services in this regard, the proportionate value of services supplied in different States/Union territories (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/ Union territories [Rule 4 of the IGST Rules].

Question III (2): The place of supply in relation to immovable property (situated in India) is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states. What will be the place of supply of construction services? [ICAI Material]

Answer: As per Explanation to section 12(3) of the IGST Act, for domestic supplies, where the immovable property is located in more than one State, the supply of service is treated as made in each of the States in proportion to the value for services that can be separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on any other reasonable basis as may be prescribed in this behalf. In the absence of a contract or agreement between the supplier and recipient of service in this regard, the proportionate value of services supplied in different States / UTs (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/UTs (Rule 4 of the IGST Rules).

Question III (3): Dobriyal Technocrats Ltd., registered in Gurgaon, Haryana, is engaged in manufacturing heavy steel machinery. It enters into an agreement with Mindsharp Associates, registered in Delhi, for imparting motivational training to the top management of Dobriyal Technocrats Ltd. in a 5-day residential motivational training programme at an agreed consideration of ₹20,00,000.

Mindsharp Associates books the conference hall alongwith the rooms of Hotel Chumchum, Neemrana (registered in Rajasthan) for the training programme, for a lump sum consideration of ₹12,00,000.

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario. [RTP Nov 21]

Answer: In the given situation, two supplies are involved:

- (i) Services provided by Mindsharp Associates to Dobriyal Technocrats Ltd. by way of providing motivational training to its top management.
- (ii) Services provided by Hotel Chumchum to Mindsharp Associates by way of accommodation in said hotel for organizing the training programme.

The place of supply in respect of each of the above supplies is determined as under:

- (i) **Relevant Provision:** As per the provisions of section 12(5)(a) of the IGST Act, 2017, the place of supply of services provided in relation to training and performance appraisal to a registered person, shall be the location of such person.

Analysis & Conclusion: Therefore, the place of supply of services supplied by Mindsharp Associates to the registered recipient - Dobriyal Technocrats Ltd. by way of providing motivational training to its top management is the location of Dobriyal Technocrats Ltd., i.e. Gurgaon, Haryana.

- (ii) **Relevant Provision:** As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, inter alia, any official/ business function including services provided in relation to such function at such property, shall be the location at which the immovable property is located.

Analysis & Conclusion: Therefore, the place of supply of services supplied by Hotel Chumchum to Mindsharp Associates by way of accommodation of conference hall alongwith the rooms of Hotel Chumchum for the training programme shall be the location of the Hotel Chumchum, i.e. Neemrana, Rajasthan.

Question III (4): Musicera Pvt. Ltd., owned by Nitish Daani - a famous classical singer - wishes to organise a 'Nitish Daani Music Concert' in Gurugram (Haryana). Musicera Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Supriya (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ₹10,00,000. Supriya (P) Ltd. books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹4,00,000. Musicera Pvt. Ltd. fixes the entry fee to the music concert at ₹5,000. 400 tickets for 'Nitish Daani Music Concert' are sold.

You are required to determine the CGST and SGST or IGST liability, as the case may be, in respect of the supply(ies) involved in the given scenario.

Will your answer be different if the price per ticket is fixed at ₹450?

Note: Rate of CGST and SGST is 9% each and IGST is 18%. All the amounts given above are exclusive of taxes, wherever applicable [ICAI Material]

Answer: In the given situation, three supplies are involved:

- (i) Services provided by Musicera Pvt. Ltd. to audiences by way of admission to music concert.
- (ii) Services provided by Supriya (P) Ltd. to Musicera Pvt. Ltd. by way of organising the music concert.
- (iii) Services provided by Hotel Dumdum to Supriya (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert.

The CGST and SGST or IGST liability in respect of each of the above supplies is determined as under:

- (i) **Relevant Provision:** As per the provisions of section 12(6) of the IGST Act, 2017, the place of supply of services provided by way of admission to, inter alia, a cultural event shall be the place where the event is actually held.
Analysis & Conclusion: Therefore, the place of supply of services supplied by Musicera Pvt. Ltd. to audiences by way of admission to the music concert is the location of the Hotel Dumdum, i.e. Gurugram, Haryana.

Since the location of the supplier (Ludhiana, Punjab) and the place of supply (Gurugram, Haryana) are in different States, IGST will be leviable. Therefore, IGST leviable will be computed as follows:

Consideration for supply (400 tickets @ ₹5,000 per ticket) = ₹20,00,000

IGST @ 18% on value of supply = ₹20,00,000 x 18% = ₹3,60,000.

- (ii) **Relevant Provision:** Section 12(7)(a)(i) of IGST Act, 2017 stipulates that the place of supply of services provided by way of organization of, inter alia, a cultural event to a registered person is the location of such person.

Analysis & Conclusion: Therefore, the place of supply of services supplied by Supriya (P) Ltd. to Musicera Pvt. Ltd. (Ludhiana, Punjab) by way of organising the music concert is the location of the recipient, i.e. Ludhiana (Punjab).

Since the location of the supplier (Delhi) and the place of supply (Ludhiana, Punjab) are in different States, IGST will be leviable. Therefore, IGST leviable will be computed as follows:

Consideration for supply = ₹10,00,000

IGST @ 18% on value of supply = ₹10,00,000 x 18% = ₹1,80,000

- (iii) **Relevant Provision:** As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, inter alia, any cultural function shall be the location at which the immovable property is located.

Analysis & Conclusion: Therefore, the place of supply of services supplied by Hotel Dumdum (Gurugram, Haryana) to Supriya (P) Ltd. by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Dumdum, i.e. Gurugram, Haryana.

Since the location of the supplier (Gurugram, Haryana) and the place of supply (Gurugram, Haryana) are in the same State, CGST and SGST will be leviable. Therefore, CGST and SGST leviable will be computed as follows:

Consideration for supply = ₹4,00,000

CGST @ 9% on value of supply = ₹4,00,000 x 9% = ₹36,000

SGST @ 9% on value of supply = ₹4,00,000 x 9% = ₹36,000

If the price for the entry ticket is fixed at ₹450, answer will change in respect of supply of service provided by way of admission to music concert, as mentioned in point (i) above. There will be no IGST liability if the consideration for the ticket is ₹450 as the inter-State services by way of right to admission to, inter alia, musical performance are exempt from IGST vide Notification No. 9/2017, if the consideration for right to admission to the event is not more than ₹500 per person. However, there will be no change in the answer in respect of supplies mentioned in point (ii) and (iii) above.

Question III (5): Answer the following question in the light of the place of supply provisions contained in the IGST Act, 2017: Supra Events, an event management company at New Delhi, organizes an award function for Chirag Diamond Merchants of Varanasi (registered in U.P.), at Mumbai. Determine place of supply of the service supplied by Supra Events. Will your answer be different, if the award function is organized at Mauritius instead of Mumbai?

Answer: Relevant Provision: Section 12(7) of the IGST Act stipulates that the place of supply of services provided by way of organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events is the location of recipient in a case where such service is provided to a registered person.

Analysis & Conclusion: In the given case, since the recipient (Chirag Diamond Merchants) is a registered person, the place of supply is the location of the recipient, i.e., Varanasi, U.P.

Further, the place of supply will not change even if the award function is organized at Mauritius instead of Mumbai as the location of recipient remains unchanged. Thus, in that case also, the place of supply is the location of the recipient, i.e., Varanasi, U.P.

Question III (6): Damani Industries has recruited Super Events Pvt. Ltd., an event management company of Gujarat, for organizing the grand party for the launch of its new product at Bangalore. Damani Industries is registered in Mumbai. Determine the place of supply of the services provided by Super Events Pvt. Ltd. to Damani Industries.

Will your answer be different if the product launch party is organized at Dubai? [ICAI Material]

Answer: Relevant Provision: Section 12(7)(a)(I) of IGST Act, 2017 stipulates that when service by way of organization of an event is provided to a registered person, place of supply is the location of recipient.

Analysis & Conclusion: Since, in the given case, the product launch party at Bangalore is organized for Damani Industries (registered in Mumbai), place of supply is the location of Damani Industries i.e., Mumbai, Maharashtra.

In case the product launch party is organized at Dubai, the answer will remain the same, i.e., the place of supply is the location of recipient (Damani Industries)— Mumbai, Maharashtra.

Question III (7): Mr. Murthy, an unregistered person and a resident of Pune, Maharashtra hires the services of Sun Ltd. an event management company registered in Delhi, for organising the new product launch in Bengaluru, Karnataka.

- (i) Determine the place of supply of services provided by Sun Ltd.
- (ii) What would be your answer if the product launch takes place in Bangkok?
- (iii) What would be your answer if Mr. Murthy is a registered person and product launch takes place in-

- (a) Bengaluru
 (b) Bangkok? [ICAI Material]

Answer:

(i) **Relevant Provision:** As per section 12(7)(a)(ii) of the IGST Act, 2017 when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

Analysis & Conclusion: Since, in the given case, the service recipient [Mr. Murthy] is unregistered and event is held in India, place of supply is the location where the event is actually held, i.e. Bengaluru, Karnataka. The location of the supplier and the location of the recipient is irrelevant in this case.

(ii) However, if product launch takes place outside India [Bangkok], the place of supply will be the location of recipient, i.e. Pune, Maharashtra.

(iii) **Relevant Provision:** When service by way of organization of an event is provided to a registered person, place of supply is the location of recipient vide section 12(7)(a)(I) of the IGST Act.

Analysis & Conclusion: Therefore, if Mr. Murthy is a registered person, then in both the cases, i.e. either when product launch takes place in Bengaluru or Bangkok, the place of supply will be the location of recipient, i.e. Pune, Maharashtra.

Question III (8): What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States? [ICAI Material]

Answer: In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each state in proportion to the value of services determined in terms of the contract or agreement entered into in this regard [Explanation to section 12(7) of the IGST Act].

In the absence of a contract or agreement between the supplier and recipient of service, the proportionate value of services made in each state (where the event is held) will be computed in accordance with Rule 5 of the IGST Rules, by the application of Generally accepted accounting principles.

Question III (9): Determine the place of supply for the following independent cases under the IGST Act, 2017:

- (i) Grand Gala Events, an event management company at Kolkata, organises two award functions for Narayan Jewellers of Chennai (Registered in Chennai, Tamilnadu) at New Delhi and at Singapore. [ICAI Material]
- (ii) Perfect Planners (Bengaluru, Karnataka) is hired by Dr. Kelvin (unregistered person based in Kochi, Kerala) to plan and organise his son's wedding at Mumbai, Maharashtra. Will your answer be different if the wedding is to take place at Malaysia? [ICAI Material]

Answer:

- (i) **Relevant Provision:** When service by way of organization of an event is provided to a registered person place of

supply is the location of recipient in terms of section 12(7)(a)(I) of IGST Act, 2017.

Analysis & Conclusion: Since, in the given case, the award functions at New Delhi and Singapore are organized for Narayan Jewellers (registered in Chennai), place of supply in both the cases is the location of Narayan Jewellers i.e., Chennai, Tamil Nadu.

- (ii) **Relevant Provision:** As per section 12(7)(a)(ii) of IGST Act, 2017, when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

Analysis & Conclusion: Since, in the given case, the service recipient [Dr. Kelvin] is unregistered and event is held in India, place of supply is the location where the event is actually held i.e., Mumbai, Maharashtra. However, if the wedding is to take place outside India [Malaysia], the place of supply is the location of recipient, i.e. Kochi, Kerala.

Question III (10): What is the place of supply of services by way of transportation of goods, including by mail or courier when both the supplier and the recipient of the services are located in India? [ICAI Material]

Answer: If the recipient is registered, the location of such person is the place of supply.

However, if the recipient is not registered, the place of supply is the place where the goods are handed over for transportation. Further, if the goods are transported outside India, the destination of such goods is the place of supply [Section 12(8)].

Question III (11): M/s Kingsize Airlines has issued a ticket/pass to Mr Saxena, the winner of annual lucky draw, for travelling to anywhere in India. Determine the place of supply in this case.

Answer: Relevant Provision: As per section 12(9) of the IGST Act, 2017, the place of supply of passenger transportation service to a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey.

In the above case, the place of embarkation will not be available at the time of issue of invoice as the right to passage is for future use. Accordingly, place of supply cannot be the place of embarkation.

The proviso to section 12(9) provides that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the provisions of 12(2).

Analysis & Conclusion: Thus, in such cases, the default rule shall apply i.e. the place of supply of services made to any person other than a registered person shall be the location of the recipient where the address on record exists and the location of the supplier of services in other cases.

Question III (12): What will be the place of supply of passenger transportation service, if a person travels from Mumbai to Delhi and back to Mumbai? [ICAI Material]

Answer: As per Section 12(9) of IGST Act, If the person is registered, the place of supply will be the location of recipient. If

the person is not registered, the place of supply for the forward journey from Mumbai to Delhi will be Mumbai, the place where he embarks.

However, As per Explanation to section 12(9) of the IGST Act for the return journey, the place of supply will be Delhi as the return journey has to be treated as separate journey, even if the tickets for onward and return journey are issued at the same time.

Question III (13): What is the place of supply for mobile connection? Can it be the location of supplier? [ICAI Material]

Answer: For domestic supplies: -

No, the location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state.

The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located.

The place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. As per section 12(11) of IGST Act, in case of postpaid connections, the place of supply is the location of billing address of the recipient of service on the records of supplier of services.

In case of pre-paid connections, if the service is supplied: -

- (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place of address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
- (ii) by any person to the final subscriber, the place of supply is the location where such pre-payment is received or such vouchers are sold;
- (iii) in other cases, the place of supply is the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be the location of the supplier of services.

However, if the recharge is done through internet /e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply [Section 12(11)].

Question III (14): A person from Mumbai goes to Kullu - Manali and takes some services from ICICI Bank in Manali. What is the place of supply? [ICAI Material]

Answer: As per section 12(12) of IGST Act, the place of supply in case of banking services to any person shall be the location of the recipient of services on the records of the supplier of services. However, if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services, i.e., Kullu- Manali, Himachal Pradesh.

Question III (15): An unregistered person from Gurugram travels by Air India flight from Mumbai to Delhi and gets his travel insurance done in Mumbai. What is the place of supply of insurance services? [ICAI Material]

Answer: As per Section 12(13) of the IGST Act, When insurance service is provided to an unregistered person, the location

of the recipient of services on the records of the supplier of insurance services is the place of supply. So Gurugram is the place of supply.

Question III (16): 'PQ', a statutory body, deals with all the advertisement and publicity of the Government. It has issued a release order to 'Moon Plus' channel (registered in State 'A') for telecasting an advertisement relating to one of the schemes of the Government in the month of September 20XX. The advertisement will be telecasted in the States of 'A', 'B', 'C', 'D' and 'E'. The total value of the service contract entered into between 'Moon Plus' and 'PQ' is ₹ 10,00,000 (exclusive of GST).

You are required to determine the place of supply of the services in the instant case as also the value of supply attributable to the States of 'A', 'B', 'C', 'D' and 'E'.

Further, compute the GST liability [CGST & SGST or IGST, as the case may be] of 'Moon Plus' as also advise it as to whether it should issue one invoice for the entire contract value or separate State-wise invoices.

The other relevant information is given hereunder:

Table 1

States	Viewership figures of 'Moon Plus' channel in the last week of June 20XX as provided by the Broadcast Audience Research Council
A	50,000
B + C	1,00,000
D + E	50,000

Table 2

States	Population as per latest census (in crores)
A	50
B	180
C	20
D	100
E	25

The applicable rate of tax is as under:

CGST	SGST	IGST
9%	9%	18%

Answer: Relevant Provision: As per section 12(14) of the IGST Act, 2017, the place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement is taken as being in each of such States or Union territories, where the advertisement is broadcasted/run/ played/disseminated.

Analysis & Conclusion: Therefore, in the given case, the place of supply of advertisement service is in the States of 'A', 'B', 'C', 'D' and 'E'.

The value of the supply of such advertisement services specific to each State/Union territory is in proportion to the amount attributable to the services provided by way of dissemination in the respective States/Union territories determined in terms of the contract or agreement entered into in this regard.

In the absence of such a contract or agreement between the supplier and recipient of services, the proportionate value of advertisement services attributable to different States/Union territories (where the advertisement is broadcasted/run/played/ disseminated) is computed in accordance with rule 3 of the IGST Rules, 2017.

Relevant Provision: As per rule 3(f) of the IGST Rules, 2017, in the case of advertisement on television channels, the amount attributable to the value of advertisement service disseminated in a State shall be calculated on the basis of the viewership of such channel in such State, which in turn, shall be calculated in the following manner, namely:—

- (i) the channel viewership figures for that channel for a State or Union territory shall be taken from the figures published in this regard by the Broadcast Audience Research Council;
- (ii) the figures published for the last week of a given quarter shall be used for calculating viewership for the succeeding quarter;
- (iii) where such channel viewership figures relate to a region comprising of more than one State or Union territory, the viewership figures for a State or Union territory of that region, shall be calculated by applying the ratio of the populations of that State or Union territory, as determined in the latest Census, to such viewership figures;
- (iv) the ratio of the viewership figures for each State or Union territory as so calculated, when applied to the amount payable for that service, shall represent the portion of the value attributable to the dissemination in that State or Union territory.

Analysis & Conclusion: Therefore, value of supply attributable to 'A', 'B', 'C', 'D' and 'E', will be computed as under:

States	Viewership figures of 'Moon Plus' channel as provided by the Broadcast Audience Research Council in the last week of June 20XX	Viewership ratio of 'Moon Plus' channel in the States 'A', ('B' + 'C') and ('D' + 'E')	Proportionate value of advertisement services for States A, ('B' + 'C') and ('D' + 'E')
A	50,000	50,000: 1,00,000: 50,000 = 1:2:1	$\text{₹}10,00,000 \times 1/4 =$ $\text{₹}2,50,000$
B + C	1,00,000		$\text{₹}10,00,000 \times 2/4 =$ $\text{₹}5,00,000$
D + E	50,000		$\text{₹}10,00,000 \times 1/4 =$ $\text{₹}2,50,000$

States	Population as per latest census (in crores)	Population ratio in the States 'B' & 'C' and 'D' & 'E'	Proportionate value of advertisement services in the States 'A', 'B', 'C', 'D' & 'E'
A	50		₹ 2,50,000
B	180	B:C = 180:20 = 9:1	₹ 5,00,000 × 9/10 = ₹ 4,50,000
C	20		₹ 5,00,000 × 1/10 = ₹ 50,000
D	100	D:E = 100:25 = 4:1	₹ 2,50,000 × 4/5 = ₹ 2,00,000
E	25		₹ 2,50,000 × 1/5 = ₹ 50,000

Since, there are five different places of supply in the given case, 'Moon Plus' channel will have to issue five separate invoices for each of the States namely, 'A', 'B', 'C', 'D' & 'E' indicating the value pertaining to that State. The GST liability of 'Moon Plus' channel will, therefore, be worked out as under:

Computation of GST liability of 'Moon Plus'

States	Proportionate value of advertisement services (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
A	2,50,000	22,500	22,500	
B	4,50,000			81,000
C	50,000			9,000
D	2,00,000			36,000
E	50,000			9,000

Only in case of supply of services in State 'A', the location of supplier (State 'A') and the place of supply are in the same State, hence the same is an intra-State supply in terms of section 8(1) of the IGST Act, 2017 and is thus, liable to CGST and SGST. In all the remaining cases of supply of services, the location of the supplier (State 'A') and the places of supply (States 'B', 'C', 'D' & 'E') are in two different States, hence the same are inter-State supplies liable to IGST [Section 7(1)(a) of the IGST Act, 2017 read with section 5(1) of that Act].

[Topic-(I)- Basic Questions]

Question I (1): Who is liable to pay GST?

Answer: General Rule - Supplier of goods or services is liable to pay GST.

Specific circumstances –

- Import supplies – Recipient of goods or services has to pay tax under reverse charge.
- The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies, of which shall be paid by the electronic commerce operator, if such services are supplied through it.
- TDS – If total value of supply under contract > ₹ 2.5 lakhs, then Central and State Government, Local authority, Government agencies is liable to deduct TDS and pay the same to the government
- TCS - E-commerce operators are required to collect tax (TCS) on the aggregate value of supply reduced by returns in a month.

[Topic-(II)- Section 51- Tax deducted at Source]

Question II (1): What is TDS?

Answer: TDS stands for Tax Deducted at Source (TDS).

As per section 51, this provision is meant for Government and Government undertakings and other notified entities making contractual payments where total value of such supply under a contract exceeds ₹ 2.5 Lakhs to suppliers.

While making any payments under such contracts, the concerned Government/authority shall deduct 1% of the total payment made and remit it into the appropriate GST account.

Question II (2): Whether the rate of tax of 1% notified under section 52 is CGST or SGST or a combination of both CGST and SGST? [ICAI Material]

Answer: The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect aggregating to 1%.

Question II (3): How will the Supplier account for this TDS while filing his return?

Answer: Any amount shown as TDS will be reflected in the electronic cash ledger of the concerned supplier. He can utilize this amount towards discharging his liability towards tax, interest fees and any other amount.

Question II (4): State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable in below mentioned scenarios -

- (a) Fitan sells watch on its own through its own website
- (b) ABC limited who is dealer of Fitan brand sells watches through Slipkart, an electronic commerce operator. [ICAI Material]

Answer: Answers for both the scenarios is as follows:

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of-

(a) the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS) won't be applicable.

(b) If ABC limited who is dealer of Fitan brand sells watches through Slipkart, then the provision of TCS will be applicable to Slipkart.

Question II (5):

(i) A Central Government Department located at Uttar Pradesh is registered with the Commercial Tax Department UP State for deducting GST. It enters into a contract with a Public Sector Undertaking (PSU), registered under GST in the State of Delhi, for supplying goods valued ₹ 3,50,000. The PSU argues that no tax is deductible on this supply by the Central Government Department as it is located outside the State of Uttar Pradesh and therefore not liable to tax under CGST and SGST as it is a local levy and IGST tax deduction is not applicable if it is located in another State, other than the State in which the Department is registered. You are required to comment on this.

(ii) Would there be any difference, if instead of the PSU if it was an entity in the private sector? Applicable tax rate for deduction is 1% CGST, 1% SGST and 2% IGST.

(iii) If the private sector entity undertakes works contract, for the above Department in New Delhi. What would be the position of tax deduction when the contract value is ₹ 5,00,000? [Nov 2020, 4 Marks]

Answer:

(i) Certain specified persons are required to deduct tax from the payment made to the supplier of taxable goods and/or services, where the total value of such supply [excluding GST] under a contract, exceeds ₹ 2,50,000.

However, the tax is not liable to be deducted at source when supply of goods and/or services has taken place between one specified person to another specified person. Since both Central Government Department and PSU are the specified persons, tax is not deductible in case of supply of goods between them.

(ii) Central Government Department is mandatorily required to deduct IGST @ 2% since a private entity is not the specified person.

(iii) Since, in the given case, the location of supplier and place of supply is in the same State, i.e., Delhi and location of recipient is in UP, Central Government Department is not required to deduct TDS although the total value of supply under the contract is more than ₹ 2,50,000.

It has been assumed that the location of private entity and the place of supply are in Delhi and the Central Government Department is in U.P.

Question II (6): Yash Shoppe, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51.

You are required to briefly explain the provisions relating to tax deduction at source under section 51 and also determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31st October. The rates of CGST, SGST and IGST may be assumed to be 6%, 6% and 12% respectively.

- (1) Supply of computer stationery to Public Sector Undertaking (PSU) located & registered in Mumbai. Total contract value is ₹ 2,72,000 (inclusive of GST)
- (2) Supply of air conditioner to GST department located & registered in Delhi. Total contract value is ₹ 2,55,000 (exclusive of GST)
- (3) Supply of generator renting service to Municipal Corporation of Jaipur (not exempt under GST law). Total contract value is ₹ 3,50,000 (inclusive of GST). [ICAI Material]

Answer: Relevant Provisions: As per section 51, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier of taxable goods and/ or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice], under a contract, exceeds ₹ 2,50,000.

Analysis & Conclusion: Since in the given case, Yash Shoppe is supplying goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S.N.	Particulars	Total contract value due to be received [excluding GST] (₹)	Tax to be deducted		
			CGST @ 1% (₹)	SGST @ 1% (₹)	IGST @ 2% (₹)
(1)	Supply of computer stationery to PSU in Mumbai [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed ₹ 2,50,000, tax is not required to be deducted.]	2,42,857 [2,72,000 × 100 / 112]	-	-	
(2)	Supply of air conditioner to GST Department in Delhi [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.]	2,55,000	-		5,100

(3)	Supply of a generator renting service to Municipal Corporation of Jaipur [Since the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.]	3,12,500 [3,50,000 × 100 / 112]	3,125	3,125	
	Total		3,125	3,125	5,100

Question II (7): Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, respectively as under:

S. No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located & registered in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh)	12,39,000	12,39,000
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.]	9,72,000	50,000 for books & 20,000 for printed post cards
(vii)	Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution	3,50,000	3,50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Manihar Enterprises is registered under composition scheme? [ICAI Material]

Answer: Relevant Provisions: As per section 51 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:

- (a) a department or establishment of the Central Government or State Government; or
- (b) local authority; or
- (c) Governmental agencies; or
- (d) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- (f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Analysis & Conclusion: Since in the given case, Manihaar Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S.N.	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted		
				CGST (₹)	SGST (₹)	IGST (₹)
	Supply of stationery to Fisheries Department, Kolkata (Note-1)	2,60,000	15,000	-		
	Supply of car rental services to Municipal Corporation of Delhi (Note-2)	2,95,000	20,000	-		
	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3)	5,90,000	25,000			500
	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 (Note-4)	6,49,000	50,000	500	500	

Interior decoration of Andhra Bhawan located in Delhi (Note-5)	12,39,000	12,39,000	-		
Supply of printed books and printed post cards to a West Delhi Post Office (Note-6)	9,72,000		-		
Maintenance of street lights in Municipal area of East Delhi (Note-7)	3,50,000	3,50,000	-		

Notes:

- Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= ₹ 2,60,000 \times 100 / 118$$

$$= ₹ 2,20,339 \text{ (rounded off)}$$
 Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.
- Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 2,95,000 \times 100 / 118$$

$$= ₹ 2,50,000$$
 Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.
- Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= ₹ 5,90,000 \times 100 / 118$$

$$= ₹ 5,00,000$$
 Since the total value of supply under the contract exceeds ₹ 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ₹ 25,000, i.e. ₹ 500.
- Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 6,49,000 \times 100 / 118$$

$$= ₹ 5,50,000$$
 Since the total value of supply under the contract exceeds ₹ 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of ₹ 50,000, i.e. ₹ 1,000.

5. Proviso to section 51(1) stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

6. If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 2,72,000 \times 100 / 118$$

$$= ₹ 2,30,509 \text{ (rounded off)}$$

Since the total value of taxable supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

7. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, inter alia, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST. Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.

The answer will remain unchanged even if Manihar Enterprises is registered under composition scheme. Tax will be deducted in all cases where it is required to be deducted under section 51 of the CGST Act, 2017 including the scenarios when the supplier is registered under composition scheme.

[Topic-(III)- Section 52- Tax Collected at Source]

Question III (1): What is Tax Collected at Source (TCS)?

Answer: This provision is applicable only for E-Commerce Operator under section 52 of CGST/SGST Act. Every E-Commerce Operator, not being an agent, needs to withhold an amount calculated at the rate not exceeding one percent of the "net value of taxable supplies" made through it where the consideration with respect to such supplies is to be collected by the operator. Such withheld amount is to be deposited by such E-Commerce Operator to the appropriate GST account by the 10th of the next month. The amount deposited as TCS will be reflected in the electronic cash ledger of the supplier.

Question III (2): Is every e-commerce operator required to collect tax on behalf of actual supplier? [ICAI Material]

Answer: Yes, every e-commerce operator is required to collect tax where consideration with respect to the supply is being collected by the e-commerce operator.

However, no TCS is required to be collected in the following cases:-

- (i) on supply of services notified under section 9(5) of the CGST Act, 2017.
- (ii) on exempt supplies
- (iii) on supplies on which the recipient is required to pay tax on reverse charge basis.

Question III (3): From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS/TCS provisions of the CGST Act, 2017. You shall also quantify the amount of TDS/TCS, as the case be, if the same is applicable.

- (i) Top Fashions, a designer cloth dealer and registered in the State of West Bengal, effected supply through 'QUICK DEAL', an electronic commerce operator. Net value of taxable intra-State supplies effected for the month of October 2019 was ₹ 1,50,000.
- (ii) M/s Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹ 4,30,000. Of this, value of exempt supply was ₹ 1,00,000.
- (iii) Tasty Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff. Value of said services was ₹ 4,50,000. [Jan 2021, 4Marks]

Answer:

- (i) **Relevant Provisions:** An electronic commerce operator (ECO) is required to collect TCS - an amount @ 1% (CGST 0.5% and SGST @ 0.5%) of the net value of taxable supplies made through it by other suppliers.

Analysis & Conclusion: Therefore, as per the given Details-

$$= ₹ 1,50,000 \times 0.5\%$$

$$= ₹ 750 \text{ (CGST)}$$

$$= ₹ 750 \text{ (SGST)}$$

- (ii) **Relevant Provisions:** A State Government is required to deduct tax from the payment made to the supplier of taxable goods and/or services, where the total value of such supply [excluding GST] under a contract, exceeds ₹ 2,50,000.

Analysis & Conclusion: TDS to be deducted in the given intra-State supply (since place of supply and location of

supplier is in Tamil Nadu) is as follows:

$$= ₹ (4,30,000 - 1,00,000) \times 1\%$$

$$= ₹ 3,300 \text{ (CGST)}$$

$$= ₹ 3,300 \text{ (SGST)}$$

(iii) Since, in the given case, the location of supplier and place of supply are in the same State, i.e., Kerala and location of recipient is in Andhra Pradesh, Andhra Pradesh Government is not required to deduct TDS although the total value of supply under the contract is more than ₹ 2,50,000.

Note: In above question, it has been assumed that the value given is exclusive of GST, wherever applicable, since the rate of tax is not given in the question.

Question III (4): A is an e-commerce operator supplying goods through its electronic portal in capacity of an agent. The goods belong to B and the consideration for such supplies is received by A and remitted to B as per the contractual arrangement. A requires your help in arriving at the rate at which tax shall be collected from the amount which is received by it against the supplies? [ICAI Material]

Answer: Relevant Provisions: As per Section 52(1), the TCS provisions are not applicable in cases where the ECO is an agent of the supplier.

Analysis & Conclusion: In the present case, A being an ECO is supplying goods through the electronic portal in capacity of an agent and hence the liability to collect tax as per Section 52 shall not arise in this case.

Question III (5): X booked a Hotel in Udaipur, Rajasthan through an e-commerce portal for an amount of ₹ 25,000. As per the terms and conditions, the amount was payable at the hotel at the time of check in. Whether TCS provisions shall apply in the present case? [ICAI Material]

Answer: Relevant Provisions: As per the provisions under Section 52 the TCS provisions shall trigger only when the ECO is receiving the consideration for supply from the recipient of supply.

Analysis & Conclusion: In the present case the supplier i.e. the hotel is directly receiving the consideration from the recipient of the services i.e. X. Hence, the present transactions shall not trigger the TCS provisions under Section 52.

Question III (6): There is no onus of filing any monthly & annual statements by ECO. Examine the technical veracity of the statement by explaining relevant provisions. [ICAI Material]

Answer: The given statement is invalid. An electronic statement has to be filed by the ECO containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made.

Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year.

The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source.

[Topic-(I)- Section 35 - Accounts and Other Records]

Question I (1): Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules?

Answer: Every registered person shall keep and maintain, his books of accounts at his principal place of business and books of account relating to additional place of business as mentioned in the certificate of registration. Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.

Question I (2): Whether the transporters, who are not registered under the GST, are required to maintain any records under the provisions of CGST Act, 2017? Also explain, if any other unregistered persons who are required to maintain records under GST. [Jan 2021, 2 Marks]

Answer: The transporters, who are not registered under GST, shall obtain a unique enrollment number on GST common portal and maintain records of goods transported, delivered and goods stored in transit by them along with GSTIN of the registered consignor and consignee for each of his branches.

Every owner or operator of warehouse/godown/any other place used for storage of goods, even if unregistered, is also required to maintain records under GST.

Question I (3): List any four records required to be maintained by an agent under the CGST Rules, 2017. [Dec 2021, 4 Marks]

Answer: Every agent shall maintain accounts depicting the-

- (a) particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
- (b) particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
- (c) particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
- (d) details of accounts furnished to every principal; and
- (e) tax paid on receipts or on supply of goods or services effected on behalf of every principal.

Question I (4): Essel Groups has started making taxable supplies and gets registered under GST law. You are required to advice it about the accounts and records required to be maintained by it as required under section 35 (1). [ICAI Material]

Answer: Section 35(1) stipulates that a true and correct account of following is to be maintained:

- (a) production or manufacture of goods;
- (b) inward and outward supply of goods or services or both;
- (c) stock of goods;
- (d) input tax credit availed;

- (e) output tax payable and paid
- (f) such other particulars as may be prescribed.

Question I (5): Swad Restaurant has opted for composition scheme in the current financial year. Discuss the records which are not to be maintained by a supplier opting for composition levy though required to be maintained by a normal tax-payer as enumerated in rule 56. [ICAI Material]

Answer: Following records are not required to be maintained by a supplier who has opted for composition scheme as per rule 56(2) and (4), but are required to be maintained by a normal tax payer:

- (I) Stock of goods: Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.
- (II) Details of tax: Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Question I (6): ABC Manufacturers Ltd. engages Raghav & Sons as an agent to sell goods on its behalf wherein the invoice for supply or procurement on behalf of ABC Manufacturers Ltd. is issued by Raghav & Sons in its own name. For the purpose, ABC Manufacturers Ltd. has supplied the goods to Raghav & Sons located in Haryana. Enumerate the accounts required to be maintained by Raghav & Sons as per rule 56(11). [ICAI Material]

Answer: Rule 56(11) provides that every agent shall maintain accounts depicting the-

- (a) particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
- (b) particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
- (c) particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
- (d) details of accounts furnished to every principal; and
- (e) tax paid on receipts or on supply of goods or services effected on behalf of every principal.

Question I (7) : Mr. Harsh Manjula is engaged in the business of works contract services and request your guidance as to specific records required to be maintained by him under GST law, if any. [ICAI Material]

Answer: Mr. Harsh Manjula, executing works contract shall keep separate accounts for works contract showing -

- * The names and addresses of the persons on whose behalf the works contract is executed;
- * description, value and quantity (wherever applicable) of goods/services received for the execution of works contract;
- * description, value and quantity (wherever applicable) of goods/services utilized in the execution of works contract;
- * The details of payment received in respect of each works contract; and

* the names and addresses of suppliers from whom he received goods or services.

Question I (8) : Chill Chain Cold is operating cold storage warehouse and seeks your guidance on the GST accounts and records to be maintained by them in terms of Section 35. [ICAI Material]

Answer: Chill Chain Cold shall maintain records of the consigner, consignee and other relevant details of the goods in the prescribed manner.

Chill Chain Cold shall also maintain books of accounts with respect to the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods.

Chill Chain Cold shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.

Question I (9) : Mr. X is of the view that records are to be mandatorily maintained manually only. You are required to examine the view taken by Mr. X? [ICAI Material]

Answer: The view taken by Mr. X is not valid in law. Books of account include any electronic form of data stored on any electronic device. The registered person may keep and maintain such accounts and other particulars in electronic form stored on any electronic device and record so maintained shall be authenticated by means of a digital signature. The registered person maintaining electronic records shall produce, on demand, the relevant records or documents, duly authenticated by him, in hard copy or in any electronically readable format.

Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

[Topic-(II)-Section 36 Period of Retention of Accounts]

Question II (1): Mala Services Ltd. is a supplier of management consultancy services registered in Haryana. It has approached you to ascertain the period for which the books of accounts or other records need to be maintained? [ICAI Material]

Answer:Section 36 stipulates that every registered person required to keep and maintain books of account or other records in accordance with the provisions of sub-section (1) of section 35 shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

However, a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.