

Basic Concept of GST



Framework of GST

Name	Governing Act	Levied by	Event of Levy
CGST	Central Goods and Services Tax Act, 2017	Central Government	On Intra State supply of Goods and Services
SGST	State Goods and Services Tax Act, 2017	State Government	On Intra State supply of Goods and Services
UTGST	Union Territory Goods and Services Tax Act, 2017	Union Territories	On Intra State supply of Goods and Services
IGST	Integrated Goods and Services Tax Act, 2017	Central Government	On Inter State supply of Goods and Services
CGST CESS	GST Compensation Cess Act, 2017	Central Government	On Intra/Inter State supply of notified Goods and Services

CONCEPT & PRINCIPLE OF GST

- GST is a Broad-based Value added tax
- GST is a Destination based tax
- GST is technically paid by suppliers but it is actually borne by consumers.
- GST is collected at multiple stage of production and distribution of goods and services in which taxes paid on inputs are allowed as set off against taxes payable on output.
- GST is a tax on the consumption of products from business sources, and not on personal or hobby activities.
- Under GST, input tax credit is provided throughout the value chain for creditable acquisition.

Constitutional Amendments

- Article 366 (12A)** GST means "Any tax on supply of Goods or Services or both except taxes on Supply of the Alcoholic Liquor for human Consumption"
- Article 246A** Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST
- Article 269A** Provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST) (including import)

Benefits of GST

- 1) Creation of Unified National market
- 2) Mitigating Cascading Effect
- 3) Elimination of multiple taxes and double taxation
- 5) Increase in Revenue

Taxes to be Subsumed in GST

- | Central Taxes | State Taxes |
|--|---|
| <ul style="list-style-type: none"> Central Excise duty Additional excise duty Excise duty levied under Medicinal & Toilettries Preparational Act Additional Customs duty (ACD) Service Tax Surcharges & Cesses Central Sales Tax | <ul style="list-style-type: none"> State VAT/Sales Tax Central Sales Tax Purchase Tax Entertainment Tax (Other than those levied by local bodies) Luxury Tax Entry Tax (All forms) Taxes on lottery, betting & gambling Surcharges & Cesses |

Taxes not subsumed under GST

1. Property Tax & Stamp Duty
2. Electricity Duty
3. Excise Duty on Alcohol
4. Basic Custom Duty
5. Excise Duty on Petrol Diesel
6. Taxes on Opium, Indian Hemp and other Narcotic Drugs and Narcotics:

Taxes on Opium, Indian Hemp and other Narcotic Drugs and Narcotics:

These are within the purview of GST. However, State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.

Note:- GST Provision shall take effect from the date recommended by GST council on following goods -
 1) Petroleum crude, 2) high speed diesel 3) Motor spirit 4) Natural Gas 5) Aviation turbine Fuel

TAX ON TOBACCO AND TOBACCO PRODUCTS

In the case of tobacco and tobacco products, the Centre alone would have the power to levy excise duty in addition to the GST

Particulars	Value	Excise	CGST @ 14%	SGST @ 14%
1,00,000	10,000	2,80,000	28,000	28,000
1,00,000	10,000	15,000	1,500	1,500
1,00,000	10,000	15,000	1,500	1,500
1,00,000	10,000	15,000	1,500	1,500
1,00,000	10,000	15,000	1,500	1,500

WHOLESALE RETAILER

RECOMMENDATION OF GST COUNCIL

The Goods and Services Tax Council shall make recommendations to the Union and the States on—

- (a) Taxes to be subsumed in GST
- (b) Exemption in GST
- (c) model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
- (d) the threshold limit of turnover for Exemption
- (e) the rates of GST & other Special Rates
- (f) Special Provision w.r.t. the special category state
- (g) any other matter relating to the goods and services tax, as the Council may decide.
- (h) Special rates to raised additional resources during any natural calamity /disaster

SPECIAL CATEGORY OF STATE

- 1) Arunachal Pradesh 2) Assam 3) Jammu and Kashmir 4) Manipur 5) Meghalaya
- 6) Mizoram 7) Nagaland 8) Sikkim 9) Tripura 10) Himachal Pradesh
- 11) Uttarakhand

Note:- Jammu and Kashmir is now UT with state legislature, but still covered under special category States.

MANNER OF UTILIZATION OF ITC IN GST

INWARD SUPPLY	OUTWARD SUPPLY
1. 1GST	Any 1GST
2. CGST	Any CGST
3. SGST	Any SGST
	First 1GST
	First CGST
	First SGST

Note:- CGST cannot be used against SGST/UGST or vice-versa

BODY OF GST LAW

The body of law of GST comprises of the following-

I. Acts:

- a. Central Goods and Services Tax (CGST) Act, 2017
- b. Integrated Goods and Services Tax (IGST) Act, 2017
- c. Union Territory Goods and Services Tax (UTGST) Act, 2017
- d. State Goods and Services Tax (SGST) Acts, 2017
- e. GST (Compensation to States) Act, 2017

2. Rules

- a. Central Goods and Services Tax (CGST) Rules, 2017
- b. Integrated Goods and Services Tax (IGST) Rules, 2017
- c. Union Territory Goods and Services Tax (UTGST) Rules, 2017 for 5 UTs
- d. State Goods and Services Tax (SGST) Rules, 2017

[3]

3. Notifications

(a) CGST	Central Tax Notifications [CT] [Non-tariff]	Central Tax (Rate) Notifications [CT (Rate)] [Tariff]
(b) 1GST	(b) Integrated Tax Notifications [IT] [Non-tariff]	Integrated Tax (Rate) Notifications [IT (Rate)] [Tariff]
(c) UTGST	(c) Union Territory Tax Notifications [UTT] [Non-tariff]	Union Territory Tax (Rate) Notifications [UTT (Rate)] [Tariff]
(d) Compensation Cess	(d) Compensation Cess Notifications [GST CompCess] [Non-tariff]	Compensation Cess (Rate) Notifications [GST Comp Cess (Rate)] [Tariff]

4. Circulars

- a. CGST b. 1GST c. UTGST d. SGST
- e. GST Cess

Constitution of GST Council

Constitution:- The GST Council shall consist of the following members, namely:-

- (a) The Union Finance Minister is the Chairman;
- (b) The Union Minister of State in charge of Revenue or Finance is the Member;
- (c) The Minister in charge of Finance or Taxation or any other Minister nominated by each State Government & UTs with Legislatures are the Members.

The Members of the GST Council referred to clause (c) above shall, as soon as may be, choose one amongst themselves to be the Vice-Chairperson of the Council for such period as they may decide.

Charge of GST & Concept of Supply

Section 9 :- Charging Section



Collection
 in such manner as may be prescribed (Detail discussion in subsequent chapter)

Person Liable to Pay Tax
Sec 2(107) "Taxable person" - includes
 "Taxable person" means a person who is registered or liable to be registered u/s 22 or section 24

Forward Charge Sec 9(1)
 Taxable Person making Intra State- Supply
 Reverse Charge Sec 9(3)&(4)
 Recipient of Supply
 E-Commerce Sec 9(5)
 E-Commerce Operator

Value As per Sec 15 of CGST Act, 2017

CGST Rate	IGST Rate	Total Rate
0%	0%	0%
0.125%	1.5%	1.625%
0.125%	1.5%	1.625%
0.25%	3%	3.25%
5%	12%	17%
18%	18%	36%
28%	28%	56%

Levy

Charge

Sec 9(1) - Intra-State Supply of Goods or services or Both
 (a) same State
 (b) same Union territory

Sec 9(2) - Inter-State Supply of Goods or services or Both
 (a) two different States
 (b) two different Union territories; or
 (c) a State and a Union territory

Sec 9(3) - Goods not Subject to Levy of GST - alcoholic liquor for human consumption

Sec 9(4) - Levy on Petroleum Products from Notified date :- Supply of petroleum crude, high speed diesel, petrol, natural gas and ATF shall be levied from the notified date on recommendation of GST Council.

Note :- Still levy of GST on such products is not notified

Analysis: The type of levy existing or to be continued after GST

Deemed Distinct Persons : Sec 25 CGST Act

25 (4) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or UT shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

25 (5) Where a person who obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishment shall be treated as establishment of distinct persons for the purposes of this Act.

Sec 2(84) "Person" - includes

- (a) An individual
- (b) A hindu undivided family
- (c) A Company
- (d) A Firm
- (e) A limited Liability Partnership
- (f) An association of persons or a body of individuals, whether incorporated or not, in India or outside India
- (g) Any corporation established by or under any Central Act, or State Act or Provincial Act, or in clause (45) of section 2 of the Companies Act, 2013
- (h) any body corporate incorporated by or under the laws of a country
- (i) A co-operative society registered under any law relating to co-operative societies
- (j) A local authority
- (k) Central Government or a State Government
- (l) Society as defined under the Societies Registration Act, 1860
- (m) Trust
- (n) Every artificial juridical person, not falling within any of the above

DECISION FOR A STATE

	[Supply] (Production)		[Sale]	
	GST	ED	VAT	CGST
1. Alcoholic Liquor for Human Consumption	X	✓	✓	✓
2. Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel	X	✓	X	✓
3. Tobacco & Tobacco products	✓	✓	X	X
4. Opium, Indian Hemp and other Narcotic Drugs	✓	✓	X	X
5. All other Products	✓	✓	X	X

Sec 2(94) "Registered person" - includes
 means a person -
 who is registered under section 25
 but does not include a person having a Unique Identity Number

Sec 2(105) "Supplier"
 means person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier
Proviso:- Supplier includes person arranging supply of specified actionable claims & also who owns/operates/manages e-platform for supply.

Business includes [Sec 2(17)]

Any trade, commerce, manufacture, profession, vocation, adventure, business, or other similar activity

Whether or Not
 Whether or not for pecuniary benefit.

Any activity or transaction in nature of Sub Clause (a)
 There is a volume, frequency, continuity or regularity of such transaction.

Club or Association or Society or Any Such body of facilities or benefits to its members.
 Services supplied by a person as a holder of an office which has been accepted by him
 In course or furtherance of his trade

Any activity or transaction in connection with or incidental or ancillary to Sub - Clause (a)

Supply or acquisition of goods including capital goods & service in connection with Commencement or Closure of business

Admission for a consideration of person to any premises

Activity of a race club including by way of tabulator or a licence to book maker or activities or licensed book maker in such club and

Any activity or transaction under taken by CGSTSS/ local authority in which they are engaged as public authorities.

Sec 2(56) "INDIA"
 Means the territory of -
 (a) the Andaman and Nicobar Islands
 (b) Lakshadweep
 (c) Daman and Diu and Dadra and Nagar haveli
 (d) Ladakh
 (e) Chandigarh
 (f) and Other territory

Sec 2(114) "UNION TERRITORY"
 Means the territory of -
 (a) the Andaman and Nicobar Islands
 (b) Lakshadweep
 (c) Daman and Diu and Dadra and Nagar haveli
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Sec 2(108): Taxable Supply
 means a supply of goods or services or both which is leviable to tax under this Act

Chargeable to GST at specified rate as applicable under this act

Sec 2(78): Non-Taxable Supply
 means a supply of goods or services or both which is not leviable to tax under this Act (i.e. CGST Act) or under the Integrated Goods and Services Tax Act

Sec 2(47): Exempt Supply
 means a supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply

Sec 2(107) "Taxable person" - includes
 "Taxable person" means a person who is registered or liable to be registered u/s 22 or section 24

Sec 2(84) "Person" - includes

- (a) An individual
- (b) A hindu undivided family
- (c) A Company
- (d) A Firm
- (e) A limited Liability Partnership
- (f) An association of persons or a body of individuals, whether incorporated or not, in India or outside India
- (g) Any corporation established by or under any Central Act, or State Act or Provincial Act, or in clause (45) of section 2 of the Companies Act, 2013
- (h) any body corporate incorporated by or under the laws of a country
- (i) A co-operative society registered under any law relating to co-operative societies
- (j) A local authority
- (k) Central Government or a State Government
- (l) Society as defined under the Societies Registration Act, 1860
- (m) Trust
- (n) Every artificial juridical person, not falling within any of the above

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 means a person -
 who is registered under section 25
 but does not include a person having a Unique Identity Number

Sec 2(105) "Supplier"
 means person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier
Proviso:- Supplier includes person arranging supply of specified actionable claims & also who owns/operates/manages e-platform for supply.

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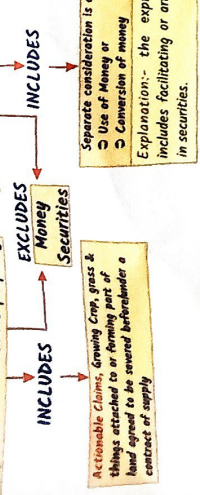
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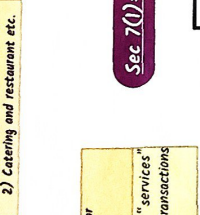


Sec 2 (52) Goods

Sec 2 (102) Services



Both



Sec 7(1) = Supply Includes



Sec 7 - Supply

Sec 7(2)(a) = Supply Excludes



Schedule I Supply of goods / service without consideration (Deemed supply)

- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
 - between related persons or
 - between distinct person as specified in section 25, provided that gift upto ₹50,000 in value in a financial year by an employer to an employee shall not be treated as supply
- Related Person (as per explanation to Sec. 15) of CGST Act
 - such persons are officers or directors of one another's business
 - such persons are legally recognized partners in business
 - such person are employer and employee
 - an person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them
 - one of them directly or indirectly controls the other
 - both of them are directly or indirectly controlled by a third person
 - together they directly or indirectly control a third person
 - they are members of the same family
- Family [Section 2(49)]: "Family" means, -
 - the spouse and children of the person, and
 - the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.
- Supply of goods
 - by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or (agent issuing his own invoice)
 - by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal (agent issuing his own invoice)
- Import of Service without consideration
 - Import of Services by any person
 - from any of his other establishments outside India, in the course or furtherance of business

Schedule III (Transaction not to be treated as supply)

- Services by an employee to the employer in the course of or in relation to his employment.

Notes:- perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and employee.

 - Compensation for premature termination - Non Taxable as it is in relation to employment.
 - Non compete fees received by an employee from employer - Taxable as it is not in the course of or in relation to employment.
 - Casual labour appointed on daily basis for wages - Non Taxable as it is in relation to employment contract
 - Directors Remuneration
 - If TDS under IT Act is deducted u/s 192 - Not a Supply
 - If TDS under IT Act is deducted u/s other sec - Supply
- Services by any court or Tribunal established under any law for the time being in force.
 - The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities
 - The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity
 - The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority
- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

Analysis

 - Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building
 - Not treated as supply as per sch III - No GST
 - Treated as Supply GST Payable
 - Rental, leasing licensing of Land & Building
 - Treated as supply para 5(b), Sch II GST payable
 - Treated as supply whichever earlier certificate or 1st occupancy whichever earlier

Clarification 17/04/2022 GST:

Sale of land either as it or after development like levelling, laying down of drainage, water & electricity lines is also sale of land and not attract GST
- Actionable claims, other than specified actionable claims.

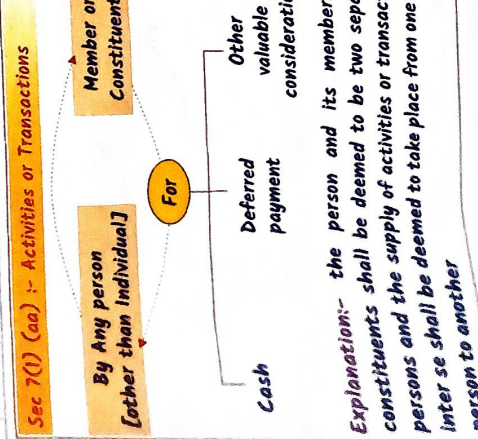
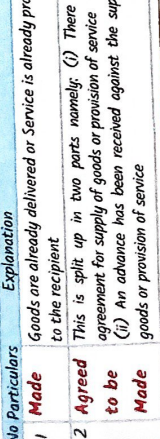
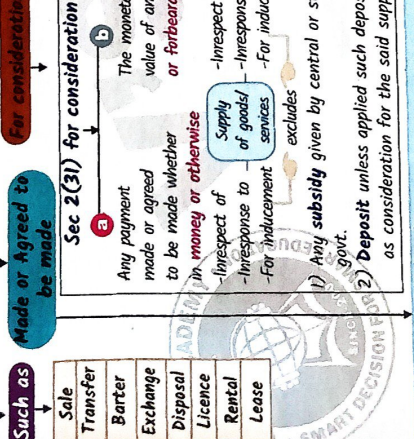
Sec 7(2)(b) = Notified activities by Government

As per NN 14/2017 - Services under Article 243G & 243H of Panchayats & Municipality and Services of granting liquor license against etc. for alcoholic liquor consideration in the form of license fee by SG are neither supply of goods nor supply of services. This notification is retrospectively applicable from 1st July 2017

MIN 20/2019 & CBIC Clarification

- License fees or application fees etc. for alcoholic liquor license by S.G.
- License fees or application fees for other

Sec 7(1) (a) All forms of supply of goods / services/both



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

Sec 7(H):- Where certain activities or transaction constitute a supply in accordance with the provisions of subsection (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Para 1 : Transfer of goods

Supply of goods

- 1) Transfer of title in goods
- 2) Transfer of Title in Goods on future date (Ex. Hire Purchase)

Hire Purchase Sale

1) Hire Purchase Sale
2) Hire Purchase Sale
3) Hire Purchase Sale
4) Hire Purchase Sale
5) Hire Purchase Sale
6) Hire Purchase Sale

Change: (a) Charges (b) Charges (c) Charges (d) Charges (e) Charges (f) Charges (g) Charges (h) Charges (i) Charges (j) Charges (k) Charges (l) Charges (m) Charges (n) Charges (o) Charges (p) Charges (q) Charges (r) Charges (s) Charges (t) Charges (u) Charges (v) Charges (w) Charges (x) Charges (y) Charges (z) Charges (aa) Charges (ab) Charges (ac) Charges (ad) Charges (ae) Charges (af) Charges (ag) Charges (ah) Charges (ai) Charges (aj) Charges (ak) Charges (al) Charges (am) Charges (an) Charges (ao) Charges (ap) Charges (aq) Charges (ar) Charges (as) Charges (at) Charges (au) Charges (av) Charges (aw) Charges (ax) Charges (ay) Charges (az) Charges (ba) Charges (bb) Charges (bc) Charges (bd) Charges (be) Charges (bf) Charges (bg) Charges (bh) Charges (bi) Charges (bj) Charges (bk) Charges (bl) Charges (bm) Charges (bn) Charges (bo) Charges (bp) Charges (bq) Charges (br) Charges (bs) Charges (bt) Charges (bu) Charges (bv) Charges (bw) Charges (bx) Charges (by) Charges (bz) Charges (ca) 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Para 2 : Land & Building

Supply of Service

Any lease, tenancy, easement, license to occupy land

Supply of Service

Any lease, letting of building including commercial, industrial complex for business / commerce either wholly or partly

Note : Sale of land & building not treated as supply as per schedule 3 other than construction intended for sale [cf para 5(b)]

Residential House Rented for Hotel

Supply liable to GST as renting of immovable property

Para 3 : Treatment or process

Supply of Service

Any treatment or process which is applied to another person's goods

Process of Job worker

Job worker Polishing Job Charges

Dispatch to Owner

Para 4 : Transfer of business asset

Supply of goods

Permanent transfer of Business Asset:- If goods as a part of the asset are permanently transferred or disposed off

Supply of Service

Temporary transfer of business assets:- If goods as a part of business asset are put to any private use or are used for any purpose other than business

Note : If any person ceases to be a taxable person then goods forming part of business asset shall be deemed to be supplied (In the course or furtherance of business) unless :-

- (i) Business is transferred as going concern to another person.
- (ii) Business is carried on by personal representative who is deemed to be a taxable person.

Para 5 : Following activities always treated as supply of service under GST

- 1) Renting of immovable property
- 2) Construction of complex, building, civil structure including a complex, building intended for sale to buyer. But in following case it shall not be treated as supply. - when entire consideration has been received - after completion certificate / - it's 1st occupation whichever is earlier

Note :- Construction - it includes addition, alteration, replacement, remodelling of any existing civil structure

Construction of Service intended for sale before completion

Flat Value 80,00,000/-

1) before Completion 20,00,000/-

2) After Completion 74,94,999/-

3) After Completion 80,00,000/-

Taxable value for GST = 280 Lacs

Taxable Value = 280 Lacs

Not Taxable As per Sch - III

Temporary transfer of IPR

- 1) Development, design, programming, customisation etc. of info. Tech. Software
- 2) Customized Software
- 3) Sale of Pre-packed Software
- 4) License to use prepacked Software
- 5) Agreeing to the obligation to refrain from an act or to tolerate an act.
- 6) Transfer of right to use any goods for any purpose for cash, deferred payment or other consideration.

Think GST Think Vishal Sir

CA Vishal Bhatnagar

Sec 8 : Composite Supply & Mixed Supply

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

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

Definition - Composite Supply

Composite Supply as per Sec 2 (30) : means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both or any combination thereof which are naturally bundled and supplied in conjunction with each other in ordinary course of business one of which is a principal supply

Illustration:- (Goods + Service) Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

Definition - Mixed Supply

Mixed Supply as per Sec 2 (74) : means

- Two or more individual supplies of goods or services or any combination thereof
- Made in conjunction with each other by a taxable person for a single price
- Where such supply does not constitute a composite supply

Illustration:- A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

IMPORTANT CLARIFICATIONS

Circular No.:- 1/1/2017

Issue:- Whether inter-state movement of conveyance, carrying goods/ passenger/ both, or for repair and maintenance, between distinct persons (Reg Br.1 to Reg Br.2) is leviable to IGST? (Conveyance = Trains, buses, trucks, tankers, trailers, vessels, containers, aircrafts.)

Decision:- It shall not be treated as SOG/SOS, so no IGST. (Except further supply) (Schedule I, Para 2)

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

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

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

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



Circular No.:- 21/21/2017

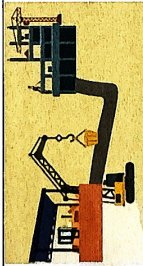
Issue :- Whether inter-state movement of Rigs, tools, spare parts, and all goods on wheels (like cranes) between distinct persons (Reg Br.1 to Reg Br.2) is leviable to IGST?

Decision:- It shall not be treated as SOG/SOS, so no IGST (As per Schedule I, Para 2)

Clarification:-

1) It shall not be treated as supply of goods-nor supply of services, hence no IGST is levied,

2) However, applicable CGST/IGST shall be leviable on further supply of these goods.



Circular No.:- 57/31/2018

Issue:- What is the scope of Principal-Agent-Relationship, under Para 3 of schedule 1 of CGST Act, in context of Agents?

Clarification:- (1) Supply by Principal to Agent, where Agent shall issue, for further supply, Invoice in his name- Agent shall be covered under Para 3, Schedule 1

Invoice in the name of Principal:- Agent shall not be covered under Para 3, Schedule 1

(2) Supply by Agent to Principal, where goods being procured by Agent on behalf of Principal, Invoice in his name:- Agent shall be covered under Para 3, Schedule 1

Invoice in the name of Principal:- Agent shall not be covered under Para 3, Schedule 1

Circular No.:- 116/35/2019

Issue:- Whether GST is leviable on the service of display of name/ placing of name plates of donor in the premises of charitable organisations receiving donation/gifts from individual donors?

Clarification :- 1- Individual Donors= provide financial help, etc in form of donation/gift, to charitable institutions, etc

- Recipient institution= place a Name plate, etc in their premises to express the gratitude

- Purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement.

- No obligation on part of recipient to do anything

Hence, No GST on such activity

Circular No.:- 44/2018

Issue:- (1) Whether Tenancy premium for transfer of tenancy rights to an incoming tenant, attract GST, when stamp duty and registration charges is levied on the said premium?

(2) Whether supply, in case of transfer of tenancy rights, a part of the consideration for which, accrues to the outgoing tenant, attracts GST?

Clarification:- 1- Any lease/tenancy/leasehold/license, to occupy land=SOS (Para-2 Schedule II)

2- Transfer of tenancy rights=Not treated as Sale of Land/Building

3- Renting of residential dwelling for use as a residence= Exempt

4- (Transfer of tenancy rights, against consideration of Tenancy premium):-

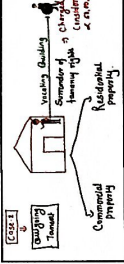
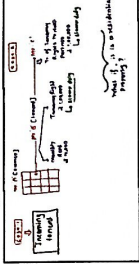
o To an Incoming tenant= Taxable

o To a New tenant= Taxable

o To a New tenant (For Residential Property)= Exempt

5- Service provided by Outgoing tenant as surrendering the tenancy rights, against consideration in the form of a portion of tenancy premium= Taxable

6- Merely because a transaction/ supply involves execution of Docs. (Require registration, pay fees, and stamp duty), wouldn't preclude them from scope of supply.



Circular No.:- 11/11/2017

Issue:- Whether such supplies constitutes SOG/SOS:-

(1) Printing of books, pamphlets, brochures, annual reports, and the like

(2) Supply of Printed envelopes, letter cards, printed box, napkin, wall papers etc, printed with design, logo, etc

Decision:- For (1):- SOS For (2):- SOG (Sec 8, composite and mixed supply)

Clarification

1- Classification of such supplies as SOG/SOS,= on the basis of what constitutes the Principal Supply.

2- Printing of books, pamphlets, brochures, annual reports, etc= SOS (Supply of printing, on the content supplied by the recipient of supply is the Principal supply.

3- Supply of Printed envelopes, letter cards, etc. printed with design, logo, etc.= SOG

(Predominant supply is goods, and supply of printing of the content, supplied by recipient, is Ancillary to the Principal supply of goods.

Circular no. 172/04/2022

Any perquisites provided by employer to its employees:

o If terms of contract = Not supply under Schedule III.

o If not in terms of contract = If value exceeds ₹50,000, it is taxable under Para 2 of Schedule I

Circular no. 178/10/2022

Parameters for taxability under GST:

- o Contractual relationship between supplier & recipient
- o Express or implied promise from supplier for services under para 5(e) of sch II ie payment cannot be assumed
- o Independent arrangement or activity
- o If payment not represent object, it cannot be consideration

a) **Liquidated damages:** Normally no express or implied agreement, thus not taxable, but are taxable in certain cases.

b) **Compensation for cancellation of coal blocks:** not given under contract between govt & allottee, hence not taxable

c) **Cheque dishonour fine/ penalty:** Never implied or express offer, hence not taxable

d) **Penalty imposed for violation of Law:** No agreement between Govt and violator, hence not taxable

e) **Forfeiture of salary or payment of bond amount:** These amounts are not consideration for tolerating the act, hence not taxable

f) **Compensation for not collecting toll charges:** compensation received are treated as supply

g) **Late payment surcharge or fee:** Late payment with interest, fee, fine, penalty are naturally bundled hence assessed as principle supply

h) **Fixed Capacity charges for Power:** These are charged as sale of electricity which is exempt

i) **Cancellation charges:** Assessed as principal supply & some rate is applicable to service contract

Circular no. 190/02/2023

Incentives paid by Ministry of electronic & Information Technology (MeitY) to acquiring bank under incentives schemes for promotion of digital payments are treated as Subsidy hence not taxable

Circular No. 196/08/2023

Activity of holding of shares of subsidiary company by holding company cannot be treated as a supply of services by a holding Co. & cannot be taxed since shares are neither goods nor services.

Circular No. 201/03/2023

o Supply of food/beverages in cinema hall is taxable as 'restaurant service', if:

a) Food or beverages are supplied as part of a service, &

b) supplied independent of the cinema exhibition service.

o If sale of cinema ticket & food & beverages are bundled together as composite supply, entire supply will attract GST rate of exhibition of cinema.

Reverse Charge Mechanism & ECO



Sec 9(3) : Reverse Charge under notified cases

The government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Sec 2(98) : Reverse Charge

means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under section 9(3) or 9(4), or under section 5(3) or 5(4) of the Integrated Goods and Services Tax Act.

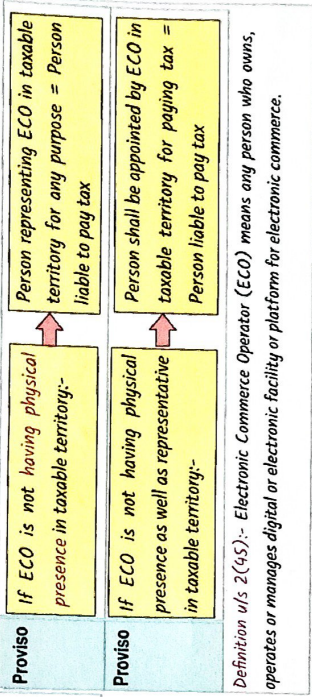
Sec 9(4) (C-GST) Reverse Charge - when supply of goods or services by unregistered person to registered person

The central tax in respect of the supply of specified category of goods or services or both by a supplier, who is not registered, to a specified class of registered person shall be paid by such person on reverse charge basis as the recipient of such supply of goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Sec 9(5) - CGST liability of E-commerce operator

If there is intrastate supply of specified services through ECO, the tax on such supply shall be paid by ECO & All provisions of act shall apply to that ECO as if he is the person liable to pay tax in relation to such supply.

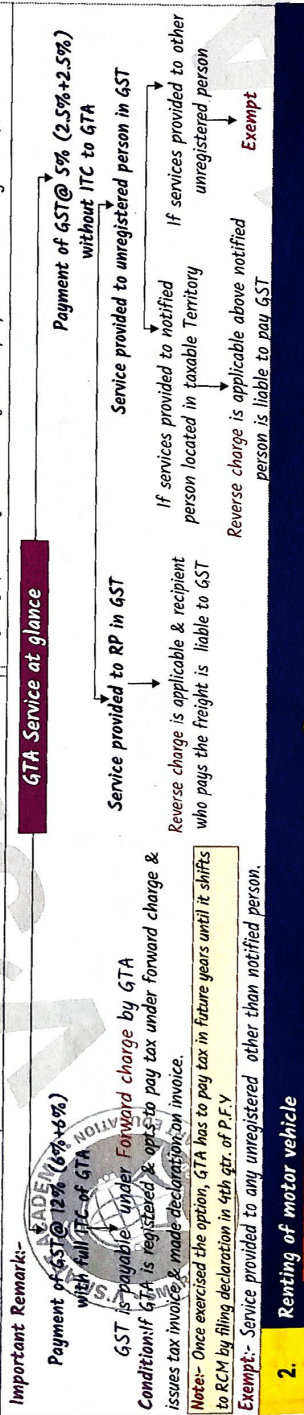
Note:- Here, Services are notified by govt. on recommendations of the council



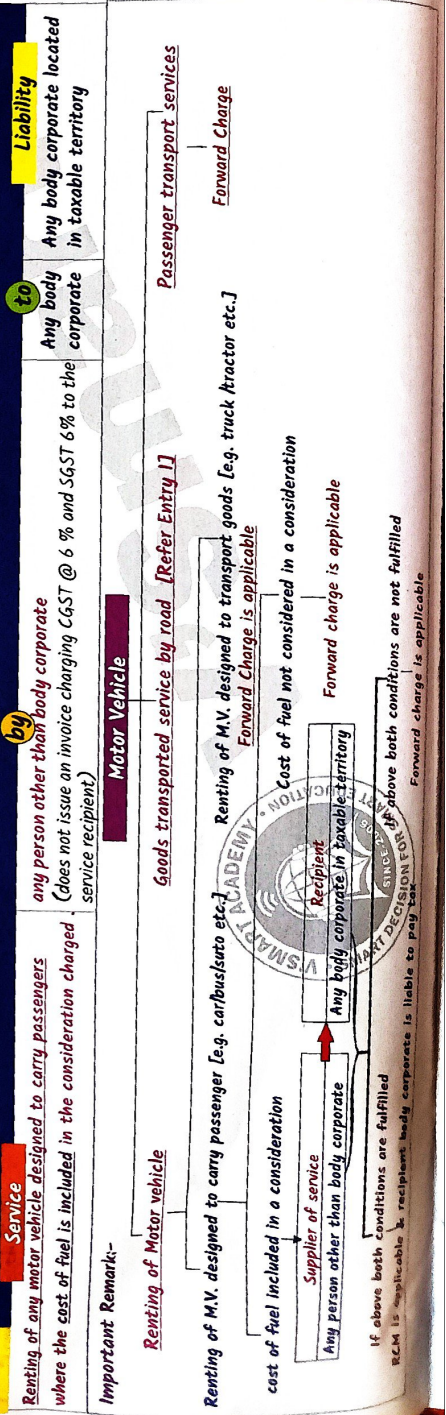
Reverse Charge Mechanism Under sec 9(3) & 9(4)

Transport and Motor vehicle Sector

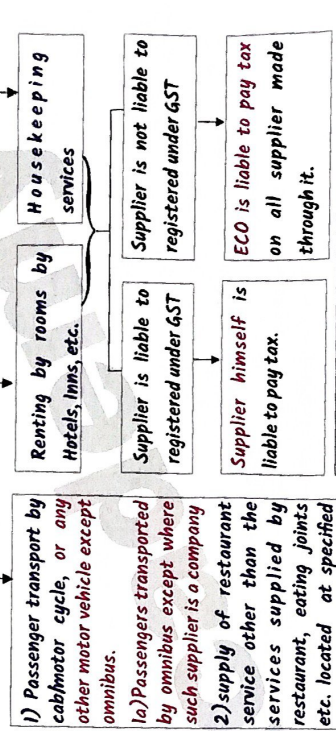
<p>1. GTA</p> <p>Service in relation to transportation of goods by road</p> <p>by</p> <p>GTA (who has not paid GST @12%)</p> <p>to</p> <p>person (Notified Person) who pays freight is a) Any registered factory. b) Any registered Society c) Any Co-operative Society d) Any person registered under GST e) Body corporate or; f) Firm, (including LLP & AOP) g) Any CTP.</p>	<p>Liability</p> <p>Notified person who is liable to pay freight</p> <p>Note : GTA liable in following cases</p> <ol style="list-style-type: none"> If notified person located in non-taxable territory. If person liable to pay freight is not falling under notified categories. If department or establishment of government or local authority government agency opt for registration only for the purpose of Deducting TDS u/s 51
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2. Renting of motor vehicle



9(5) ECO



Student Notes-

For all supplies made through ECO

Whether supplier is registered or not ECO is liable to Pay 100% tax.

Legal Sector

3. Legal Services

Legal Services provided by an individual / senior firm of advocates to business entity directly or indirectly.

Any business entity located in the taxable territory

Explanation: "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

Important Remarks:-

RCM if all following conditions are fulfilled Forward Charge in any of the cond's of RCM not fulfilled

- Only if legal services supplied by advocate
- Services must be supplied by Individual Advocate/Senior Advocate firm of Advocate
- Service is supplied to business entity
- Recipient (B.E.) is located in taxable territory

Services supplied to

- B.E. having Agg. TD below threshold in P.F.Y
- Non business entity → CG/SC/NT/ Govt. Entity

Exemptions [No FC / RCM]

- All other services supplied by Advocate
- Legal services supplied by Advocate company
- CA/CS/CMA or other consultant

If recipient is located in non-taxable territory

4. Arbitral Tribunal

Services by Arbitral Tribunal to business entity in a taxable territory

Any business entity located in the taxable territory

Government Service Sector

5. Government

Any Services provided by Government or Local authority to business entity other than property/ Service by Department of Post & Ministry of Railways (Indian Railways); Aircraft, Vessel inside/ outside precincts of port/airport. transportation of goods or passengers

6. Government

Renting of immovable property by CG [excluding Ministry of Railways to any registered person (Indian Railways)], SG, UT or LA

Any registered person

Important Remarks:-

Part - 1
Any service (other than services covered in part 2 & part 3) supplied by govt. or L.A. to business entity in T.T.

RCM is applicable & B.E. in a T.T. is liable to pay tax.
Note:- If services is supplied to non-business entity then it is exempt

Part - 2 (exception to entry 5)
Following services supplied by govt. /L.A. Railways

- services in relation to vessel or Aircraft within or outside the port or Airport
- transportation of goods or passenger

F.C. is applicable & Govt./LA is liable to pay tax

Part - 3
Renting of Immovable property by (SIS)

Indian Railway
F.C. is applicable irrespective of the fact that recipient is reg. or not

Other Govt. dept. (LA (Entry 5) If services is supplied to R.P. RCM is applicable (Entry 5A) & R.P. is liable to pay tax

If services is supplied to URP (B.E.) F.C. is applicable Govt./LA is liable to pay tax

Note:- Above provision also apply to parliament, State Legislature, court & tribunals

Renting of Residential Dwelling

7. Renting of Residential Dwelling

Services by Any Person to a registered person

Any Registered Person

Analysis:-

Sl. No	Property	Used for	Recipient	Now
1	Residential	Residence	Unregistered	Exempt
2	Residential	Commercial	Registered	Taxable under Reverse Charge
3	Residential	Commercial	Registered	Taxable under Reverse Charge
4	Commercial	Commercial	Unregistered	Taxable under Forward Charge
5	Commercial	Commercial	Any Person	Taxable under Forward Charge

Construction Service Sector

8. Sec 9(3)

Construction (FSI etc.) Transfer of development rights or Floor Space Index (FSI) by any person to promoter

Construction (Lease) Long term lease of land (30 years or more) by any person to promoter against consideration in the form of upfront amount for construction of a project

Insurance & Banking Service Sector

9. Insurance agent

Service by an Insurance Agent to a person carrying insurance business located in taxable territory

Insurer carrying life or general insurance business.

Important Remark

- RCM if all following conditions are fulfilled Forward Charge in any of the cond's of RCM not fulfilled
- Only service supplied by Insurance Agent to Insurance Company Other suppliers like actuary etc. supplies services to insurance company
 - Insurance Agent is licensed under Insurance Act. Insurance Agent not licensed under Insurance Act

10. Recovery agent

Services by any recovery agent to a banking company, Financial Institution or NBFC in a taxable territory.

Such banking company, Financial institution or NBFC

11. Members of Overseeing committee

Supply of Service by Members of Overseeing committee to Reserve Bank of India (RBI)

Reserve Bank of India (RBI)

12. DSAs

Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLP

to a banking company or a NBFC

A banking company or a located in the taxable territory.

Important remark

- RCM if all following conditions are fulfilled Forward Charge in any of the cond's of RCM not fulfilled
- RCM is applicable only if services is supplied by Individual DSA If service is supplied by body corporate, partnership or LLP Firm
- Recipient is banking or NBFC If recipient is Financial institution or any other person
 - Recipient is located in taxable territory If recipient is located in non-taxable territory

13. Business Facilitator

Services supplied by Business Facilitator to A banking company located in the taxable territory.

Banking company located in Taxable Territory

Important remark

RCM if all following conditions are fulfilled	Forward Change in any of the cond's of RCM not fulfilled	Exemptions
1) RCM is applicable only if supplier is Business facilitator	1) If supplier is ⇒ Business correspondent or ⇒ other	business facilitator to a banking company with respect to accounts in its rural area branch
2) Recipient is banking company only	2) If service is supplied to others like Insurance company, FI or NBFC etc.	
3) Recipient is located in taxable territory	3) Banking company located in non taxable territory	

14. Agent of Business Correspondent
 Services supplied by an agent of Business Correspondent (BC) to a business correspondent, located in the taxable territory

Business correspondent located in Taxable Territory

Un-organised to Organised Service Sector

15. Sponsorship
 Sponsorship Service by any person to any body corporate or partnership firm located in taxable territory.

Such body corporate or Partnership Firm located in a Taxable territory.

Important remark

RCM if all following conditions are fulfilled	Forward Change in any of the cond's of RCM not fulfilled
1) It is applicable only for sponsorship service	1) Advertising/ Marketing services
2) Supplier - Any person	
3) Recipient - RCM is applicable only if recipient is body corporate / P.F.	3) If recipient is any person other than body corporate/ P.F. e. g. Individual AUF/Trust etc.
4) Recipient - Body corporate or P.F. must be in taxable territory	4) If Recipient in non taxable territory

16. Director of company
 Services by director of a company or body corporate to the said company or body corporate

Such company or body corporate

Security Services

Supply Security services by any person other (as a security guard) than a body corporate to a registered person (other than - department of Govt. / local authority/ Govt. authority/ registered person u/s 10.)

Registered Person located in Taxable Territory

Important remark

RCM if all following conditions are fulfilled	Forward Change in any of the cond's of RCM not fulfilled
1) Service is supplied only by way of supply of security personal	If security service supplied by other ways e.g. dog sniffer, CCTV investigation etc.
2) Supplier is any person other than body corporate	If Supplier is body Corporate
3) Recipient is registered person under GST	If recipient is ⇒ Unregistered Person or ⇒ Registered Person but C6, S6, L4 and etc. registered only for TDS ⇒ Registered person u/s 10

Copyright Service Sector

18. Copyright service
 Transfer or permitting use or enjoyment of a copyright relating to Original dramatic, musical works

Music company, producer or the like, located in the taxable territory

Important remark

RCM if all following conditions are fulfilled	Forward Change in any of the cond's of RCM not fulfilled
1) Copyright relating to original dramatic artistic or musical work	If it is not related to original word
2) Supplier - music composer, photographer or artist	In other case
3) recipient should be music company, producer or like	In case of other recipient
4) Music company or producer in taxable territory	If they are in non taxable territory

19. Copyright relating to literary

Transfer or permitting use or enjoyment of a copyright relating to original literary work by an author to publisher

A Publisher located in the taxable territory

Important Remark:- Copyright Entry 97

RCM if all following conditions are fulfilled	Forward Change in any of the cond's of RCM not fulfilled	Special remark
1) Copyright relating to original literary work	1) If not related to original literary work	Shifting of RCM to F.C.
2) Service is supplied by author	2) service is supplied by other	the author has taken registration, and filed a declaration commissioner comply with all the provisions for payment of tax he shall not withdraw the said option within a period of 1 year from the date of exercising such option.
3) Recipient is publisher	3) Recipient is other	
4) Recipient is located in taxable territory	4) If recipient is located in non taxable territory	

Other Service Sector

20. Lending of security
 Lending of securities by lender to borrower

Borrower i.e. a person who borrows the securities

Circular No.:- 17709/2022

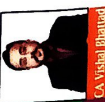
Issue:- The question which arose for consideration is whether RCM is applicable on
 1) Services of renting of motor vehicle designed to carry passengers or
 2) Service of transportation of passengers

RCM would apply on renting of vehicles if the body corporate use in the manner as it likes subject to agreement with the person providing vehicle on rent.
 RCM would not apply on transportation of passengers if body corporate avails said service for specific journeys or voyages and does not take vehicle on rent for any period of time.

Circular No.:- 2011/3/2023

Services supplied by director to company or body corporate in his private or personal capacity such as renting of immovable property are not taxable under RCM.
 ⇒ But if supplied by director as or in capacity of director, it is taxable under RCM.

Composition Scheme



CA Vishal Bhatnagar

Section 2(6)- Aggregate Turnover

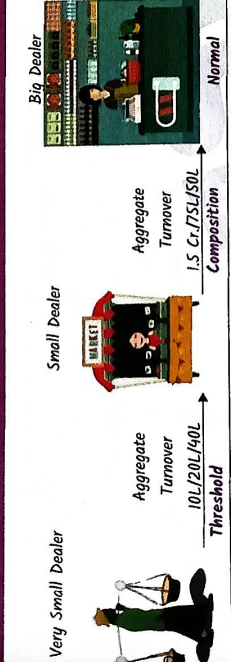
means the aggregate value of

- all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of persons having the same PAN, to be computed on all India basis

but excludes central tax, State tax, Union territory tax, integrated tax and cess

For the purposes of computing turnover of a person for determining his eligibility to pay tax under this section for Sec 10(1) & 10(2A), April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances is so far as the consideration is represented by way of interest or discount.

Analysis - Threshold, composition & Normal Scheme



Procedure benefit	No Tax Payable	Composite Rate	Tax is payable @ Normal Rate	Tax is payable @ Normal Rate
Registration	Not required	Compulsory	Compulsory	Compulsory
GST Invoice	Not required	Bill of supply	Limited Extent	Tax Invoice
GST Records	Not required	Not required	As prescribed under this Act	As prescribed under this Act
ITC	Not required	NO	Yes	Yes
GST Return	Not required	1) GSTR - 4, GSTR - 9A Annually 2) Quarterly Statement - CMP-03 3) Payment of Tax - Quarterly	GSTR - 1, 2 & 3, Monthly Quarterly for notified category	Quarterly for notified category

GST Rate under Composition Scheme

Rule - 7 = Rates:-

Category of RP	CGST	SGST	Total	Basis for Calculation
Manufacturer	0.5%	0.5%	1%	Turnover in State/UT
Catering & Restaurant	2.5%	2.5%	5%	Turnover in State/UT
Trader	0.5%	0.5%	1%	Turnover of taxable SOG & SOS in the State/UT
R.P. not eligible u/s 10(1) & (2), but eligible for 10(2A)	3%	3%	6%	Turnover of SOG & SOS in the State/UT

Notes:

- Both are Optional Schemes.
- Special Category States= Arunachal Pradesh, Assam, J&K, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh & Uttarakhand.

Section 2(112)- Turnover in State or Turnover in Union Territory

means the aggregate value of

- all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and
- exempt supplies made within a State or Union territory by a taxable person,
- exports of goods or services or both and
- inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person

but excludes central tax, State tax, Union territory tax, integrated tax & cess.

For the purposes of computing turnover of a person for determining his eligibility to pay tax under this section for Sec 10(1) & 10(2A), April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of following supplies, namely:

- supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act, and
- interest or discount on deposits, loans or advances.

Sec 10

Sec 10(1)- Applicability:-

- Applicable to "R.P.", whose Aggregate Tlo in PFY is not exceeding:-
 - > 75 lakhs- For special category states (Other than H.P./Assam/J&K)
 - > 50 lakhs- All other states (including H.P./ Assam / J&K)

Proviso 2 to Sec 10(1)- Marginal Service

Provided that a Manufacturer/Catering & Restaurant / Trader- May supply services of value upto 10% of Tlo in a State / UT in P.F.Y or ₹ 5 Lakhs whichever is higher. (limit is statewise)

Note - while calculating Tlo in State/UT above, excludes interest on loans/adv. etc.

Sec 10(2)- Eligibility Conditions-

- person opting for the scheme u/s 10(1) (Manufacturer/ Catering & Restaurant / Trader) cannot supply any service (Taxable / exempt), except as allowed in proviso 2 to sec 10(1). (Limit is statewise)
- Not engaged in making any inter-state outward SOG/SOS
- Not engaged in SOS, through an ECO, collecting TCS u/s 52.
- Not a manufacturer of Notified Goods*.
- Neither a CTP nor NRTP

*[Notified Goods= Ice cream & other edible ice / Pan Masala / Aerated water/ tobacco & tobacco substitutes, Fly ash bricks, Fly ash aggregates, Fly ash blocks]

Proviso to Sec. 10(2) :- Scheme would be applicable for all businesses having registrations under same PAN of the conditions required to opt for composition scheme.

Sec. 10(3)- Eligibility Criteria for composition scheme:-

- Option availed by RP u/s 10(1)&(2A) - shall lapse w.e.f. the day on which his Aggregate Tlo during a FY exceeds 150 lakhs/ 75 Lakhs/ 50 lakhs, as the case may be.

Sec. 10(4)- Other Conditions:-

- Composition dealer cannot collect tax on outward supplies.
- Composition dealer will not be eligible to claim ITC.
- Composition dealer cannot issue tax invoice, but issue Bill of supply.

Sec. 10(5)- If RP believes that a taxable person has paid tax u/s 10(1)&(2A) despite not being eligible, such person shall-

- pay tax & penalty as per applicable provisions &
- Sec 23(7) shall be applicable.

Sec 10(2A)

Sec 10(2A) - Applicability :-

- Applicable to "R.P.", whose Aggregate Tlo in PFY is not exceeding - ₹ 50 lakhs
- & Person is not eligible to opt scheme u/s 10(1)/(2) [Pre-dominantly for service provider]

Sec 10(2A)- Eligibility Conditions -

- Not engaged in SOG or SOS, which are Non-taxable under GST Act.
- Not engaged in making any inter-state outward SOG or SOS
- Not engaged in SOS, through an ECO, collecting TCS u/s 52
- Not a manufacturer of Notified Goods*.
- Neither a CTP nor NRTP

Proviso to sec. 10(2A)- Same

Sec 10(3)- Eligibility Criteria for composition scheme:-

- Option availed by RP u/s 10(1)&(2A) - shall lapse w.e.f. the day on which his Aggregate Tlo during a FY exceeds 150 lakhs/ 75 Lakhs/ 50 lakhs, as the case may be.

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- pay tax & penalty as per applicable provisions &
- Sec 23(7) shall be applicable.

Procedure- Composition Scheme

Procedure:- Rule-3

Intimation by UR= Pay tax under Composition levy in part B of FORM- GST REG-01. (Considered only after grant of reg.)

Intimation by RP= Electronically file an intimation in FORM-CMP-02, prior to commencement of FY, for which option exercised.

Any intimation i.r.o. any place of business in a State/UT= deemed to be an intimation i.r.o. all other place of business registered on same PAN.

Rule-4

Effective date= 1st April of the FY for which such option is exercised.

Rule-6

Validity of Composition Scheme = Till person continues to fulfill conditions u/s 10(2)/(2A)/ Rule-5.

- If person ceases to fulfill above conditions= shall file intimation of opting out scheme in FORM GST CMP 04 (Within 7days)
- If person want to opt out voluntarily= shall file intimation in FORM GST CMP 04 before such withdrawal.
- After withdrawal he shall issue tax invoice & allowed to avail ITC i.r.o. stock held by him as on date.

Rule-62

File Statement- Quarterly till 18th of month following the quarter. (CMP-08)

Rule-80

File Return (GSTR-4)- Annually till 30th April of the following year.

Rule-80

File Return (GSTR-9A)- Annually

Implication of Interest or Discounting on loan/Adv/Deposits (Applicable for 10(1) & 10(2A))

Agg. Tlo of P.F.Y. [for deciding eligibility of composition levy]

Example- Aggregate Tlo of XYZ Ltd. in P.F.Y. is ₹152 Lakhs which includes interest on Loan/Adv./Deposits ₹ 3 lakhs. Whether composition levy is available in C.F.Y?

Ans:- Agg. Tlo - 152L - 3L = 149L Hence, XYZ Ltd. is eligible for composition Levy.

Agg. Tlo of C.F.Y. [for deciding withdrawal of composition Levy in C.F.Y.]

Example- XYZ Ltd. has opted composition levy in C.F.Y. [as Tlo of P.F.Y. is less than 150L/75L/50L]. Till September of C.F.Y. Agg. Tlo of XYZ Ltd. is ₹155 Lakhs which includes ₹10 lakhs for interest on loan/adv./deposits, state whether composition levy of XYZ Ltd. has lapsed in month of September or still it can pay tax under composition Levy?

Ans:- Agg. Tlo - 155L - 10L = ₹145Lakhs Hence, XYZ Ltd. can still continue composition levy upto 5 lakhs after September.

Tlo in State/UT [For calculation of composition Tax 1%, 5%, 6% under composition levy]

Example- Manufacturer PQR Ltd. has opted for composition levy in C.F.Y. its Tlo of state in Maharashtra is 1st quarter (April-June) is includes

- Taxable supply of goods ₹20 Lakhs
- Taxable supply of service ₹2 Lakhs
- Exempt supply of service ₹1 Lakh
- Interest on Loan/Adv./Deposit ₹0.5 Lakhs

Calculate GST payable in 1st Quarter under composition levy

Note :- Whatever service provided in 1st quarter is within marginal limit as per proviso 2

Ans:- GST payable = 1% [20+2+1L] = ₹23 lakhs Note:- Interest excluded

Tlo of State/UT of P.F.Y. for calculation of marginal limit of service under proviso 2 to 10(1) i.e. 10% of Tlo in state or ₹ 5 lakhs

Example- ABC Ltd. has turnover in state of Maharashtra in P.F.Y. is ₹80 lakhs. Turnover includes ₹ 7 lakhs for interest on loan/Adv/Deposits. Whether ABC Ltd. is eligible for C.L. in C.F.Y. ? Also, what is the amount of marginal limit of service available in C.F.Y.?

Ans:- 1) Agg. Tlo = 80 Lakhs - 7 lakhs = 73 lakhs Tlo in state only | branch |
ABC Ltd. is eligible for composition levy in C.F.Y.
2) Marginal limit of service = 73L X 10% or ₹ 7.3 Lakhs

For calculation of Marginal limit of service [10% of Tlo in state of P.F.Y. or 5 lakhs, whichever ever is higher]

Continuing the above Example of ABC Ltd. where marginal limit of C.F.Y. for supply of service = ₹ 7.3 lakhs in C.F.Y. till September ABC Ltd. made supply of goods of ₹ 75Lakhs and supply of service ₹ 9 lakhs (includes interest ₹ 2 lakhs)

Whether Composition Levy stands withdrawn in C.F.Y. or it will be continued?

Ans:- 1) Agg. Tlo till Sep = 75L + (9L - 2L) = 82 Lakhs 2) Use of marginal limit of service = 9L - 2L = 7 Lakhs. Therefore ABC Ltd. can still continue composition Levy

Time of Supply

12



Section 31- Invoice for supply of goods

Normal Case

As per Sec 31 a registered person supplying taxable goods invoice shall be issued **before** or at the time of

- (a) removal of goods for supply to the recipient, where the supply involves movement of goods; or
- (b) delivery of goods or making available thereof to the recipient, in any other case

Invoice by supplier of the Service

As per Sec 31 a registered person supplying taxable services invoice shall be issued, **before or after the provision of service**

- but not beyond 30 days (in case of banks or financial institution within 45 days) from the date of supply of service shall issue the Invoice

TOS IN CASE OF ASSOCIATED ENTERPRISES

Sec 2 - Associated Enterprise

"Associate Enterprise" Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

TOS : As per 2nd Proviso of sec 13(3), in case of supply by associated enterprises,

where the supplier of service is located outside India,

the time of supply shall be the

- date of entry in the books of account of the recipient of supply or
- the date of payment, whichever is earlier

Time of Supply u/s 12 & 13

Sec 12 : TOS for supply of goods

Sec 12(2) : TOS

- Earlier of
- ➔ Date of issue of Invoice or
- ➔ Last Date of issue of Invoice

Note : As per N/N 66/2017, TOS of goods is not on date of Receipt of advance for supplier other than composition dealer & supplier of specified actionable claim

- Sec 12(3) : TOS is on
- (a) Date of Receipt of goods, or
- (b) Date of Payment, or
- (c) 31st Day from Supplier's Invoice

Whichever is earlier

Note : If (a) (b) or (c) is not possible then date of Entry in Books of Accounts

Payment upto ₹1000 in excess of Invoice

Proviso to Sec 12(2) and 13(2) : TOS is on at the option of Supplier, on the date of issue of next invoice in which such payment is adjusted

Vouchers

Sec 12(4) and 13(4) : TOS is on

(a) If Supply is identifiable - Date of Issue of Vouchers

(b) In Other Cases - Date of Redemption of Vouchers

Residual Cases

Sec 12(5) and 13(5) : TOS cannot be determined in any of the above section, then

(a) In case Periodical returns is to be filed - Date on which such return is filed

(b) In Other Cases - Date of Payment of Tax

Interest/ Late Fees or Penalty for delay payment of consideration

Sec 12(6) and 13(6) : TOS is on

➔ Date on which Supplier receives the addition in value

Note:

i) Date of Payment received ➔ Date of book entry, or

➔ Credited to Bank

ii) Date of Payment (RCM) = ➔ Date of Payment entered in books of accounts, or

➔ Date of debit to bank

} Whichever is earlier

} Whichever is earlier

Sec 13 :- TOS for Supply of Service

Sec 13(2) :TOS

(a) If Invoice is issued within time Date of invoice or Date of Receipt, whichever is earlier

(b) If Invoice is not issued within time Date of Completion or Receipt whichever is earlier

(c) If TOS cannot be determined as per (a) or (b) Date when Recipient shows receipt of service in his books

Sec 13(3) : TOS is on

(a) Date of Payment, or

(b) 61st Day from Supplier's Invoice

Whichever is earlier

Note : If (a) or (b) is not possible then date of Entry in Books of Accounts

Section 15 - Value of Supply

Sec 15(1)

Value of = Transaction value
Taxable Supply
 Price actually paid or payable for Supply

- Conditions:**
- 1) Not related party
 - 2) Price is sole consideration

a
 Duties & Taxes All taxes levied under any law for time being in force other than GST Acts if charged separately

Tobacco & Tobacco Products

Invoice

Base Price	₹ 100000
Ex. Duty@20%	₹ 20000
Total	₹ 120000

b
 3rd party payment
 Any payment incurred by the recipient for which supplier is liable to pay

Example : Isha Time Gallery has been appointed as an authorized center of Sony electronics, On sales of worth ₹ 20,00,000 electronic items. Sony electronics is liable to pay commission @ 10 % on such sale i.e. ₹ 2,00,000 but such selling commission to be paid by Sony electronics has been paid by Isha Time Gallery for the month of August. In this case such expense shall be included in transaction value.

c
 Incidental expenses: (packing, commission etc.)
 Any incidental expenses charged by supplier & any amount charged for anything done by the supplier at the time of supply or before delivery

- Examples of additional recoveries by supplier**
- Packing, labeling, designing etc
 - Royalty, warranty charges, etc.
 - Insurance charges
 - Dharmada
 - Weightment charges.
 - Loading, weighing, coole
 - Erection installation charges
 - Pre Delivery Inspection Charges

Inclusion to Transaction Value

Sec 15(2)

d
 Interest, late fee penalty for delay payment of consideration

Interest, late fee, penalty

- Interest on loan, advances or deposits
- It is SOS but exempted
- Important Notes:-
- 1) Value:- Normally interest, late fee, penalty would be considered as inclusive of GST
- 2) TOS:- As per 12(6)/13(6) i.e. in a month when a such amount is actually received.
- 3) Rates:- Based of original supply

e
 Subsidy directly linked to price by person other than govt.

Analysis :

- Given by Govt.
- Not to be added to the value of supply
- Subsidy linked to the price of supply it would be added to value of supply
- Given by others
- Not linked to the price it will not be added to the value of supply

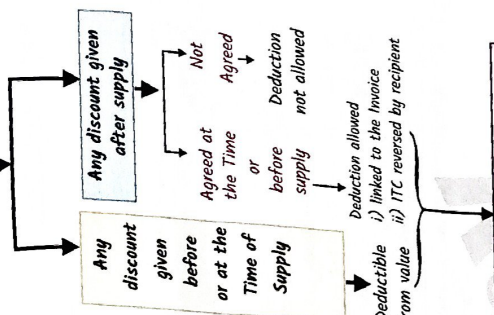
Staggered discount (Buy more, save more offers):- Generally shown in the invoice, to be excluded

Periodic/ year end discount/ volume discounts :- Generally not shown on invoice since given at year end such discount are excluded from value of supply subject to fulfilment of conditions u/s 15(3)(b).

Secondary discounts (not known at TOS):- Such discount shall not be excluded from value of supply since not known at TOS & 15(3)(b) condition not satisfied.

Sec 15(3)

Deduction of discount



Important Clarification

Circular no. 76/50/2018

Issue:- TCS under Income-Tax Act, 1961 not includible in the taxable value for the purpose of GST

Clarification: To determine the value of supply under GST, tax collected at source (TCS) under the IT Act, 1961 would not be includible as it is an interim levy not having the character of tax.

Circular no. 186/18/2022

Issue:- Whether No Claim Bonus allowed by insurance company can be considered as consideration for supply, for agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s)?

Clarification:

- It is clarified that there is no supply provided by the insured to insurance company in form of agreeing to the obligation to refrain from the act of lodging insurance claim during the PY
- Hence No Claim Bonus cannot be considered as a consideration for any supply.

Issue:- Whether No Claim Bonus provided by insurance company to the insured can be considered as an admissible discount for the purpose of determination of value of supply of insurance service provided by insurance company to insured?

Clarification:

- It is clarified that No Claim Bonus (NCB) is a permissible deduction u/s 15(3)(a) of CGST Act to calculate the value of supply of insurance services.
- Accordingly, if the deduction on account of NCB is provided in the invoice, GST shall be leviable on actual insurance premium amount, payable by policy holders to insurer, after deduction of NCB mentioned on the invoice.



SEC 49 : Payment of Tax



CA Vibha Dhanraj

E-Cash Ledger

Deposit of Amount in E-Cash Ledger Sec 49(1)
 Internet banking or
 (a) Unified Payment Interface (UPI)
 (b) Immediate Payment Services (IMPS)
 by using credit or debit cards or
 National Electronic Fund Transfer (NEFT) or
 Real Time Gross Settlement (RTGS)
 Payment (PMT-06) by above mode only through
 authorised bank without any monetary limit

Proviso :- Special Payment made for ODIR or Online money gaming- If a person is providing ODIR services to NTO or online money gaming services to any person in India are permitted to make their payments through the international money transfer system of SWIFT network.

Rule 87 :- Tax Payment Challan

- OTC - cover the counter payment by cash, cheque or DD Limit:- ₹ 10,000 per challan per tax period No Limit-
 a) Government Department, P.O. & other authorised P.O.
 b) To recover o/s dues from any person registered or not
 c) During any investigation or enforcement activity
- E-Challan validity is for 15 days
- Payment may be made by unregistered person through temporary identification no.
- When amount is successfully credited in government A/C A CIN - 18 Digit [Challan Identification no.] will be generated the collecting bank which will be indicated in the challan.
- On receipt of CIN from the collecting bank, the same amount is credited into the e-cash ledger
- If CIN is not generated after payment made, the person can make representation in Form PMT-07 but if bank fails to communicate details of CIN, then E-cash ledger may be updated by e-Scroll of RBI
- Date of credit into the govt. (C.G./S.G.) A/C is deemed to be the date of debit to the amount of the taxable person

Utilization of Major and minor Head
 As per Sec 49 a registered person may transfer any amount of tax, interest, penalty, fee or any other amount available in the e-cash ledger under the act.
 To the e-cash ledger for integrated tax, central tax, state tax or UT or cess
 To the e-cash ledger for integrated tax, central tax, state tax or UT of DDP u/s 25(4) & 25(5).
 In Form GST PMT-09. Hence if a taxpayer has wrongly paid CGST instead of SGST, he can now rectify the same using FORM PMT-09 by reallocating the amount from the CGST Head to the SGST Head.

Other Aspects relating to challan
 CPIN- 1. CPIN Stands for Common portal Identification Number.
 2. It is created for every Challan successfully generated by the taxpayer.
 3. It is a 14-digit unique number to identify the challan.
 4. CPIN remains valid for a period of 15 days.
 CIN- 1. It stands for Challan Identification number (CIN)
 2. It is generated by authorised bank/RBI when payment is actually received by such authorised banks or RBI & credited in the relevant Govt. A/C
 3. It is indication of successful payment of account
 4. CIN is communicated by authorised bank to taxpayer as well as to GSTN
 5. It is 18 digit number that is 14 digit CPIN plus 4 digit Bank code.

ELECTRONIC CASH LEDGER - PMT 05 (Rule 87)
Debit Amount (DR)
 Credit amount of this ledger may be used for payment of tax, interest, fees etc.
 Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person.

E-Credit Ledger

49(2) Amount assessed in E-credit Ledger
 The ITC as Self-assessed in the return of a registered person shall be credit to his E-Credit ledger.

Tax dues	Utilisation of cash ledger	Utilisation of Credit ledger
GST	✓	✓
Interest	✓	✗
Penalty	✓	✗
Fees	✓	✗
Other Amt.	✓	✗

Manner of utilization of ITC
 [Sec 49(5) + Sec 49(4) + Sec 49(3)]

INWARD SUPPLY	OUTWARD SUPPLY
1. ICGST	1. ICGST
2. CGST	2. CGST
3. SGST	3. SGST

It should be noted that CGST cannot be used against SGST/UGST or vice-versa

Electronic Credit Ledger

Debit Amount (DR)
 Credit amount of this ledger may be used for payment of output tax viz ICGST, CGST, SGST, UT/GST in the prescribed order.

Refund
 Refund of excess balance in E-cash ledger or E-credit ledger is available in following manner-
 A) E-Cash Ledger :- Immediately allowed on filing the application of Refund
 B) E-Credit Ledger:- a) Refund is available in only following Two cases
 i) ITC of zero rated supply
 ii) Inverted tax rate
 b) registered person deposits the amount of erroneous refund sanctioned to him along with interest & penalty. the amount of erroneous refund shall be re-credited to the E-Credit ledger by the proper officer by an order made in FORM GST PMT-03A.

Rule 86A- Conditions of use of amount available in electronic credit ledger
 The Commissioner having reasons to believe ITC available in the E-Cr. ledger has been fraudulently availed or is ineligible may restrict the utilization of ITC till following situations get corrected
 a) tax invoices or debit notes or others
 i) issued by non-existent RP (supplier) or RP not doing business from registered place;
 ii) without receipt of goods or services or both; or
 b) ITC avail in respect tax which has not been paid by supplier
 c) The RP taking ITC is non-existent or not doing business from registered place
 d) not in possession of a tax invoice or debit note or etc.
 Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.

Electronic Liability Register

Discharge of Tax Liability Sec 49(7) & (8)
 All liabilities shall be recorded and maintained in an Electronic Liability Register
 Order of Discharge -
 (a) Self-assessed tax, and other dues related to Returns of Previous Tax Period
 (b) Self-assessed tax, and other dues related to the Return of the Current Tax Period
 (c) Any other amount payable under this Act including the demand for recovery of tax

Electronic Liability Register

Debit Amount (DR)	Credit Amount (CR)
Amount payable towards tax, interest, fees etc.	Electronic cash ledger
Any other Due	Electronic Credit ledger
Amount payable towards output tax	Electronic Credit ledger

Certain liability only to be discharge through cash ledger
 The amount deducted under sections 17(1), 17(2), or the amount collected under section 52(TCS), or the amount payable on reverse charge basis, or the amount payable under section 10, or any amount payable towards interest, penalty, fee or any other amount under the Act
 The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.

Rule 88B- Restrictions on use of amount available in electronic credit Ledger
 The RP shall not use the amount available in E-Cr. ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹50 lakhs.

Interest on Delayed payment of tax (Sec 50 & Rule 88B)

Scenario	Period for which interest is payable	Amount on which interest liability has to be computed	Rate
If tax has been belatedly paid on account of delayed filing of return, before proceedings u/s 73 or 74	Interest to be paid from next day of due date of return upto the date of payment	Tax paid by debiting the electronic cash ledger (net output tax after adjusting ITC + RCM)	18%
In all other cases where interest is payable on delay in POT covered by Sec. 50(1)	Period starting from the date on which such tax was due to be paid till the date such tax is paid	Amount of tax which remains unpaid	18%
Where interest is payable on the amounts of ITC wrongly availed and utilised covered by Sec 50(3)	Period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or POT in respect of such amount	Amount of input tax credit wrongly availed and utilised	18%

Rule 88B- Restrictions on use of amount available in electronic credit Ledger
 The RP shall not use the amount available in E-Cr. ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹50 lakhs.

Circular No. 192/04/2023; While calculating interest under Rule 88B of the CGST Rules consider the total Input Tax Credit (ITC) available in your E-credit ledger. This includes the credit from ICGST, CGST and SGST combined, not just ICGST.



Section 51 :- TDS

Following recipients are liable to deduct TDS

- a) dept. Or establishment of govt. (except ministry of defence)
 - b) Local Authority
 - c) Govt. Agencies
 - d) Notified Person
- Any Act body setup with 51% equity concern with govt.
- ii) Society established by CG/SG/LA under the Society registration act
- iii) PSU
- Established by Govt.

TDS provisions shall not apply to supply between one person to other person as specified above

TDS Rate :- (1% CGST + 1% SGST) or 2% IGST

When Total value of taxable supplies > ₹ 2,50,000 under a contract Tds to be deducted from - the payment made or credited to supplier of taxable goods & / or services

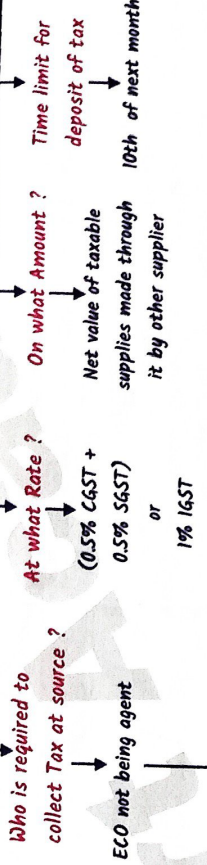
- Time Limit to deposit = within 10 days of end of month in which TDS is deducted
- Deductor shall furnish return = GSTR 7
- Deduction certificate to be furnished to deductee - GSTR - 7A
- TDS certificate to be furnished to TDS in his electronic cash Ledger
- Deductee can claim credit of TDS = 18% p.a.
- Interest on delay deposit of TDS = Refund in accordance with provision of section 54

- No refund if TDS is credited to the electronic cash ledger of deductee
- Deductor has to be compulsorily registered without any threshold limit
- Amount in default shall be determined as per sec 73 or 74
- TDS not to be deducted in following case -

- Supplier in state A, place of supply in State A & Recipient is in state B.
- Total value of Taxable supply <= ₹ 2,50,000 under a contract
- When recipient is Authorities under ministry of Defense
- When tax is to be paid under RCM by recipient i.e. deductee
- When payment is made to unregistered supplier
- When payment relates to the Cess component.
- Receipt of exempted goods &/or services
- Goods on which GST is not leviable
- All activities specified in schedule III irrespective of value



Section 52:- TCS



Where consideration is collected by ECO for supplies made through it

→ Net value of taxable supplies = Aggregate value of Taxable supplies (Other than services notified u/s 9(S)) made during month by all registered persons through ECO (-) aggregate value of taxable supplies returned to suppliers during month

→ Net value of taxable supplies are calculated for each supplier separately on monthly basis. No TCS if net value is nil or negative

Exceptions to services notified u/s 9(S) where provisions are applicable to ECO :-

- a) Renting of accommodation by hotel who is liable to register U/s 22(I)
- b) Housekeeping services by supplier who is liable to register U/s 22(I)
- c) Restaurant services at specified premises where declared tariff is >= ₹7500 per unit per day

Some other provisions relating to TCS:-

1. Foreign ECO not having place of business in India would be liable to TCS where supplier & customers are in India & shall register in each State / UT.
2. ECO has to obtain separate registration for TCS though already registered under GST.
3. Cir. No. 194/06/2023:- If multiple ECOs are involved in a single transaction of supply, then who is liable for compliances u/s 52 including TCS collection in following cases:-

- i) Supplier-side ECO himself is not the supplier- payment to ECO who finally releases the
- ii) Buyer-side ECO while making payment to supplier.
4. ECO is required to register for TCS in each State/ UT in which suppliers listed on their platform are located
5. TCS is not required to be collected when a supplier is selling through his own website
- his own product
- goods purchased from different vendors & then sold under own billing
6. Services notified u/s 9(S)

CBIC Clarification - collection of TCS by Tea Board respectively from the Sellers (i.e. tea producers) on net value of supply of tea (i.e. Brokerage)

Some cases where TCS provisions are not applicable:-

1. If supplier of services is not liable for registration, ECO is not required to collect tax at source on supplies made through it.
2. On Exempt supplies
3. On supplies made by composition taxpayer as he cannot make supplies through ECO u/s 10(2)(d)
4. On Import of goods or services or both as it is covered under RCM

After filing of GSTR - 8 by ECO, supplier can claim TCS in their E-cash ledger

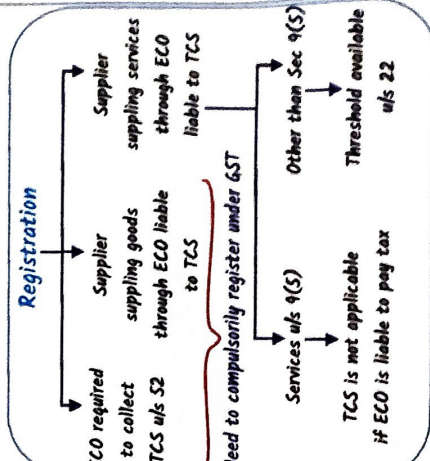
IF ECO discovers any omission or incorrect particulars in monthly statement (Other than in scrutiny, audit, inspection or enforcement activity by tax authorities)

Rectify it in the statement of the month in which it is noticed along with interest as per sec 50(I)

Maximum time limit to rectify is earlier of:- 30th Nov of next F.Y. or date of filing annual statement

1) Commissioner may notify extended time limit by recording the reason in writing

2) Extension by Commissioner of State tax or UT tax shall be deemed to be notified by Commissioner



Input Tax Credit

16



Sec 2(59) Input: Means any goods used/intended to be used in the course / furtherance of business. (Other than Capital Goods)

Sec 2(60) Input Service: Means value of which is capitalised in the book of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business.

Sec 2(19) Capital Goods: Means goods, the value of which is capitalised in the book of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business.

Sec 2(62) "Input Tax": - 1) CGST/IGST/UTGST/IGST charged on any supply of goods or services or both made to him (Inward Supply)
2) the IGST charged on import of goods (3) the tax payable under the RCM
but does not include the tax paid under the composition levy

Sec 2(92) "Output Tax": "Output tax" in relation to a taxable person, means the tax chargeable under this Act on
→ taxable supply → of goods or services or both
→ made by him or by his agent
but excludes tax payable by him on reverse charge basis.

Sec 16 : Eligibility & Conditions for ITC

1) Eligibility criteria-

- Person = Registered,
- Supply = Used/Intended to be used in course / furtherance of his business

2) Conditions for availment of ITC:- (Overriding sec 16)

- He is in possession of a Tax Invoice/debit note
- the details of the invoice or debit note has been furnished by the supplier in GSTR-1 and such details have been updated in GSTR - 2B of recipient.
- He has received the Goods/Services/Both
(For Bill to Ship to - it shall be deemed to be received
→ Goods- When goods are delivered by supplier
→ Services- When services are provided
- The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted
- Tax charged on such supply = has been actually paid to Govt. by the supplier

(ba) He has furnished return u/s 39

Proviso 1 :- ITC if Goods are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

Proviso 2 :- Payment for the invoice to be made within 180 days (Rule 37)

- Default : Failure by Recipient to pay (Wholly or partly) to the supplier the within 180 days from Invoice date.
- Consequence : Amount equal to the ITC availed proportionate to amount not paid to supplier shall be paid by him along with interest payable u/s 50
- Details to be furnished : Details of defaulted supply, value not paid, ITC availed to be mentioned in FORM GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
- Regain of Credit : Regain when payment is made to supplier (below time limit N.A. for regaining of ITC)
- Non Applicability : This provision not applicable
 - Tax payable under RCM
 - Deemed supplies without consideration [Sch.1]
 - Value of supplies on account as per sec 15(2)(b)

3) When depreciation is claimed on tax component-

Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961,
the input tax credit on the said tax component shall not be allowed.

4) Time limit of availing ITC-

- A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the 30th day of November following the end of financial year to which such invoice or debit note pertains or
- Furnishing of the relevant annual return, whichever is earlier.

Rule 36- Documents Requirement :-

- ITC availed on the basis of following docs.- Invoice by supplier/ Invoice by recipient (RCM)/ Debit note/ Bill of entry/ Revised Invoice/ Docs. by ISD.
- Mandatory Requirement in Invoice - Details of tax, descriptions of goods or service, value of supply, GSTIN & place of supply.
- No ITC- if tax has been paid & demand is confirmed because of fraud etc.
- No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under section 37(1) unless,-
(a) the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the IFF; and
(b) the details of input tax credit in respect of such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B.

SEC 38 : FURNISHING DETAILS OF INWARD SUPPLIES & INPUT TAX CREDIT

- ITC not available under section 38 as per GSTR - 2B if the supplier
 - Is having new registration (upto the prescribed time period)
 - has defaulted in tax payment and default has continued for the prescribed time period
 - has tax paid in GSTR-3B lower than output tax shown in GSTR-1 by the prescribed limit
 - has taken more ITC in GSTR - 2B than in GSTR - 2B than in GSTR - 3B by the prescribed limit
 - has paid higher proportion of taxes from his credit than what is allowed as per law
 - other notified persons

Sec 41 :- Claim of ITC and Provisional acceptance thereof

The taxpayer shall self-assess and claim ITC in GSTR 3B. It further provides that in case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest. The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

Rule 37A: Reversal of ITC in the case of non-payment of tax by the supplier and revolvement thereof:-

- If the registered person has availed ITC & supplier furnished his GSTR 1 & if supplier has not furnished outward supplies in GSTR 3B till the 30th Sep, then the registered person shall reverse ITC in form GSTR 3B on or before 30th Nov following the end of FY.
- If ITC is not reversed by Registered person, then amount shall be payable with interest u/s 50
- If supplier furnishes GSTR 3B subsequently, registered person may re avail the amount of ITC.

Sec - 17(S) Blocked Credit

(a) Motor vehicles

- Motor vehicle is used for transportation of person
 - Approved & seating capacity including driver 13 or less
 - ITC allowed without any restriction
 - ITC allowed without any restriction
- Exceptions
 - It used for making taxable supply
- No ITC
 - Further supply of such motor vehicle
 - Transportation of Passenger
 - Training & driving of such motor vehicles
- ITC available

(aa) Vessel & Aircraft

- Vessel/Aircraft is used for transportation of person
 - Vessel/Aircraft is used for transportation of goods
 - ITC allowed without any restriction
- Normally
 - No ITC
- Exceptions
 - ITC available

ACADEMY OF VESSEL & AIRCRAFT TRANSPORTATION

- user of making taxable supply
- Further supply of such vessel
- Transportation of passenger
- Participating in navigation such vessel
- Participating in fishing or flying such aircraft

Clause (ab) If notified services are used for such Motor Vehicle/Vessels/Aircraft

Following Notified service used for such motor vehicles/vessels/aircraft

- General Insurance
- Servicing
- Repairs & Maintenance
- Leasing/Renting/Hiring (covered in clause (b))

If MV/Vessel/Aircraft is used in the business

- If notified services used in clause (a) or (aa) for purpose Marked as
 - ITC Not available
 - ITC available

SMARTEDECISION FOR FINANCIAL EDUCATION

If MV/Vessel/Aircraft is marked as final product ITC is available on above notified services

(b) Goods /services used in business not eligible for ITC (mostly for employee, director, guest etc.)

- Food & beverages
 - Outdoor catering
 - Beauty Treatment
 - Healthy Services
 - Cosmetic plastic surgery
 - Life insurance health insurance
 - Leasing, renting, hiring, MV / vessel/ aircraft in clause (a)/(aa) for non eligibility of ITC
- Membership of a club, health & fitness center
 - Travels benefits extended to employee on vacation such leave or home travel concession

Normally (Employee/Director) No ITC

Exceptions

- making outward supply of same category of goods/services or both or
- Element of composite or Mixed supply

ITC available

Proviso

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

1) Circular no. 172/04/2022 : Proviso after Sec 17(S) (b) (iii) ie ITC of goods or services shall be available, which are obligatory for an employer to provide to its employees is applicable to the whole of Sec 17(S) (b).

2) Circular No. 206/13/2023 : Input services in same line of business include transport of passengers or renting of motor vehicle with operator & not leasing of motor vehicles without operator which attracts GST for sale of motor vehicle

Free Sample and gift treatment under GST

Not a supply as no consideration is included but

ITC taken on such goods

it shall be treated as supply

Value - Rule 31

ITC - available

ITC not taken

don't take it

uls 17(S)(h)

Buy one, Get One offer

Supplier

Shirt 1

Shirt 2

Supply Invoice

Shirt 1 5000

Shirt 2 Free 5000

GST = 500

GST = 500

Single price for both shirts, hence no need to reverse ITC

Construction Sector

(c) Works Contract (Services + Goods)

Building → Construction → fabrication of any immovable property

completion → Repairs etc

Construction → Of → Immoveable Property

reconstruction → renovation

addition → Alteration or repairs

Cost of which is capitalisation

Means

- Apparatus equipment & machinery
- Fixed to earth by foundation or structural support
- that are used for making outward supply

ITC available

except - plant & Machinery

- Land & Building or any other civil structure
- Telecommunication tower
- Pipeline laid outside the factory premises
- exception- pipeline laid inside the factory premises

ITC available

Note:- If works contract expenses for construction is treated as revenue expenses include (Such support) then ITC available

This are excluded from P&M hence if work contract services or goods taken for such immovable property then ITC is not available

Exceptions

except where it is an input service for further supply of works contract service (who provides output works contract service has purchase any sub-contract's services then he is eligible for ITC credit on such work contract)

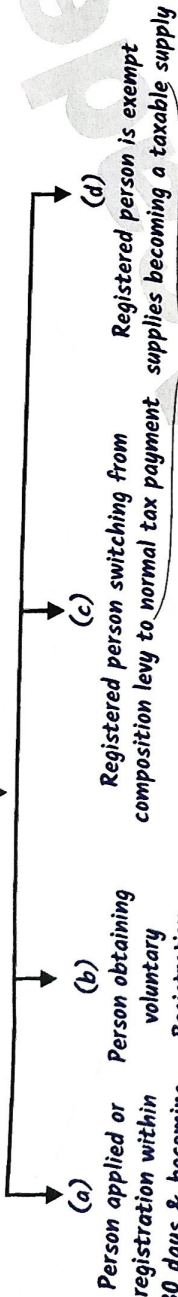
Making outward supply of the same category ITC available

Other Points	Explanation
e) Goods or services or both on which tax has been paid under sec 10	उत्तर composition supplier के composition tax, invoice में लाकर दे रहा है, जो नहीं देना चाहिये था So, recipient को उस Tax का credit नहीं मिलेगा
f) Goods or services or both received by NRTTP	No ITC (Remark :- ITC available on imported goods by NRTTP)
fa) Goods &/or services received by taxable person, which are used/intended to be used for activities relating to his obligations under CSR referred to in section 135 of Companies Act, 2013	No ITC
g) Goods or services or both used for personal consumption	No ITC
h) Goods	<ul style="list-style-type: none"> Lost, destroyed, stolen, written off Transit Loss Store Loss Processed Loss (Sec 17(S)(h)) <p>Written off may be fully or partly</p> <p>Free Sample</p> <p>If ITC taken</p> <p>Reverse the ITC or add in output tax liability</p> <p>IF ITC Not taken</p> <p>Don't take it</p> <p>IF ITC taken</p> <p>Supply -Sche 1-Para 1 Value - Rule 30 ITC - available</p> <p>IF ITC Not taken</p> <p>don't take it</p> <p>uls17(S)(h)</p>
i) Tax paid accordance with the provisions of sec 74, 129, 130	Sec 74- Misstatement or suppression of fact Sec 129- detention, seizure goods in transit removed leg of provision Sec 130- Confiscation of goods

Sec 18 : Availment or Reversal of Credit

Sec 18(1) Availment of Credit

Sec 18 (3) Transfer of ITC



Person entitled for ITC on

- Input as such held in stock
- Inputs contained in semi-finished goods
- Inputs contained in finished goods held in stock

If person liable for registration
On the date immediately preceding the date from which he becomes liable to pay tax

Important Comment:
If person failed to apply for reg. within 30 days then he is not eligible to take such ITC.

Person entitled for ITC on

- Input as such held in stock
- Inputs contained in semi finished goods
- Inputs contained in finished goods held in stock
- Capital goods

[ITC = Input tax - 5% per qtr. or part there of from the date of invoice.]

Composition to normal : on the date immediately preceding the date from which person become liable to pay tax under normal scheme

Imp provisions of rule 40:

- Declaration in form GST ITC of within 30 days (empower the commissioner to extend the time period for submission of such declaration)
- If the aggregate claim amt is more than ₹ 2,00,000 it should be duly certified by practicing CA or CMA

As per Sec 18(2) person is not entitled to take ITC if supply of input or capital goods is after expiry of 1 year from the date of issue of tax invoice.

Reversal of Credit

Sec 18(4) Reversal of credit in Special Cases

Registered person switching from normal scheme of payment of tax to composition Scheme

- 1) Amt to be reversed is equivalent to ITC on
- Input as such held in stock
 - Inputs contained in semi finished goods
 - Inputs contained in finished goods held in stock
 - Capital goods [reversal on prorata basis pertaining to remaining useful life in a month (taking useful life as 5 yrs. Input tax credit attributable to remaining useful life = C multiplied by 5/60)

Taxable supply becomes exempt Supply

After reversal balance if any in Ecr. ledger shall lapse

Illustration: Capital goods have been in use for 4 years, 6 month and 15 days.

The useful remaining life in months = 5 months ignoring a part of the month

Input tax credit taken on such capital goods = C

Input tax credit attributable to remaining useful life = C multiplied by 5/60

Cancellation of Registration

- Rule 44 : Procedure & conditions**
- Reversal of inputs shall be determined with corresponding invoices. If invoice is not available then reversal is based on prevailing market price of inputs.
 - Reversal of ITC shall be calculated separately for CGST, SGST & IGST.
 - Reversal amt. will be added in output tax liability & details to be furnished in GST ITC 03

In case of - Sale, Amalgamation, Lease, Transfer of business

In case of Demerger

The Registered person shall transfer his unutilized ITC in Ecr ledger of transferee

Registered person apportion his ITC in ratio of Value of asset transferred to demerged unit

"Value of assets" means the value of the entire assets of the business, whether or not input tax credit has been availed thereon

Conditions

- There is a specific provision for transfer of liabilities
- Conditions of Rule 41
 - declaration of details in the form GST ITC 02 for transfer of credit.
 - Certification of transfer of liabilities from CA/CMA
 - Acceptance of transferred credit by transferee on common portal
 - inputs & capital goods so transferred are duly accounted by transferee in his books of Ac

Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

- If capital goods or plant & machinery on which ITC has been taken are supplied [Removed as such by way of sale transfer barter etc.] then registered person shall pay higher of the following
 - Payment = ITC - 5% per quarter or part thereof
 - GST on transaction value
- In case of refractory bricks, moulds & dies, jigs & fixtures, supplied as a scrap then person may pay tax on transaction value instead of above 2 options.



Sec 22: Persons not liable for Registration

Every supplier liable to be registered in the State or Union territory, from where he makes taxable supply, if his aggregate turnover in a financial year exceeds ₹ 20 lakhs

- Engaged in exclusive supply of
 - wholly exempt from tax.
- An Agriculturist, to the extent of supply of produce out of cultivation of land.
- Person who are only engaged in making supplies on which is tax charge basis by the recipient u/s 9(3)

Indian State	If exclusively engaged in SOG or SOG + SOS	If engaged in SOS
Mizoram, Nagaland, Tripura	10 lakhs	10 lakhs
Uttarakhand, Meghalaya, Jharkhand, Telangana, Sikkim	20 lakhs	20 lakhs
the other States incl. following Sp. category state - Assam, J&K, Himachal Pradesh	40 lakhs	20 lakhs

Analysis:- Read with proviso

Proviso - In following cases 40 Lakh limit is not applicable (Only 10/20 L limit is available)

- Person who taken voluntary registration.
- Supply of i) Ice-cream or edible ice ii) Pan Masala iii) All Tobacco & Tobacco product iv) Fly ash bricks; v) Fly ash aggregates; vi) Fly ash blocks

Person deemed exclusive supplier of goods even if he has received interest or Discount (except SOS)

loan advances, deposit

supply made by agent on the behalf of principals to be added in aggregate turnover of JIB

supply made by Job worker on the behalf of principals not to be added in aggregate turnover of JIB

when business carried on by a taxable person transferred, whether on account of succession or otherwise then Transferee/Successors shall take new registration.

Sec 24:- Compulsory Registration

Persons making any inter-State taxable supply

Exceptions : Following category of person not required to register for Inter- State taxable supply eventhough aggregate TIO less than ₹ 20/10 lakhs

- Persons making inter-State supplies of taxable services
 - Person making inter-State taxable supplies of handicraft goods
 - Jobworker engaged in making inter-state supply of services
- (ii) Casual taxable persons making taxable supply
- Exceptions : CTP making taxable supplies of handicraft goods & handmade shawls, stoles etc. (Eligible for 10/20/10/10L threshold)
- Persons who are required to pay tax under reverse charge
 - Person who are required to pay tax under Sec 9(5) -ECO
 - Non-resident taxable persons making taxable supply
 - Persons who are required to deduct tax under section 51, whether or not separately registered under this Act.

(i) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise (agent issuing own invoice)

(vii) Input Service Distributor, whether or not separately registered under this Act

(ix) every electronic commerce operator, who is required to collect tax at source u/s 52

(x) persons who supply goods or services or both, other than supplies specified under Sec 9(5) through such ECO who is required to collect tax at source u/s 52.

Exception:- 1) Person making supply of services through ECO is exempted from obtaining registration till threshold

2) Persons supplying goods through ECO is exempted from obtaining registration till threshold (Subject to condition)

(xi) every person supplying O/DAR services from a place outside India to a person in India, other than a RP.

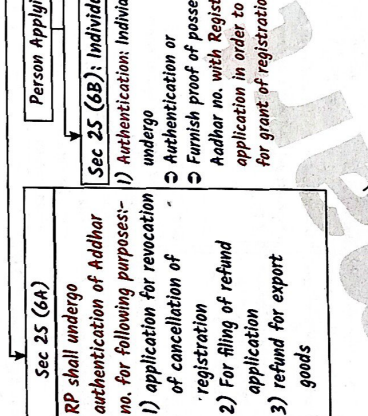
(xii) every person supplying online money gaming from a place outside India to a person in India; and

(xiii) Any other person notified by C.G.

Sec 25 Procedure for registration

To control fake invoices, dummy address registration & multiple registration at same place.

Sec 25 - Authentication (Aadhar) Process under GST



The consequences for failure to undergo authentication or Aadhar No. is not assigned : Registration shall be granted only after physical verification of the plate of business in presence of said person

Concept of CTP and NRTP

CTP = a person who occasionally undertakes transactions involving supply of SOG or SOS in the course or furtherance of business,

NRTP = any person who occasionally undertakes transactions involving supply of SOG or SOS

whether as principal, agent or in any other capacity, but who has no fixed place of business or residence in India.

Registration provisions

Sec 24: Compulsory registration u/s 24

Registration before commencement of business

and with advance POT

Registration REG-01

PAN required

Threshold Exemption

Not available

Composition Scheme

Not available

Return provisions

GSTR-1, GSTR-3B

GSTR-5

ITC provisions

ITC of all ITCs is available

ITC only on imported goods is available

Important Comment

- CTP or NRTP will apply for Registration at least 5 days prior to commencement of business
- Advance deposit of tax at the time of Submitting the registration application
- Registration is valid for 90 days (further extension for 90 days)
- Annual Return is not required for CTP & NRTP

Timeline for application for Registration [Sec.25 (1)]

Particulars	Where	When
Person who is liable to be registered under section 22 or section 24	In every such State/UT in which he is so liable	within 30 days from the date on which he becomes liable to registration
Units in SEZ or SEZ Developer	shall apply for a separate registration for unit in SEZ & outside the SEZ in a same ST or UT.	at least 5 days prior to the commencement of business
casual taxable person or a non-resident taxable person	in every such State/UT in which he is so liable	at least 5 days prior to the commencement of business

1. Person shall have a PAN in order to be eligible for grant of registration

2. Exceptions : (a) A Person required to deduct TDS (b) A NRTP

Normally single registration in a state shall be allowed but Separate registration if multiple place of business within a State/UT may be granted

A person who is not liable to be registered under section 22 or section 24 may get himself registered voluntarily. All the provision of this act is applicable.

Already discussed in sec 25(4) and 25(5)

Rule 10A :- RP (Person liable to TDS/ITCS & suomato registration) shall furnished Bank A/c details after obtaining certificate of registration & a GSTIN but earlier of :

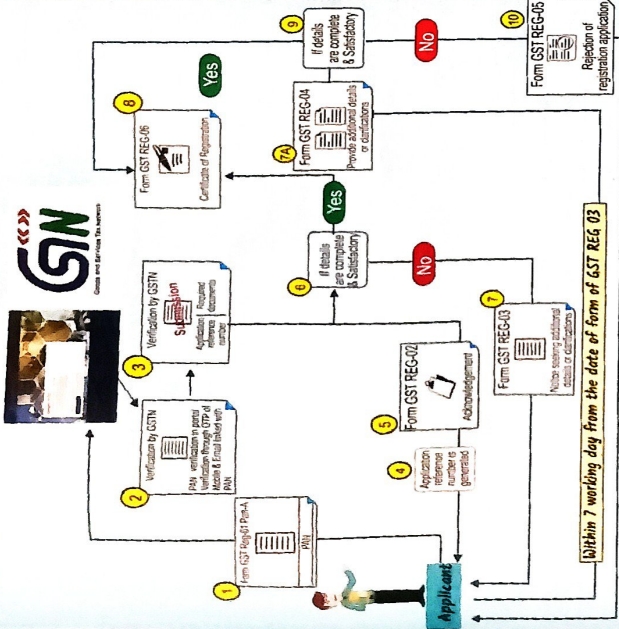
- within 30 days from date of grant of registration or
- before furnishing FORM GSTR-1 or ITR.

- certificate of registration in FORM REG-06 and GSTIN of 15 digit.
- Display of RC and GSTIN on the name board at the entry and in a prominent location at his Principal POB and additional POB.
- Effective date of registration :

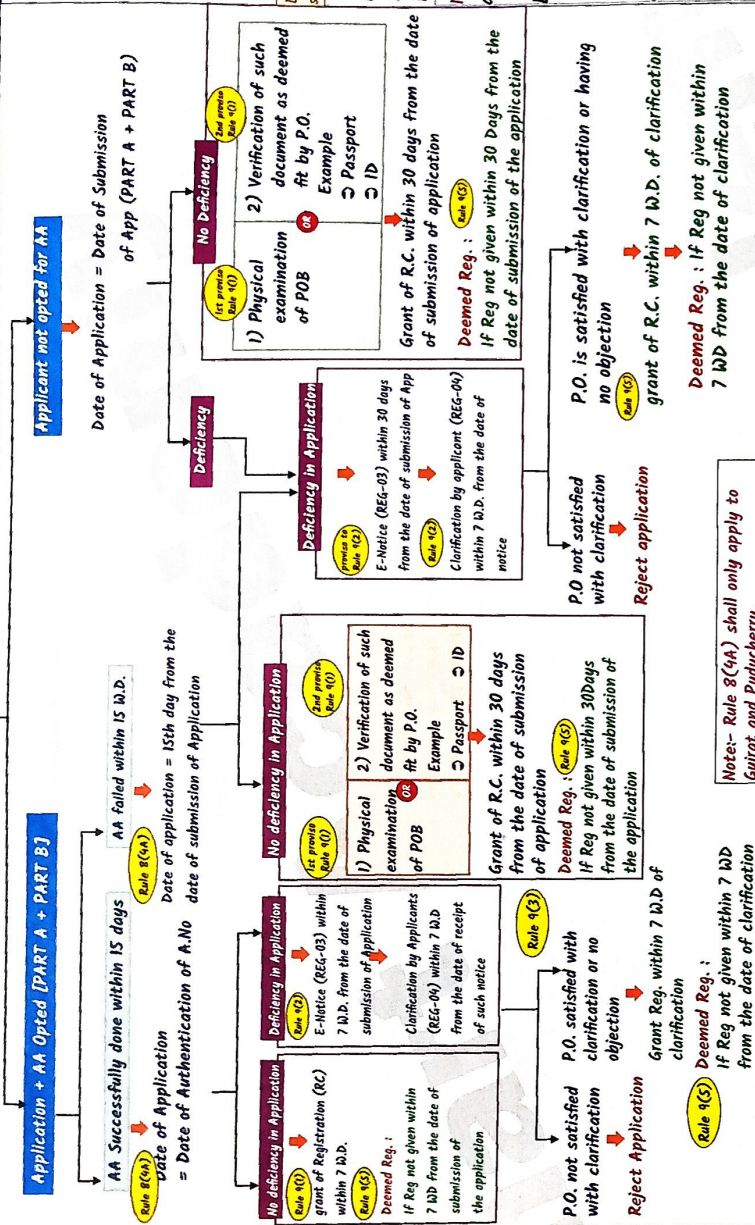
Application files from Liability date	Registration Effective from
within 30 days	Date on which this person becomes liable to registration
Not within 30 days	date of grant of registration

Procedure of Registration

(Rule 8, 9 & 10 read with Sec 25)



Procedure under Rule 8(4A) & Rule 9: - Registration & Adhar Authentication (AA)



Persons liable to obtain UIN

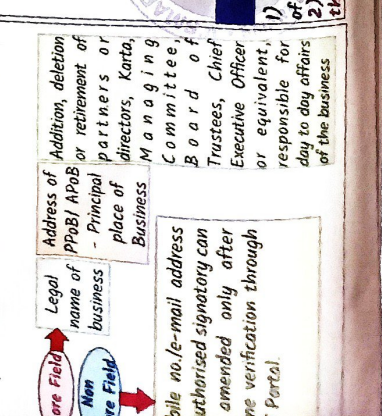
- Notified Persons :
- Any specialized agency of the UN Organization or any Multilateral Financial institution and organization as notified under the UN
 - consulate or embassy of foreign countries and any other person notified by the Commissioner
- Defense Conteeent (CSD), as a person who shall be entitled to claim 50% refund
- It is for Refund of taxes on the notified supplies of goods or services received by them, as may be prescribed.
- Imp Points for Grant of UIN
- Application shall be submitted by persons requiring UIN
 - within 3 working days from the date of application, officer shall assign UIN or reject the application.
 - Registration is deemed to have been granted after expiry of 3 days.
 - It shall be applicable to the territory of India

Sec 26 - Deemed Registration

Grant of registration/UIN under any S&T Act/ UT&ST Act is deemed to be registration/UIN granted under CGST Act/IGST Act

Sec 28 - Amendment of Registration

- Intimation of any changes in the information furnished to be made to proper officer within 15 days.
- Amendments in non core field can be made directly on common portal but approval is required for Amendments in core fields.



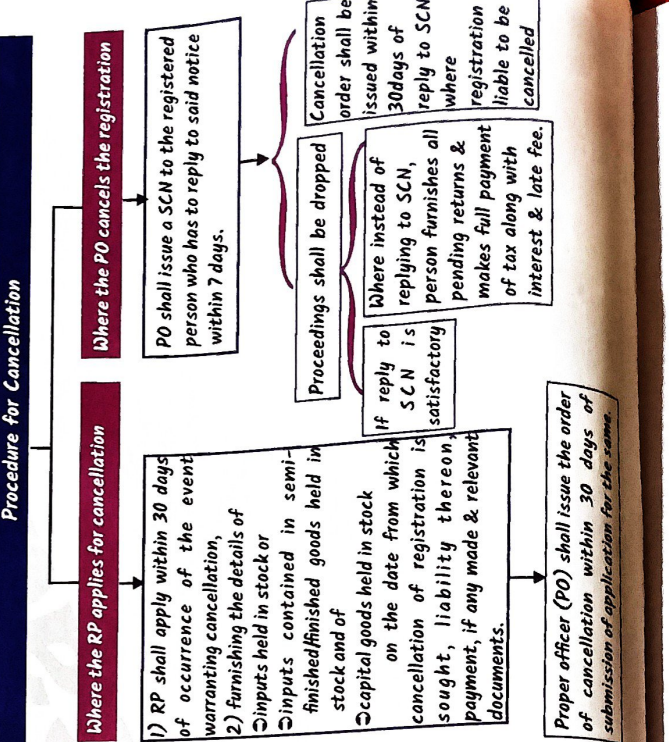
Sec 29- Cancellation of Registration

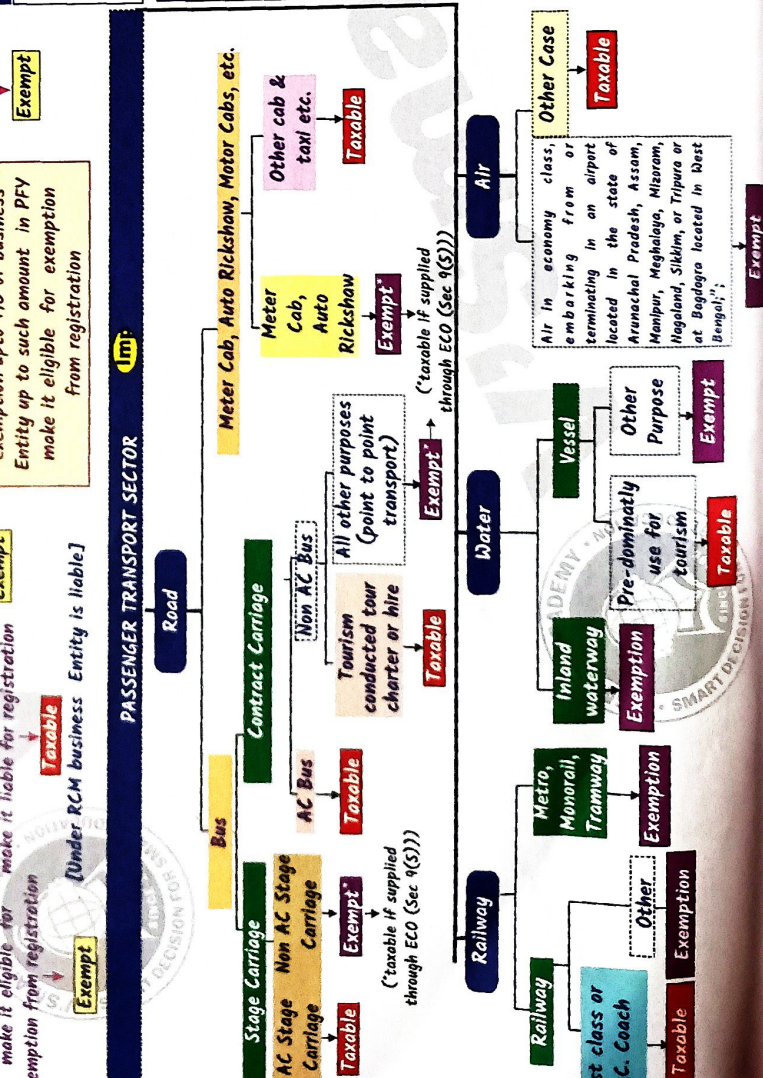
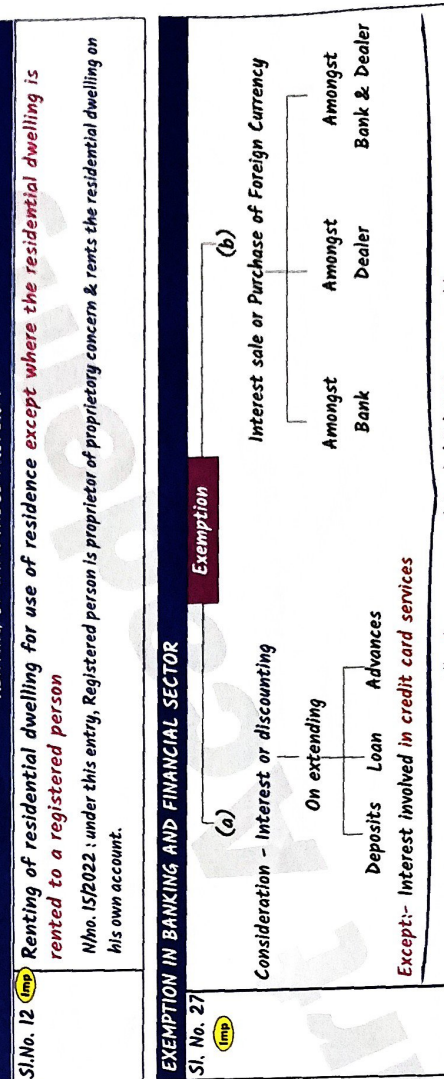
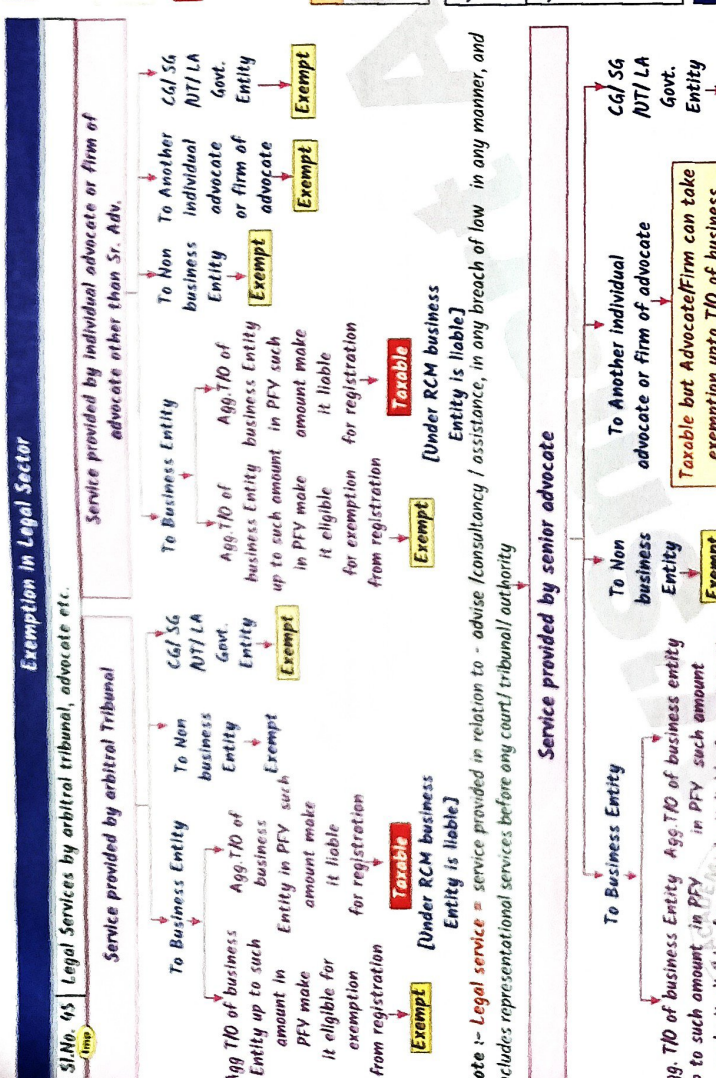
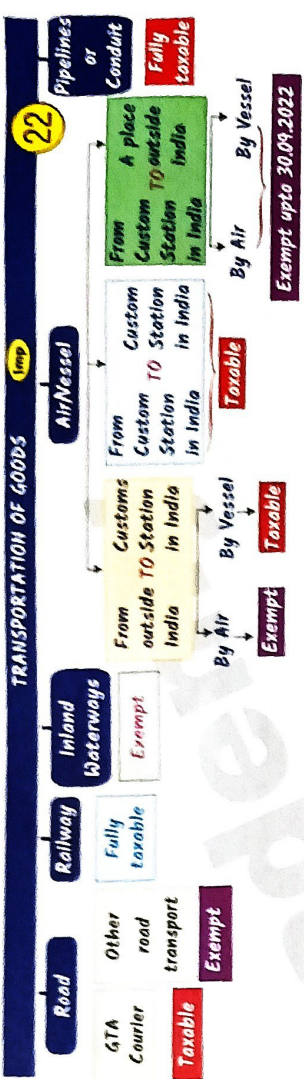
- Business discontinued
 - Transferred fully for any reason including death of the proprietor
 - Amalgamated with other legal entity
 - Demerged or otherwise disposed of
- the taxable person is no longer liable to be registered u/s 22 or 24 or intends to opt out of the registration voluntarily made under section 25(3)

Sec 30- Revocation of Cancellation of Registration

- Following contravention done by the registered person:
 - Does not conduct any business from the declared POB, or
 - Issues invoice/bill without SOG/SOS/both
 - Violates the provisions of section 171 (anti-profiteering measure.)
 - Violates the provision of Rule 10A** (Failure to furnish bank details)
 - Avails ITC in violation of Sec 16/ Rules made their under (vi) Furnishes details of outward supply in GSTR - 1 > Outward supply declared in Return (vii) Violate the provision of rule 36B viii) being a registered person required to file return under section 39(1) for each month or part thereof, has not furnished returns for a continuous period of six months; (ix) being a registered person required to file return under proviso to section 39(1) for each quarter or part thereof, has not furnished returns for a continuous period of two tax periods.
 - Not filing of Return: A registered person has not filed returns for such continuous tax period as may be prescribed Note: the return for a financial year beyond three months from the due date of furnishing the said return in case of a person who opted for composition levy
 - Voluntarily registered person has not commenced the business within 6 months from the date of registration
 - Registration by fraud etc: Registration was obtained by means of fraud, willful misstatement or suppression of facts
- RP whose reg. is cancelled by P.O. apply for revocation (Subject to rule 10B) or reject application of cancellation within 90 Days from date of service of order of cancellation.
- Extension - by Commissioner or an authorised officer - not below the rank of AC or JC for further upto 180 days

Procedure for Cancellation





RENTING OF IMMOVABLE PROPERTY

SI.No. 12 (Imp)

Renting of residential dwelling for use of residence except where the residential dwelling is rented to a registered person

SI.No. 12 (Imp)

Under this entry, Registered person is proprietor of proprietary concern & rents the residential dwelling on his own account.

SI.No. 21B Service provided by GTA to department or establishment of Government or local authority or government agency who taken registration for the purpose of deducting TDS u/s SI and not making any other taxable supply.

SI. No. 22 (Imp) Services by way of giving on hire-

- (a) to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers; or
- (aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.
- (b) to a goods transport agency, a means of transportation of goods.
- (c) to students, faculty & staff of an edu. inst. providing services by way of pre-school education upto higher secondary school

SI.No. 22 (Imp) If following goods are transported by GTA/Rail or vessel then exempted from payment of tax

- 1) Agriculture produce
- 2) Milk, Salt, food grains, flours, pulses or rice
- 3) Organic manure
- 4) Newspaper or Magazines
- 5) Relief material for victims
- 6) Defense or military equipments.

Exemptions in Education Sector

Service Taken by Educational Institution

1) Transportation of students, faculty or staff
 2) Catering or house-keeping
 3) Security, cleaning or house-keeping
 4) Supply of online education as Journal or periodicals
 5) Service relating to admission to or conduct of examination

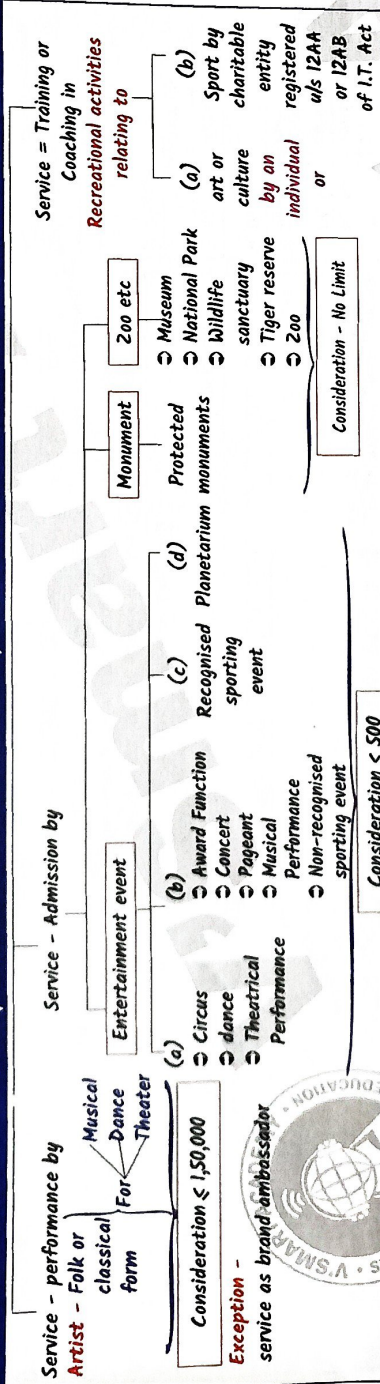
Service - Admission by Educational Institution
 Exempt only if Pre-school or Higher or Secondary school Colleges, universities or Institution providing education for qualification recognized by law.
 Exempt only if supplied to Colleges etc.
 Exempt if supplied to all educational Institute

Service - Performance by Artist - Folk or classical form
 Consideration ≤ 1,50,000
 Exception - service as brand-ambassador

Service - Entertainment event
 (a) Circus
 (b) Award Function
 (c) Concert
 (d) Dance
 (e) Pageant
 (f) Musical Performance
 (g) Non-recognised sporting event
 Consideration < 500

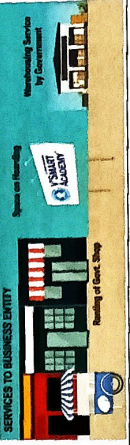
Service - Admission by Educational Institution
 1) Any service supplied by such educational institutional to its student and faculty or staff. (Eg. education fees lab charge, lab charges, transportation, catering etc.)
 2) Service by way of Conduct examination against entrance fees
 Taxability Any Service supplied to any person other than student faculty or staff by such educational institutional then it is taxable eg. 1) Auditorium of school given to other for seminar
 2) Placement services to corporate
 3) Franchisees fees to various franchisees.

Exemption Related to Entertainment, Museum etc.



Services provided by Government to Business Entity

SI. No.6:- Services by the Central Government, State Government, Union territory or local authority excluding the following services—
 (a) services by the Department of Posts & Ministry of Railways (Indian Railways);
 (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 (c) transport of goods or passengers;



SI. No. 24C
 Services by the department of post by way of
 (a) post card, (b) inland letter, (c) book post and (d) ordinary post (envelopes weighing less than 10 grams).

Turnover or Value based

SI. No. 7
 Service provided by Govt/Local Authority to Business Entity where its Agg. TTD less than such amount in FY make it eligible for exemption from Reg.
 Exception : above exemption not applicable to (a) Services covered under above clause (a), (b) Renting of immovable property

SI. No. 9
 Service provided by Govt/LA where GAC per service (per invoice) does not exceeds ₹ 5000 in case where continuous supply of service the limit is ₹5000 in a FY
 Exception : above exemption not applicable to (a) Services covered under above clause (a) to (c) of SI.No. 6

Certification or Registration based

SI. No. 61
 Service provided by Govt/LA by way of Issuance of passport, visa driving licence, Birth Certificate or Death Certificate

SI. No. 47
 Service provided by Govt/LA by way of (a) Registration required under any law (b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large

Others

SI. No. 63
 Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture. (Service provided by Govt./LA by way of -)

SI. No. 9C
 Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA

SI. No. 9D
 Services by an old age home run by Govt. Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration—upto ₹25000 per month per member) (Consideration includes boarding/loading/maintenance charges)

Clarification

(Circular No. 14/9/05/2021)
 Following clarifications are issued with respect to Central or State Boards (Including NBE):-
 The definition of Educational State Boards (Including NBE):-
 Institutions includes anganwadi and hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

S.No.	Services	Taxability
1	Conducting entrance examination for admission to educational institution by charging fee.	Exempt
2	Input services taken for conducting such entrance examination for students.	Exempt
3	Accreditation of educational institutions or professional so as to authorise them to provide their respective services.	Taxable

Access to Road or bridge on Payment of toll

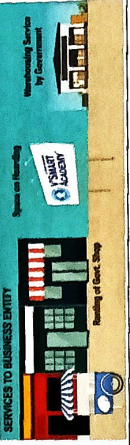
SI. No. 23
 Access to Road or bridge on Payment of toll

SI. No.61A
 Granting National permit to goods carriage & to operate through India.

SERVICES BY FOREIGN DIPLOMATIC MISSIONS IN INDIA
 All services provided by a foreign diplomatic mission located in India
 Important Comments: Taxable Service: Services provided by office or establishment of an international organization.



(d) any service, other than services covered under entries (a) to (c) above, provided to business entities.



Exemptions in Education Sector

Service supplied by Educational Institution

Service Taken by Educational Institution
 Educational institution
 Exempt only if:
 1) Pre-school or Higher or Secondary school
 2) Colleges, universities or institution providing education for qualification recognized by law.
 3) Security, cleaning or house keeping
 4) Supply of online education as Journal or periodicals
 5) Service relating to admission to or examination

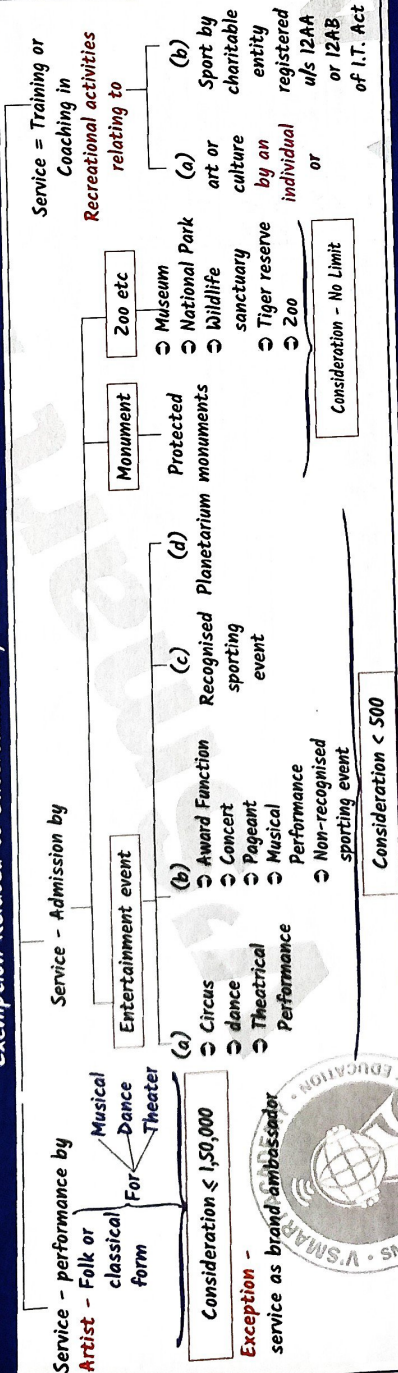
Exemption
 1) Any service supplied by such educational institution to its student and faculty of staff. (e.g. education fees lab charge, lab charges, transportation, catering etc.)
 2) Service by way of Conduct examination against entrance fees
 3) Auditorium of school given to other for seminar
 4) Placement services to corporate franchisees fees to various franchisees.

Important Comment: The above exemption is available only for supply of services. If educational Institute (i.e. School, colleges) supplied the goods to their student like stationery, uniform etc. then exemption is not available.

Clarification
 (Circular No. 149/105/2021)
 The definition of Educational State Boards (including NBE):-
 Following clarifications are issued with respect to Central or State Boards of Educational Institutions includes anganwadi and hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

S.No.	Services	Taxability
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2	Input services taken for conducting such entrance examination for students.	Exempt
3	Accreditation of educational institutions or professional so as to authorise them to provide their respective services.	Taxable

Exemption Related to Entertainment, Museum etc.



Access to Road or bridge on Payment of toll

Sl. No. 23	Access to Road or bridge on Payment of toll
Sl. No. 61A	Granting National permit to goods carriage & to operate through India.
SERVICES BY FOREIGN DIPLOMATIC MISSIONS IN INDIA	
Sl. No. 59	All services provided by a foreign diplomatic mission located in India
Important Comments: Taxable Service: Services provided by office or establishment of an international organization.	

Services provided by Government to Business Entity

Sl. No. 61- Services by the Central Government, State Government, Union territory or local authority excluding the following services-
 (a) services by the Department of Posts & Ministry of Railways (Indian Railways);
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 - post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).

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Others
 Sl. No. 63: Assignment of right to use natural resources to an individual farmer for the purpose of Agriculture.
 Sl. No. 64: Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA
 Sl. No. 65: Services by an old age home run by Govt. Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration-up to ₹25000 per month per member) (Consideration includes boarding/loading/maintenance charges)
 Sl. No. 66: Service provided by Govt. or LA to another Govt. or LA. Exception: above exemption not applicable to Services covered in above clause (a) to (c) of Sl.No. 6
 Sl. No. 67: Fines or liquidated damage for tolerating non performances of Contract
 Sl. No. 68: Merchant overtime charges for inspection of import container by custom officers.
 Sl. No. 69: Services by way of providing information under the Right to Information Act, 2005

Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (Under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.

SI. No. 24B	Miscellaneous	Transfer of a Going Concern Organization of Business Exhibition Outside India
SI. No. 52		Exemption - Services by RDA to Members
SI. No. 77		Services by - Un-incorporated body - Registered not profit Entity
SI. No. 77A		By way of Re-imbursment of charged contribution
		Member
		Exemption Upto Amount = ₹ 7500 per month / per member
		For sourcing of goods or services
		↳ From third person
		↳ For common use of its member
SI. No. 39		Intermediary Service- Read From Notes
SI. No. 39A		Services by an intermediary of financial services
SI. No. 48		Services recognised by Biotechnology Industry Research Assistance Council
SI. No. 49		by way of collecting or providing news by - ↳ An independent journalist, ↳ Press Trust of India or ↳ United News of India;
SI. No. 50		Public Library Service
SI. No. 76		Public Services - by way of public conveniences such as provision of facilities of Bathroom, Washrooms, Lavatories, Urinal or Toilets.
SI. No. 9B		Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan
SI. No. 52A		Exempt certain supplies to NPCIL Tour Operator Service - Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India.

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Accommodation services by Defence mess to person other than business DMFT set up by SAs are Governmental Authorities & eligible entity are exempt & such services are qualified as services by Govt. for same exemptions

Circular no. 190/02/2023: Exempt certain supplies to NPCIL

Circular no. 206/18/2023: Supply of pure services & composite supplies by way of horticulture / horticulture works (where value of goods constitutes ≤ 25% of total value of supply) made to CPWD are eligible for exemption.

Circular no. 177/09/2022: It is clarified that ↳ Services of IVF are covered under health care and thus exempt.

- ↳ Tickets purchased for transportation from one point to another irrespective of ferry is owned/operated by PSU are exempt
- ↳ If transportation takes place over pre-determined route on a pre-determined schedule. However, if it is hired for period of time, it is taxable
- ↳ Fee charged from prospective students for entrance/admission/issuance of migration certificate are exempt.
- ↳ Additional fee collected through higher toll charges from vehicles not having Fastag is also exempt.
- ↳ Services provided by the guest anchors in lieu of honorarium are taxable
- ↳ Movement of empty containers from Nepal and Bhutan, after delivery of goods there is a service associated with the transit cargo to Nepal and Bhutan, hence it is exempt.
- ↳ Services of sanitation & conservancy services are provided by Indian Army or any other Govt. Department are taxable.
- ↳ Renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator are taxable.
- ↳ Location charges/preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged are exempt

- 1) Services provided to Government
- 2) Supply of pure services & composite supplies (where value of goods constitutes ≤ 25% of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243A or 243B
- 3) Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation
- 4) Insurance scheme where total premium is paid by Government
- 5) Training program to Government where for which 75% or more expenditure is borne by Government.
- 6) Passenger transport service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.

EXEMPTION IN SPORT SECTOR

- SI. No. 68: Service Provided to recognized Sport Body by- a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b) Another recognised sports body;
- SI. No. 53: Sponsorship of Certain Sport Events (Read From Notes)
- SI. No. 82: Admission to events organised under FIFA world cup 2017
- SI. No. 9A: Services Provided by and to FIFA
- SI. No. 9AA: Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India whenever rescheduled.
- SI. No. 9AB: Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.
- SI. No. 82A: Service by way of right to admission to the event organised under FIFA U-17 Woman's World cup 2020 [whenever rescheduled.]
- SI. No. 82B: Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022

Other Exemption

- SI. No. 30: Services provided by Employees State Insurance Corporation
- SI. No. 31: Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- SI. No. 31A: Services Provided by coal mines provident fund organisation
- SI. No. 31B: Services Provided by National Pension system
- SI. No. 58: Services provided by National Centre for Cold Chain Knowledge dissemination and Farmer's Welfare by way of cold chain knowledge dissemination.
- SI. No. 38: Services by way of collection of contribution under any pension scheme of the State Governments.
- SI. No. 41: Service by State Government Industrial Development Corporations Upfront amount in respect of service by way of granting of long term lease of 30 years, or more) of industrial plots or plots for development of infrastructure for financial business, Provided by the SG Industrial Development Corporations or Undertakings or by any other entity having 20 % or more ownership of C6, S6, UT to industrial units or developers in any industrial or financial business area.
- SI. No. 19C: Satellite Launch Services
- SI. No. 25: Transmission or Distribution of Electricity
- SI. No. 37: Collection of Contribution under Atal Pension Yojana
- SI. No. 71: Training Service under Deen Dayal Upadhyaya GrameenKaushalya Yojana
- SI. No. 94: Service Provided by Incubatee

Exemption in Construction Sector

- SI. No. 10: Construction etc or Original Work to Pradhan Mantri Awas Yojana
- SI. No. 10A: Services Supplied by Electricity Distribution Utilities
- SI. No. 11: Construction etc or Original Work to Single Residential Unit
- SI. No. 41A/41B: Supply of TDR, FSI, Long term lease (Premium)
- SI. No. 28: Services of Life Insurance Business
- SI. No. 29: Services of Life Insurance Business
- SI. No. 29A: Services of Life Insurance Business
- SI. No. 35: Specified General Insurance Scheme
- SI. No. 36: Service Provided by Incubatee
- SI. No. 36A: Services by way of reinsurance

IGST Act, 2017 (Place of Supply)

Sec 12 (1) - Pos where LOS and LOR of Services in India

Sec	Description of Service	Place of Supply	Supply to RP
12(2)	General rule for all services except covered in 12(3) to 12(14)	(i) Address in records exists POS= LOR (ii) Address in records does not exist- POS=LOR	Supply to unregistered person
12(5)	Training and performance appraisal	POS = Place of performance	
12(7)	Organisation of events including ancillary services, sponsorship	Place where event is actually held & if held outside India - POS = LOR	
12(8)	Transportation of goods, mail or courier	POS= Place where goods are handed over for their transportation if transportation is outside India, the POS = destination of such goods POS= Place where person embarks on the conveyance for continuous journey Exception: Right to passage for future & embarkation-not known - POS as per 12(2)	Location of such registered person
12(13)	Passenger transport service	POS= LOR of service in records of insurance Co.	
12(3)	Insurance service	Service directly related to immovable property including agents, experts, lodging in hotels, inn, accommodation for functions & ancillary services	
12(4)	Service related to immovable property	POS = Place where immovable property is located or intended to be located if immovable property located outside India - POS=LOR	
12(9)	By way of lodging accommodation by a hotel, inn, guest house, club or campsite, and services ancillary to such services (except cover in (i))	POS = Place where immovable property is located or intended to be located if immovable property located outside India - POS=LOR	
12(10)	Admission to events or amusement park & ancillary services	POS= Place where service is actually performed.	
12(11)	Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(12)	Restaurant catering, personal grooming fitness, beauty treatment, health services including plastic surgery	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(13)	Service on board a conveyance	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(14)	Supply of telecom services including data transfer, broadcast, cable or DTH	(a) POS= Location of installation (b) Billing address exists- POS= LOR (c) Prepaid mobile, internet, DTH	
12(15)	Fixed lease or cable line	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(16)	Postpaid mobile, internet, DTH	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(17)	Prepaid mobile, internet, DTH	POS= Location of 1st scheduled point of departure of that conveyance for the journey.	
12(18)	In all other cases	POS= LOR	
12(19)	Proviso - Prepaid - electronic payment	POS= LOR	
12(20)	Rule 6 is prescribed supply of services attributable to different ST/UT, under sub section (1) of section 12 of the said Act, the leased circuit is installed in more than one ST/UT and a consolidated amount is charged, in proportion to the number of the absence of any contract or agreement for separately collecting Liability on Intermediary points lying in the ST or UT	POS=LOR if address available in records of supplier else, POS=LOR	
12(21)	Banking & Financial Sector including stock broking	POS=LOR if address available in records of supplier else, POS=LOR	
12(22)	Advertisement services to Govt. or Local authority	POS=LOR if address available in records of supplier else, POS=LOR	

Section 3 : Intra-State Supply

1) Intra State SCS:- Subject to the Sec 12, supply of services where the LOS & POS of services are in the same State or same Union territory shall be treated as Intra-State supply

Section 9 : Supply in Territorial Water

Where the location of the supplier is in the territorial waters, or where the place of supply is in the territorial waters, LOS (for clause (a) & POS (for clause (b))) shall be deemed to be in the coastal State or UT where the nearest point of the appropriate baseline is located.



POS for supply of Goods

Sec 10 - Place of Supply of Goods other than imported or export goods

S.No.	Nature of Supply	Parties Involved	Place of Supply
a)	Involves Movement of Goods (Supplier, Recipient, or any other person)	Supplier Recipient (Shipping address) Third Person (Billing Address)	Location of the goods when the movement of goods terminates for delivery to the recipient
b)	Bill-to-Ship-to Sale	Supplier Recipient (Shipping address) Third Person (Billing Address)	Principal place of Business of Third person,
c)	Does not involve Movement of Goods	Supplier Recipient	Location of goods at the time of delivery to the recipient
d)	Installation and Assembly of Goods at Site	-	Place of Installation or assembly of Goods
e)	Goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle	-	Location at which such goods are taken on board.

Note : Where the place of supply of goods cannot be determined, the POS shall be determined as per the prescribed Sec 10(2)

Section 7 : Inter-State Supply

1) Inter-State SCS (within India):- Subject to Sec 10, supply of goods where the Location Of The Supplier (LOS) and the Place Of Supply (POS) are in two different States

(a) two different Union territories; or
(b) a State and a Union territory,
(c) a State and a Union territory, shall be treated as a supply of goods in the course of inter-State trade or commerce.

2) Inter-State SCS (within India):- Subject to Sec 12, supply of services, where the Location Of the Supplier (LOS) and the Place Of Supply (POS) are in two different States

(a) two different Union territories; or
(b) a State and a Union territory,
(c) a State and a Union territory, shall be treated as a supply of services in the course of inter-State trade or commerce.

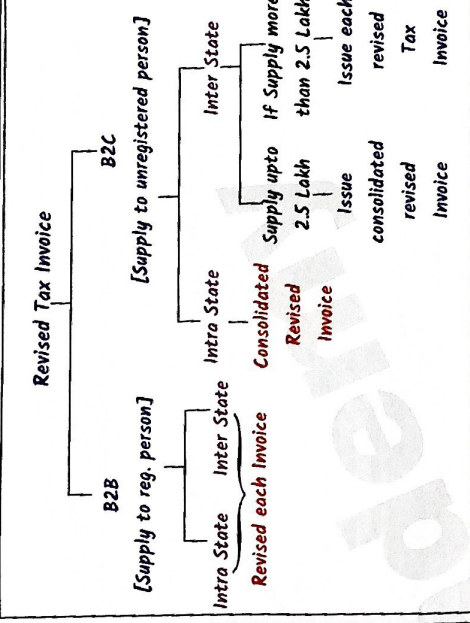
3) Inter-State Supply (SOG or SOS outside India): Supply of goods or services or both, when the supplier is located in India and the POS is outside India

(a) to or by a SEZ developer or a SEZ unit
(b) in the taxable territory, not being an Intra-State supply and not covered elsewhere in this section,

(c) supply and not covered elsewhere in this section,

Revised Invoices-

Revised from effective date of registration till the date of issuance of RC within 1 month from the date of issuance of RC.
 Consolidated revised tax invoice
 Registered person may issue a consolidated revised tax invoice
 1. In respect of all taxable supplies made to a recipient who is not registered under the Act during such period.
 2. In the case of Inter-State supplies, where the value of a supply does not exceed two lakh and fifty thousand rupees, to unregistered person



Bill of Supply:-

- On Supply of Exempt Goods or Services
- Paying tax under Composition Scheme.

person is supplying taxable as well as exempted supply a single "invoice-cum-bill of supply" may be issued for all such supplies.
Circular no. 186/18/2022
 It is clarified that exemption from generation of E-invoices is for the entity as a whole & not restricted to nature of supply (ie either SOG or SOS)

Circular no. 198/10/2023
 RP, whose turnover exceeds e-invoicing limit, is required to issue e-invoices for supplies made to such Govt. Departments or establishments/ Government agencies/ local authorities/ PSUs, etc. which are registered solely for TDS u/s 51.

Manner of issuing Tax Invoice Rule 48-

- In case of taxable SOG Invoice shall be prepared in Triplicate
- Serial number of invoices issued during a tax period shall be furnished electronically in GSTR - 1
- Notified classes of person obtaining invoice reference no. from E-invoice portal
- Invoice void, if invoice reference no. not quoted

E-Invoicing

'E-invoicing' essentially involves reporting details of specified GST documents to a Government notified portal and obtaining a reference number.

All registered businesses with an Agg. Tn (based on PAN) in any P.F.Y from 2017-18 onwards greater than ₹ 5 crore (hereinafter referred to as 'notified persons') will be required to issue e-invoices.

These invoices will then be reported to 'Invoice Registration Portal (IRP)'. On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier. A GST e-invoice will be valid only with a valid IRN. IRN is unit 64 - character hash

Invoices, Credit notes and debit notes, when issued by notified persons (to registered persons (B2B) or for the purpose of exports) are covered under e-invoice.

B2C invoices Invoices issued by ISD. Import of goods (Bills of Entry).

If the invoice issued by a notified person is in respect of supplies made by him tax on which is payable under reverse charge under sec 9(3), e-invoicing is applicable.
 On the other hand, where specified category of supplies are received by notified person from unregistered persons Attracting reverse charge under section 9(4) or Through import of services, e-invoicing doesn't arise/ not applicable.

- Following entities are exempt from the mandatory requirement of e-invoicing:
- A Government Department, A Local Authority,
 - Special Economic Zone units
 - Insurer or banking company or financial institution including NBFC
 - GTA supplying services in relation to transportation of goods by road in a goods carriage
 - Supplier of passenger transportation service
 - Person supplying services by way of admission to exhibition of cinematography films in multiplex screens

Tax Invoice : Supply of goods

Issue Invoice - On or before
 a) Provision of services- within 30 days from completion
 b) Bank/FINBFC/Insurer- within 45 days from Completion
 c) Insurer/ Bank/ FINBFC/ Telecom/ other notified person where service is provided to distinct person (DDP),
 i) When Supplier records in books of A/c
 ii) Last date of qtr. whichever is earlier

Government may specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.
 (b) subject to the condition mentioned therein, specify the categories of services in respect of which—
 (i) any other document deemed to be a tax invoice or
 (ii) tax invoice may not be issued.

Invoice shall be issued before or at the time
 a) Due date of payment ascertainable in contract - on such date
 b) If due date not ascertainable - date of payment received
 c) If events are fixed in contract - Last date of completion of such event

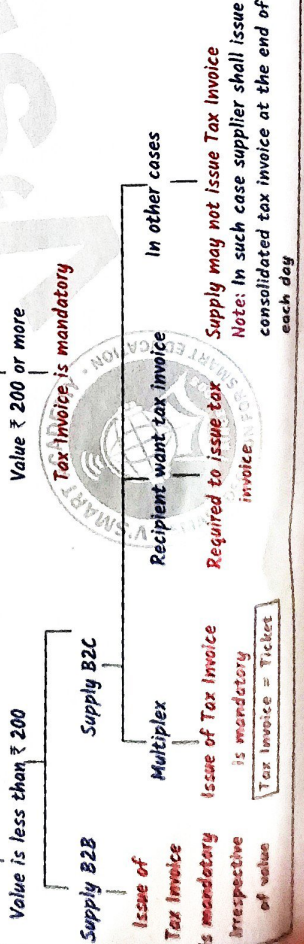
At the time when supply ceases & such invoice only to the extent supply made before such cessation

Content of Invoice & Voucher

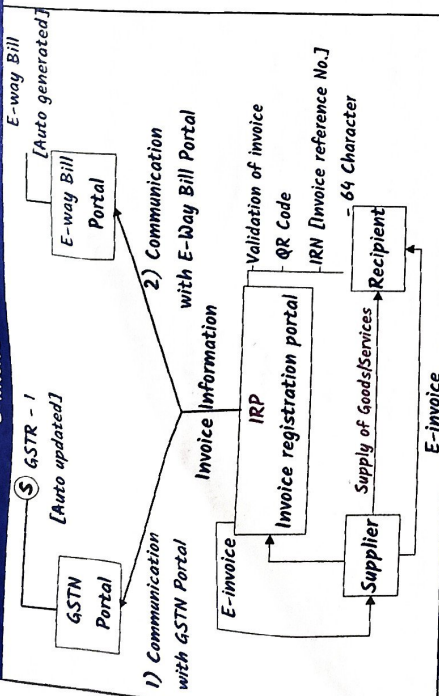
- Name, Address and GSTIN (if HSN code)
- Consecutive Number Series (g) Description of SOG/SOS (j) Taxable value
- Date of Issue (h) Quantity of goods (k) Rate of tax (l) Amount of tax charged
- Name of address & GSTIN or UIN of recipient (m) Place of supply
- Other details of Unregistered recipient (n) Quick Response (QR) Code
- Declaration that not required to prepare an invoice as per rule 48(4)

Notes : 1) Consecutive serial number shall not exceed 16 characters for tax invoice in onemultiple series shall be maintained same for a F.Y.

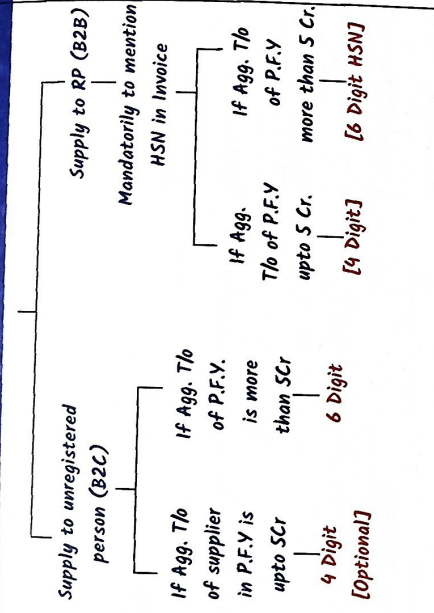
Issue of Tax Invoice



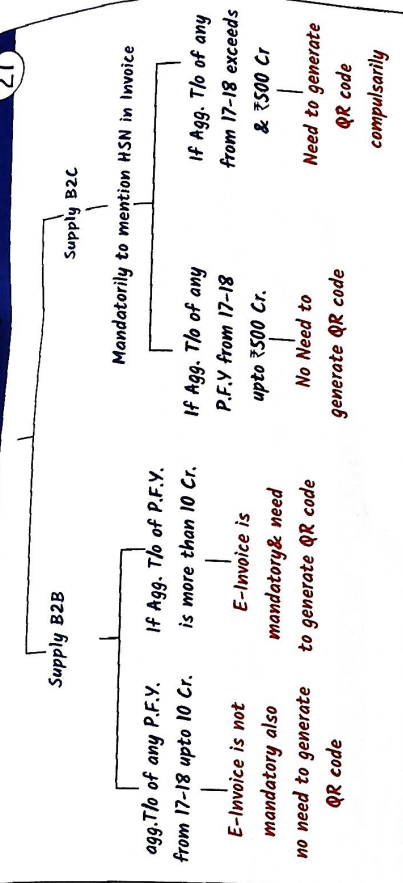
E-invoice Mechanism



Required of HSN Invoice



Applicability of QR Code

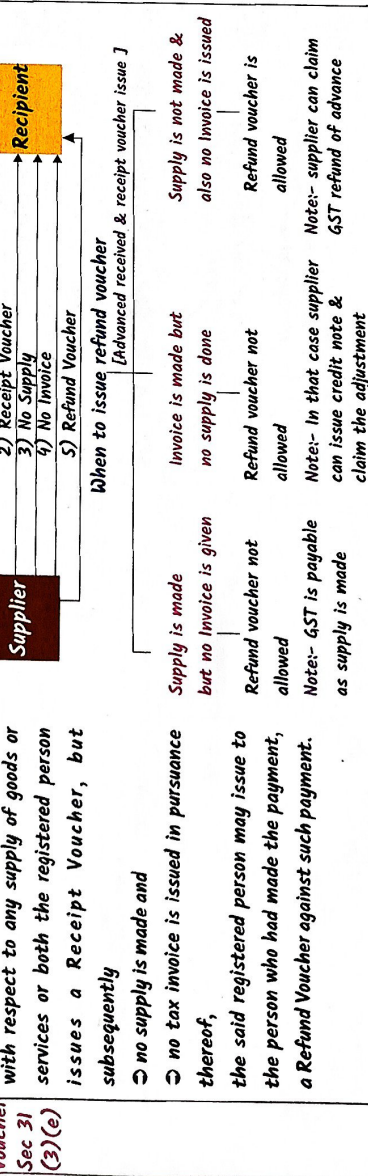


VOUCHERS

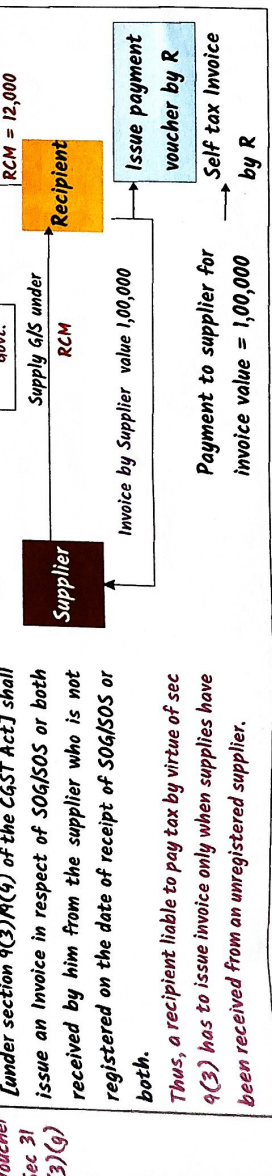
Receipt A registered person shall, on receipt of advance if, at the time of receipt of advance, rate of tax/nature of supply is not Voucher payment with respect to any supply of goods or determinable services or both, issue a Receipt Voucher evidencing receipt of such payment.

Sec 31 (3)(d) Where at the time of receipt of advance (i) Rate of tax is not determinable (ii) nature of supply is not determinable tax shall be paid at the rate of 18% same shall be treated as inter-State supply

Refund Voucher Sec 31 (3)(e) Where on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a Receipt Voucher, but subsequently



Payment Voucher Sec 31 (3)(g) A RP who is liable to pay tax under reverse charge [under section 9(3)(1)(c) of the CGST Act] shall issue an Invoice in respect of SOG/SOS or both received by him from the supplier who is not registered on the date of receipt of SOG/SOS or both.



Sec 34 - Credit Note & Debit Note

Credit Notes [Sec.34 (1) & 34(2)]	Debit Notes [Sec. 34(3)]
One or more tax invoice for Taxable Value or Tax charged in that Tax Invoice is found to exceed the Taxable Value, or tax payable in respect of such supply, or	One or more tax invoice for Taxable Value or Tax charged in that Tax Invoice is found to be less than the Taxable Value or Tax payable in respect of such supply & Qty received is more than in declared invoice.
Where goods supplied are found to be deficient	Note: Debit note includes Supplementary Invoice
Time Limit: Details of Credit in the Return for the month during which such credit note has been issued, -	Details of Debit in the Return for the month during which such Debit Note has been issued.
30th day of Nov following the end of FY in which such supply was made, or	
the date of filing of the relevant annual return, whichever is earlier	

Tax Invoices in Special Cases (Rule 54)

Supplier of taxable service	Document in lieu of the tax invoice
Supplier of taxable service	Optional information
Insurer/Banking company/Financial institution, including NBFC	Serial number
Supplier of passenger transportation service	Address of the recipient of taxable service
Admission to Exhibition of cinematography films in multiplex screens	The said supplier may issue a consolidated tax invoice or any other document in lieu thereof, by whatever name called (for SOS made during a month at the end month)
	Serial number
	Address of the recipient of taxable service
	Shall issue Electronic ticket and Electronic ticket deemed to be Tax Invoice, even such ticket does not contain Recipient details
	Other information as prescribed for a tax invoice, under rule 46
	Tax invoice shall include ticket in any form, by whatever name called.
	Other information as prescribed for a tax invoice, under rule 46
	Provided that the supplier of such service in a screen other than multiplex screens may, at his option follow the above procedure (MN 33/2019 CT dt: 18/07/2019)

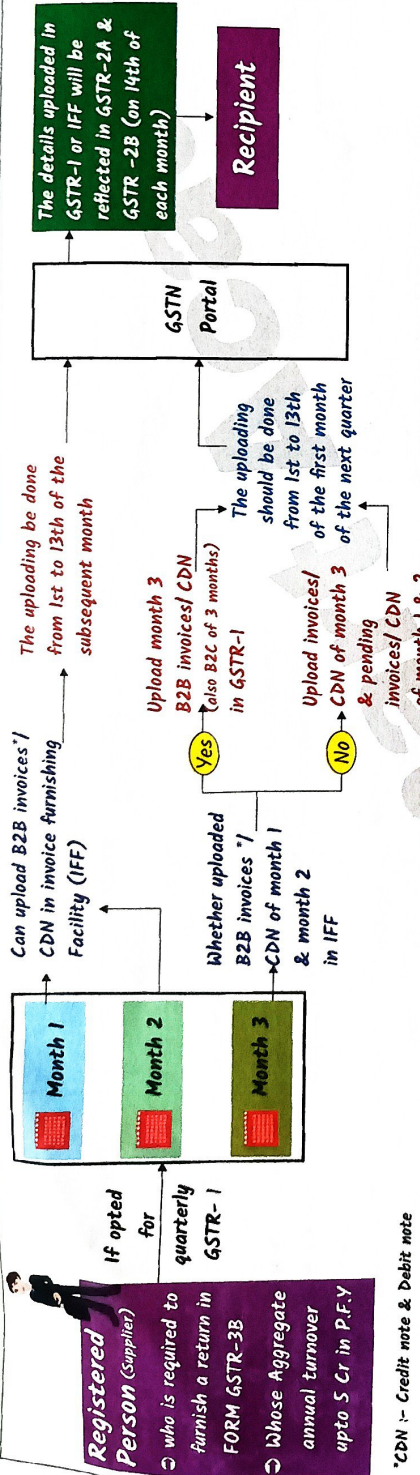
Delivery Challan/ Invoice for Transportation of Goods (Rule 55)

Nature of supply

- Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- Transportation of goods for job work,
- Transportation of goods for reasons other than by way of supply, or
- Such other supplies as may be notified by the Board



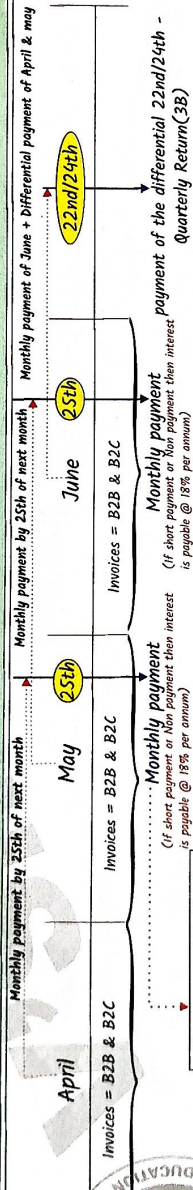
Registered Person - Opting for QRMP Scheme (Submission of details of Outward supplies)



*CDN - Credit note & Debit note

QRMP - Monthly Payment & Interest Liability

Registered Person (Supplier)
(whose Aggregate annual turnover upto 5 Cr in P.F.Y.)



Payment Method

1. Fixed Sum Method (FSM)

Payment of tax in the 1st and the 2nd month of the quarter.

Sr. No.	Type of Taxpayer	Tax to be paid
1.	Who furnished GSTR-3B quarterly for the last quarter	35% of tax paid in cash (E-Cash Ledger) in the preceding quarter
2.	Who furnished GSTR-3B 100% of tax paid in cash in the last month of the quarter	100% of tax paid in cash in the immediately preceding quarter

The balancing amount of tax is to be paid in the 3rd month.

Example

In case the last return filed was on quarterly basis for Quarter Ending March, 2021:

Tax paid in Cash in Quarter (January - March, 2021)	Tax required to be paid in each of the months - April and May, 21
Cash	35
GST	50
IGST	35
Cess	17.5

In case the last return filed was monthly for tax period March 2021:

Tax paid in Cash in Quarter	Tax required to be paid in each of the months - April and May, 21
Cash	50
GST	50
IGST	80
Cess	---

Interest under QRMP scheme

Sr. No.	Scenario	Interest to be paid
1	Monthly payment (1 & 2 Month) For FSM & SAM Tax liability mentioned in pre-filled form GST PMT-06 is paid by 25th of the following month	Nil
2	Tax liability mentioned in pre-filled form GST PMT-06 is not paid by 25th of the following month	18% of the tax liability (from 26th of the following month till the date of payment)
3	Final Tax Liability (1 & 2 Month) For FSM & SAM The final tax liability for the first two months is less than or equal to the amount paid through pre-filled form GST PMT-06	Nil
4	For FSM The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess liability has been paid within quarterly GSTR-3B due date	Nil
5	For SAM The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess liability has been paid within quarterly GSTR-3B due date	18% of the tax liability (from 26th of the following month till the date of payment)

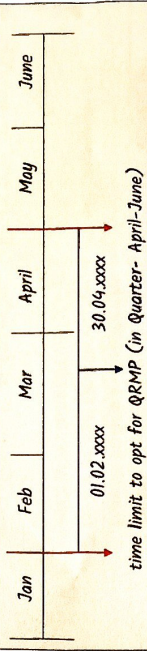
Final Tax Liability has not been paid within quarterly GSTR-3B due date
The final tax liability for the first two months is higher than the tax amount paid through pre-filled form GST PMT-06, and such excess amount paid through pre-filled form GST PMT-06, and such excess liability has not been paid within quarterly GSTR-3B due date

Important Points

- The aggregate annual turnover for the P.F.Y. shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the P.F.Y.
- Value of supply in IFF shall not exceeds ₹ 50 lakhs for each month would not be available.
- After 13th of the month, this facility for furnishing IFF for previous month would not be available.
- Details given in IFF not required to be given again in GSTR-1
- Where QRMP option has been exercised once, they shall continue unless RP revise the said option.
- It is further clarified that the option to avail the QRMP Scheme is GSTRIN wise
- Some GSTINs of same PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

Rule 61A: Manner of opting Quarterly return

- Facility to avail the Scheme on the common portal would be available throughout the year.
- A registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.



How to avail QRMP From 1st Jan 21

Turnover	GSTR-1 opted	Deemed option
Upto 1.5Cr	Quarterly	Quarterly
Upto 1.5Cr	Monthly	Monthly
>1.5Cr upto 5Cr	Monthly	Quarterly

Note 1 - The taxpayers are suggested to file the return for October 2020 in November

Note 2 - Such registered persons are free to change the option as above, if they so desire, from 5th of December, 2020 to 31st of January, 2021.



Registered Person

Special Cases

General

Sec 35 (1): Books of Accounts

- Books of accounts to be kept & maintained at -
- Principal place of business
- Additional place of business
- Books found at unregistered premises - deemed to belong to registered person

Sec 35 (1): Accounts and Records

- Accounts [Sec 35(1)]**
 - Production of goods
 - inward/outward supply of G/S
 - Stock of goods
 - Output tax payable (paid) Not required for composition Scheme
 - ITC availed
 - Other particulars
 - Goods kept at other than declared location
 - Goods deemed as supply & tax payable thereon
- Records & Documents [CGST Rules]**
 - Goods/services imported or exported
 - Supplies attracting payment of tax on RCM along with relevant documents like invoices, Challan, Credit & Debit Note & Vouchers etc.
 - Advances received, paid and adjusted
 - Required to keep particulars of name & complete address of supplier, recipient & premises where goods are stored

Rule S6(11) : Records to be maintained by Agent

- Particulars of Authorization received from each principal to receive or supply of G/S
- Description value & Quantity of G/S received on behalf of P
- Description value & Quantity of G/S supplied on behalf of P
- Details of accounts furnished to P
- Tax paid on receipts/ supply of goods on behalf of P

Rule S6(12) : Records to be maintained by Manufacturer

- Monthly production accounts showing quantity of RM/ service used in the manufacture
- Quantitative details of goods manufactured, waste and by products

Rule S6(13) : Records to be maintained by Supplier of Services

- Quantitative details of goods used in provision of service
- Details of input service
- Details of services supplied

Rule S6(14) : Records to be maintained by Works Contractor

- Names & Address of person on whose behalf the works contract is executed
- Description, value & Qty. of G/S received for each W.C.
- Description, value & Qty. of G/S utilized for each W.C.
- Details of payment received for each W.C.
- Name and address of suppliers

Rule S6(17) : Records to be maintained by C&F Agent

- Maintain true & correct records of goods handled on behalf of registered person
- Produce details as required by proper officer

Sec 35(2) read with Rule 58 Warehouse Owner and Transporter

Owner/Operator of Godown/ Warehouse

Transporter

Registered

Registered

Unregistered

Unregistered

Obtain unique enrollment number

Obtain unique enrollment number

Sec 35(2): shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed

Sec 35(2): shall maintain records of the consignor, consignee and other relevant details of the goods in such manner as may be prescribed

Rule 58(4) : maintain books of accounts

- with respect to the period for which particular goods remain in the warehouse,
- particulars relating to dispatch, movement, receipt and disposal of such goods

Rule 58(4) : shall maintain records of

- Goods transported, delivered and goods stored in transit by him along with the
- GSTIN of the registered consigner and consignee for each of his branches.

Rule 58(5) : 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

Rule 58(1A) : IF transporter is Registered in more than one State/ UT- May apply for unique common enrollment number for EWB

Procedure for maintenance of A/C

- Records may be in electronic form
- Proper backup of electronic Records
- Records to be produced to officer on demand along with files and passwords
- No Entry to be erased/ over written
- Manual Records- serially numbered

Sec 35(6) - Consequences for failure to maintain books of accounts

- Non accounted G/S - regarded as deemed supply & tax payable thereon
- Provisions of Section 73 and 74 shall apply

Sec 36- Retention of Accounts

- Till the expiry of 72 months from due date furnishing of annual return
- If subject matter is for appeal - retention shall be later of :-
- 1 year after its final disposal of appeal/ revision
- 72 months from due date of furnishing AR

E-Way Bill (Sec 68 & Rule 138)

What is an E-Way bill why is it required?
 E-Way Bill is a compliance mechanism
 Where in by way of a digital interface
 The person causing the movement of goods
 upload the relevant information prior to commencement of movement of goods
 Generates E-Way Bill on GST Portal

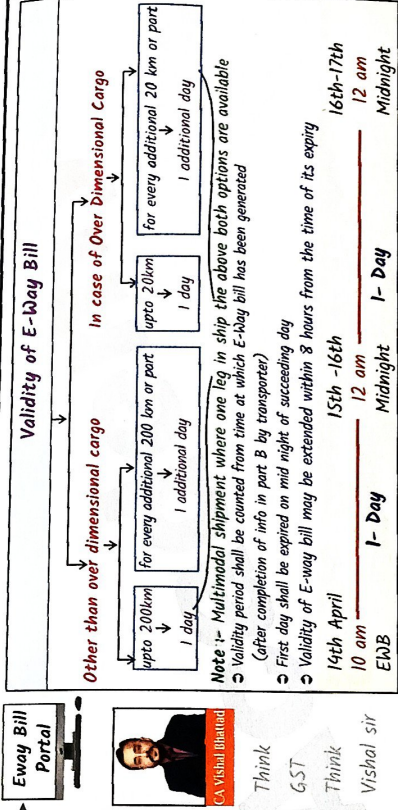
Who & When E-way Bill is required to be generate?
 Who :- Every R.P. (Supplier or recipient) who causes the movement of goods
 In relation to a supply or Reasons other than supply or
 Due to inward supply from an unregistered person
 When :- Consignment value exceeds ₹ 50,000

Mandatory Generation
 (Even if consignment value is ₹ 50,000 or less)
 Consignment value exceeds ₹ 50,000
 Job work
 Principal or
 Job Worker (if Registered)
 Person exempted from obtaining registration U/s 24(G) & (H)
 Inter State movement
 E-Way Bill is required Irrespective of consignment value

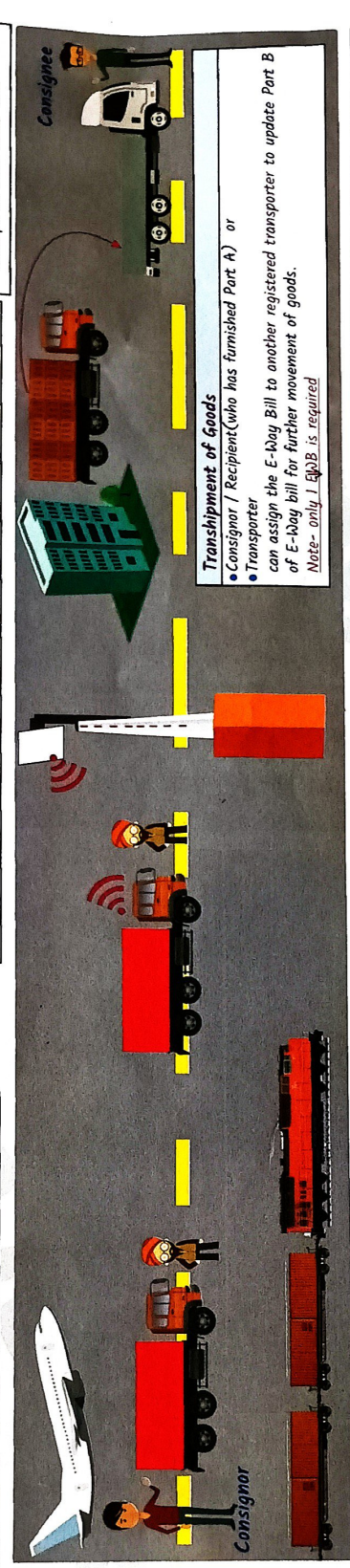
ECO or Courier Agency or Transporter to furnish details in Part-A

Details in E-Way Bill

Part A	1) GSTIN of Supplier	2) Place of Dispatch (Pin Code)
	3) GSTIN of Recipient	4) Place of Delivery (Pin Code)
	5) Document no. (As given in Invoice/Bill of supply etc.)	
	6) Document date	7) Value of Goods
	8) HSN Code (upto Scr-4 digit. Above Scr-6 digit)	
	9) Reason for Transportation	
Part B	1) Vehicle Number for Road	
	2) Transport Document No. (Goods receipt, No./Railway Receipt, No. (etc.))	



- Relevance :-**
- Hassle Free movement
 - Control tax evasion
 - Track movement of goods
 - Eliminate State boundary checkpoint
- Non-Requirement of E-Way Bill**
- Transportation of Non Taxable Goods
 - Jewellery/precious stone excepting Imitation Jewellery (7117)
 - Currency
 - Postal, Baggage
 - Personal effect
 - Empty cargo container
 - Transported by non-motorised vehicles
 - Movement of goods under-ministry of defense
 - Supply under Schedule-III
 - Supply under Custom supervision
 - Transport of exempt goods (Except de-oiled cake) etc.



Determination of Value

Mandatory generation of E-Way bill if Value exceeds ₹ 50,000
 Value determined as per Section 15
 Declared in invoice/Bill of Supply/Delivery Challan
 Issued in respect of said consignment

When E-Way Bill is required to be generated?

- Goods transported by Road
- Goods transported by Railways by Air/Vessel
- By R.P. (supplier/recipient) to be generated before commencement of movement of goods
- Information in Part B shall not be delivered unless EWB is produced at the time of delivery

Documents to be carried by Person in charge

The person in charge of a conveyance shall carry—
 (a) the invoice or bill of supply or delivery challan, Bill of Entry etc. and
 (b) a copy of the e-way bill in physical form or EWB no. in electronic form or mapped to a RFI Device embedded on to the conveyance
Not Applicable :- for movement of goods by rail or by air or vessel.

Inspection of E-Way Bill

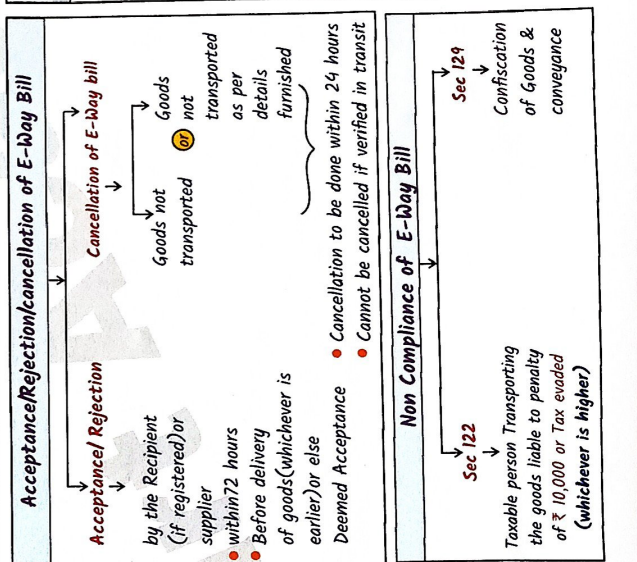
Rights of Commissioner

- Right to intercept any conveyance if vehicle detained for more than 30 mins transporter may verify E-way bill
- Right to install Radio Frequency Identification device reader Right to physical verification of conveyance

Rights of person

- if vehicle detained for more than 30 mins transporter may upload the information in Form GST EWB-04 on common portal

Summery Report & final Report - to be recorded online in Form GST EWB-03
 Part A (Summery) - within 24 hrs of inspection
 Part B (Final) - within 3 days of inspection
 [Extension available for further 3 days]



Rule 138E: Restriction on furnishing information in Part A of EWB-01

No person shall be allowed to furnish information in Part A in respect of any outward movement of goods of a Registered person, who

- Being composition registered person, has not furnished Statement for 2 consecutive quarters.
- Being person other than (a) has not furnished returns for a consecutive period of 2 tax periods
- Being person other than (a) has not furnished GSTR-1 for any two months/ Quarters
- Being a person whose registration has been suspended under rule 21A (1) (2) (2A)

Proviso: commissioner on receipt of an application from RP in EWB 05, on sufficient cause being shown, order in EWB 06, allow furnishing of information in part A of EWB or reject the request after providing OOBH

Transhipment of Goods

- Consignor / Recipient (who has furnished Part A) or Transporter can assign the E-Way Bill to another registered transporter to update Part B of E-Way bill for further movement of goods.
- Note - only 1 EWB is required

Value (as per sec 15) declared (in invoice/ B0SI/ DC) including cess + GST

If amount > SOR → XXX
 Exclude: value of exempt goods (in case of invoice cum B0S)