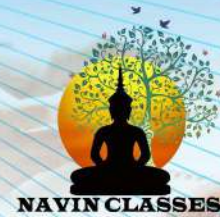


#CrackTaxwithAmit



CA / CMA INTER

INDIRECT

TAX

RAPIDER

May / June / Nov / Dec 24

- » Easy to Refer Colourful notes
- » Entire syllabus summarized in 100 Pages
- » Pictorial presentation of Concepts
- » Important highlighted points
- » Fully exam oriented book
- » Best book for last day revision

by
CA AMIT MAHAJAN



KNOW YOUR MENTOR

**CHARTERED
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LLB



EX-EY

YOUNG PASSIONATE PROFESSOR MAKING **TAX & LAW**
EASY WITH HIS LOVE FOR THE SUBJECT & A PRACTICAL
CORPORATE EXPERIENCE OF **6 YEARS** IN TAX

FOUNDER OF

 **MONEYMATTERSWITHAMIT**  **CA AMIT MAHAJAN**  **CA AMIT MAHAJAN**



CA AMIT MAHAJAN



Hear from my students



@manavverma4155 · 1 day ago

If any intermediate student is reading my comment,

Here is the genuine review for Amit Mahajan sir

1. Bahut easily complex subject ko easy bana dete h.. with the help of charts and colorful notes.

2. Notes provided by amit sir is next level ... Very helpful for the last 1.5 Day revision for the exam. Apko alag se koi charts ya summary banane ki koi jarurat nhi h.

These notes sum up A huge subject of Income Tax in just 150 pages. 🌟🔥

And GST in just 100 Pages. 🌟🔥

3. I personally taken the Practice batch of Income tax ... & It's like full Paisa vasool h bhaini 😊.

These notes sum up A huge subject of Income Tax in just 150 pages. 🌟🔥

And GST in just 100 Pages. 🌟🔥

3. I personally taken the Practice batch of Income tax ... & It's like full Paisa vasool h bhaini 😊.

4. Last but not least amit sir will help you ... not only in taxation and Law .. they will help you till the last night of the exam in all subjects like your big brother ... They always respond to your doubts and messages in very short span of time. ✅

And in my opinion amit sir se classes lene ka decision apko kabhi galat nhi lgega 🤔👍👍

★★★★★ (5/5)



@siddharthmdavse1271 · 1 day ago

I'd like to add up one more point Manav Bro's points above...

Sir ka saath sirf exams tak hi nahi, par exams ke baad bhi rehta hai, jo koi itna supportive nahi hota hai... I had taken last practice batch and cleared both groups in May 23, and was not confident in 8th paper... After a few days of exams and before results, Amit Sir had taken a post exam session where he emphasized on the inevitability of the situation then, and insisted me to just keep a positive mindset. I got a bit confidence after that session...

Believe me, Sir's teaching style is not based on this "Colonised version of education" where a student and teacher relationship persists only till exams and students being viewed as customers; but is based on ancient Indian "Gurukul" system where the student is viewed as a family member, and the Guru Shishya sambandha continues forever and beyond...



@zuharahman2568 · 1 day ago

if looking for tax faculties, on coming to know about Amit sir at first you might hesitate since he's new in this field, and since majority of people decide based on "experience". but once you get enrolled in it and you start doing the lectures, you'd never doubt your decision ever. best best and best.



@raginipandey23 · 1 day ago

Sir's teaching is very good, the way of covering the concepts is also excellent.....I will tell everyone to take it, it is just amazing....



@vaishnavitirumala6926 · 17 hr ago

One of the best decisions I've taken for taxation as a repeater.. The confidence I got after studying from sir is on a whole other level..

You can totally vouch on sir for the conceptual clarity and writing practice which is the best part I can sincerely suggest everyone who finds taxation difficult to crack to go with/opt CA Amit Mahajan sir No regrets ❤️



@Yash31200 · 1 day ago

Sukoon ka naam suna hai?? That's what Amit Sir's lectures are. The DT and IDT Rapiders are blessing for every student. The level of conceptual quality he provides is god level 🔥. Go ahead guys . Trust him blindly. 🙏



@armankhan3523 · 1 day ago

Bhai me likh ke deta hu sir se accha koi nhi sikha skta. The best teacher ❤️



Hear from my students

Sir you have been a great young inspiration for us. Teaching on point. Your friendly nature makes us free and comfortable to ask any doubts/questions. Direct tax is not an easy subject but when i study from your notes it seems very simple and less difficult. Thank you for all your efforts sir and revision lectures were a bonus to me 👍. Bye bye 😊 see you soon sir.

It's was really a good experience to start the DT journey with u (sir) . DT concepts are wider but ur explanation & Teaching technique is best in it. Especially the Last revision lectures have become mores helpful. Hope we all Rock in the paper As per ur expectation.

Teaching is so good and interesting. The way you clear the concept telling stories and all is really helpful to remembering .I really enjoy and fun in the tax lecture

Learning from you was a great experience for me. The way you teach by giving examples is the best way to learn. I will be lucky if I am learning from you in future

Excellent and simplified teaching

You have a natural knack of teaching concepts and you always make sure that you convey all the possible explanation and simplification to a concept untill you feel the student has understood . I really appreciate the personal touch you have with every student and you make us feel that we are learning from someone with whom we are very comfortable

Sir Your teaching style is great. I like your patience and politeness towards students. It was amazing experience with you. Thank you for your efforts for us. 😊

Excellent and simplified teaching

Thank you for being the best teacher in the world. You inspired in me a love for learning and made me feel like I could ask you anything. You always had the patience for my questions and knew just how to explain the answers. My fond memories of the time in your classroom will last a lifetime.

Just amazing experience of learning from Amit sir ...very chill and friendly person ..have solution for every tax question....motivator and good wisher person ...always boost confidence about studiessolve problems by giving realistic examples which helps to keep in remember that particular point ...makes harder think more easier and increase the curiosity about new things ...thank u so much sir for everything which u did for us

Hear from my students

Hi sir
I am Fathima from kerala
I was there in ur yesterday's live session..
I noticed your channel last month.
I saw the shorts video of dt and i was amused..
U taught that in such a easy way.and i saw all the videos in a single stretch
Believe me sir it boosted my confidence level..
I studied tds chapter for not less than 2/3 time
After then also I couldn't do questions
After yesterday's class i just checked py questions
I was shocked sir without even referring to my notebook i did those questions even with section numbers😱
Thank you so much sir
U deserve a big round of applause for your effort
Trust me sir one day ur channel will be at a high level
Ur hardwork will defined get paid of

06:20

I hav paid for classes here
And I haven't seen those faculties taking this much effort
U are just being amazing
This is something we can't get by paying..
Unrequited love sir..
I feel like ur one of our own
Thank you so much sir
May god bless you

06:21

And one more thing sir
I studied time of supply so many times
But I always forgets the dates..I referred your note today..
Wonderful sir
Thank you for making tax so much easy..

06:34

You • Status
This is what achievement feels like - being remembered for direct tax along with other respected pr...

Yeh baat toh h sir
Apke revision k liye jitna bhi bola Jaye utna kaam

Apne core of the heart se har ek concept kraya h sb pr apne barabar mehnat ki h

Ek bhi concept m no compromise

I feel blessed that I have a great teacher likes you

And one more thing previous exam m mere tax m 35 the and abhi recently mock test diya tha apka lec dekh kr Now score is 58
And promise h sir ki exam m exemption launga tax m 🙏🙏🙏🙏

19:05

N

Nikita Sharma • 17 minutes ago

Sir am not kidding but I jad done salary from you before one day of exam the lecture which you had uploaded in which there is all adjustment regarding salary and there another video pf PGBP in which you had given very great logic of deduction and addition from p&l and that all adjustment came in exam and while solving paper am literally thanking you a lot and my paper pf DT gone so good much better than GST all thanks to you sir

@taufiqueumar8056 • 1 day ago
Tax Maven 🙏❤️

👍 1 🗨️ 💬 ❤️

@shreyakesharia6431 • 1 day ago
Badshah of Taxation. ❤️ honestly speaking agar tax Amit Sir se nahi padha toh kya tax padha... ? Hard se hard concepts ko easy way me aise sir smjha detey as if it was never tough. Go ahead guys. You can surely trust him 🙏🙏❤️

👍 1 🗨️ 💬 ❤️

You • Status

🙏🙏🙏🙏

bhaiya sirf educator nhi naam hoga apka brand bnaoge app jab tax ka naam ayega ek hi naam ayega CA AMIT MAHAJAN

11:31

one & only CA AMIT MAHAJAN

11:31

even bhaiya mujhse koi tax k liye bolta h me apko recommend krta hu bhaiya bhot classes li bhot lecture dekhe pr jo knowledge apne di h its amazing mtlb pgbp capital gain smgh ni aate the

11:33

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01

BASICS OF GST

CA CS CMA

Direct Taxes and Indirect Taxes

Direct Taxes	Indirect Taxes
Can the burden of direct tax be shifted by taxpayer?	
No	Yes
Who makes the payment of taxes to the government?	
Himself	Supplier (usually)
Progressive or Regressive	
Progressive	Regressive Mukesh Ambani and Amit Mahajan – both pay 18% of GST

Taxes subsumed under GST

Central Taxes

- Central Excise Duty & Additional Excise Duties
- Service Tax
- Excise Duty under Medicinal & Toilet Preparation Act
- CVD & Special CVD
- Central Sales Tax
- Central surcharges & Cesses in so far as they relate to supply of goods & services

State Taxes

- State surcharges and cesses in so far as they relate to supply of goods & services
- Entertainment Tax (except those levied by local bodies)
- Tax on lottery, betting and gambling
- Entry Tax (All Forms) & Purchase Tax
- VAT/ Sales tax
- Luxury Tax
- Taxes on advertisements

GST



Features of INDIRECT TAXES

1. An important source of revenue
2. Tax on commodities and services
3. Shifting of burden
4. No perception of direct pinch
5. Inflationary
6. Wider tax base
7. Promotes social welfare
8. Regressive in nature

1st country to introduce GST – France in 1954

GST model – Dual GST (Tax collected by both the Govts)

CONCEPT OF GST

- ❖ GST is a value added tax levy on sale or service or both
- ❖ Destination based consumption tax
- ❖ GST offers comprehensive and continuous chain of tax credit
- ❖ GST where burden borne by final consumer
- ❖ GST eliminate cascading effect of tax
- ❖ GST brings uniform tax structure all over India

CONCEPT OF GST

Deficiencies in the erstwhile value added taxation

has led to

GST

A cure for ills of erstwhile indirect tax regime

Manufacturer (₹)	Distributor (₹)	Retailer (₹)	Consumer (₹)
Cost: 1,00,000 GST @ 18% = 18,000	Cost: 1,00,000 Profit: 11,200 Sale Price: 1,11,200 GST @ 18% 20,016	Cost: 1,11,200 Profit: 24,640 Sale Price: 1,35,840 GST@ 18% 24,451.20	Cost: 1,60,291.2 (1,35,840+24,451.20)
Input Tax Credit = NIL	Input Tax Credit = 18,000	Input Tax Credit = Rs. 20,016	Input Tax Credit = NIL
Paid to Government GST = 18,000	Paid to Government GST = 2,016 (Output tax – Input tax)	Paid to Government GST = 4,435.20 (Output tax – Input tax)	Tax Borne by the Consumer 18,000+2,016+4,435.20 = 24,451.20
Value Addition = 1,00,000 GST @ 18% = 18,000	Value Addition = 11,200 GST @ 18% = 2,016	Value Addition = 24,640 GST @ 18% = 4,435.20	Value Addition = NIL

Deficiencies in the VAT

- ❖ **Double Taxation** - Double Taxation of a transaction as both goods & services. [Ex: Hotel Business, Softwares.] (VAT + ST)

Under earlier tax regime, software was subject to both service tax and VAT. This was so because both sale of goods and provision of service were involved and therefore taxable event under both the Statutes i.e. respective VAT law and service tax law got triggered. This aspect has been taken care of under GST law.
- ❖ **Set off of CENVAT & State VAT against the credit of one another was not possible** as CENVAT was a central levy & State-level VAT was a State levy
- ❖ **Several Local taxes in the states (Ex: Luxury tax, Entertainment tax) were not subsumed in State VAT**
- ❖ **Non-integration of VAT & Service Tax:** VAT on goods was not integrated with tax on services, at the state level, to remove cascading effect on Service Tax
- ❖ **When goods were manufactured & sold, both Excise duty (CENVAT) & State-level VAT were levied**

Assessable value under excise law	1000
Excise Duty @ 12.5%	<u>125</u>
Taxable Value for VAT	1125
VAT @14.3%	<u>160.88</u>
Total Invoice value	1285.88



Destination based tax - GST is a destination based tax

What is Intra-state transfer? (S 8)

i) **Location of supplier**

AND

i) **Place of supply**

Are in

1. Same state; or
2. Same Union Territory

What is Inter-state transfer? (S 7)

i) **Location of supplier**

AND

i) **Place of supply**

Are in

- 1) Two different states
- 2) Two different UTs
- 3) A state and a UT

How to Decide IGST or CGST + SGST while raising invoices:

Location of Supplier and Place of Supply

In same state

Intra State Transaction

CGST + SGST

In different states

Inter State Transaction

IGST

Import of G/S into India will be deemed to be inter-state



GST Common portal

- Goods and services tax network | Website - www.gst.gov.in.
- It is also known as GST Electronic Portal.
- It is managed by GSTN
- GSTN is set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
- Functions include Filing of registration application, filing return, creation of challan for tax payment etc.



GST Compensation Cess

- GST Compensation Cess at specified rate has been imposed under the **Goods and Services Tax (Compensation to States) Cess Act, 2017**
- **Applicability** - Specified luxury items or demerit goods, like pan masala, tobacco, aerated waters, motor cars etc., computed on value of taxable supply.
- **Purpose** - Compensation cess is leviable on intra-State supplies and inter- State supplies with a view to provide for compensation to the States for the loss of revenue arising on account of implementation of the GST.
- **Validity** - Compensation is to be provided to a State for a period of **5 years** from the date on which the State brings its SGST Act into force.



GST applicability

GST is levied on all goods and services, **except alcoholic liquor** for human consumption and **petroleum crude, diesel, petrol, ATF** and **natural gas**

Goods	Excise Duty	VAT / GST	GST
Alcoholic liquor for Human Consumption	YES	YES	NO
Petroleum crude, HSD, Motor Spirit, Natural Gas, ATF	YES	YES	NO
Tobacco & Tobacco Products	YES	NO	YES
Other Goods	NO	NO	YES

Special note

Opium, Indian hemp and other narcotic drugs and narcotics:

- ❖ Within the purview of GST
- ❖ However, Union Government has also **retained the power** to levy **excise duties**
- ❖ Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to **GST as well as State excise duties**



Benefits of GST

- ❖ **Boost to 'Make in India' initiative** - Since Lower cost due to reduced taxes
- ❖ **Enhanced investment, export and employment**, Ease of doing business
- ❖ Certainty in **tax administration**
- ❖ **Ease of doing business – Simpler tax regime**, reduction in multiple tax laws, procedures, rates of tax across the country
- ❖ **Benefits to small traders and entrepreneurs:** GST has increased the threshold for GST registration for small businesses. Further, single registration is needed in one State
- ❖ **Automated procedures with greater use of IT:** There are simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction is through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration.
- ❖ **Reduction in compliance costs:** Less compliance cost is lesser under GST as multiple record-keeping for a variety of taxes is not needed.
- ❖ **Benefits to small traders** - GST has increased the threshold for GST registration for small businesses.
 - 1 registration in 1 state
 - Small businesses can opt for composition scheme



GST Council – Article 279A

- Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).
- The Union **Finance Minister** is the **Chairman** of this Council
- **Union Minister** of State in charge of Finance as a **member**
- Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members in GST council
- The function of the Council is to make recommendations to the Union and the States on important issues like **tax rates, exemptions, threshold limits, dispute resolution etc**
- GST Council shall recommend the date on which the GST be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel
- Every decision of the GST Council is taken by a majority of not less than 3/4th of the weighted votes of the members present and voting.
- Vote of the Centre has a weightage of 1/3rd of total votes cast and votes of all the State Governments taken together has a weightage of 2/3rd of the total votes cast, in that meeting
- **Quorum** – 1/2 of total number of members



GSPs and ASPs

- **GSPs - GST Suvidha Providers**
- GSPs have access to GST System and have the capability to develop applications to be used by taxpayers for interacting with the GSTN
- GSP develops applications having features like return filing, reconciliation of purchase register data with auto populated data for acceptance / rejection / modification, dashboards for taxpayers for quick monitoring of GST compliance activities
- GSP is an additional channel being made available for facilitating the taxpayers for performing some of the functions and use of their services is optional.
- GSPs may take the help of Application Service Providers (ASPs) who act as a link between taxpayers and GSPs.



Constitutional Provisions

- **Article 265** - It states that “no tax shall be levied or collected except by authority of law”
- **Article 246** - It gives the respective authority to Union and State Governments for levying tax
- **Article 246A:** Power to make laws with respect to Goods and Services Tax
 - Intra state – both parliament and state legislature has power to make laws
 - Inter state – Only parliament has power to make laws



Need for constitutional amendment

- ❖ Earlier constitutional provisions had given separate powers for the Centre and the States to impose various taxes.
- ❖ Whereas the Centre levied excise duty on all goods produced or manufactured in India, the States levied Value Added Tax once the goods entered the stream of trade upon completion of manufacture.
- ❖ In the case of inter-State sales, the Centre had the power to levy CST, but the tax was collected and retained entirely by the States (from where the movement of goods start).
- ❖ Services were exclusively taxed by the Centre together with applicable cesses, if any.
- ❖ Besides, there were State specific levies like entry tax, Octroi, luxury tax, entertainment tax, lottery and betting tax, local taxes levied by Panchayats etc.
- ❖ With respect to goods imported from outside the country into India, Centre levied basic customs duty and additional duties of customs together with applicable cesses, if any
- ❖ Introduction of the GST required amendment in the Constitution so as to enable integration of the central excise duty, additional duties of customs, State VAT and certain State specific taxes and service tax into a comprehensive Goods and Services Tax and to empower both Centre and the States to levy and collect it.
- ❖ Consequently, Constitution (101st Amendment Act), 2016 (hereinafter referred to as CAA) was passed

Student's notes



Definitions

Goods

- Every 'Movable Property' other than 'Money & Securities'
- includes 'Actionable Claim', growing crops, grass & things attached to or forming part of the land which are agreed to be severed before supply or under contract of supply

Services

- means anything other than goods, money & securities but includes
- Activities w.r.t. use of money or Conversion of Money by cash or by any other mode,
- Conversion of Money from one form/currency to another form / currency / denomination
- for which a separate consideration is charged

Actionable claim

- means a claim to any debt
- other than a secured debt by mortgage of immovable property or hypothecation or pledge of movable property; or
- to any beneficial interest in movable property not in (actual/constructive) possession of claimant, which civil courts recognise as affording grounds for relief
- Examples – lottery, gambling, betting, debentures, BOE etc

Taxable person

RP or Person liable to register

1. Even URP – liable to register = Taxable person
2. Not liable to register but taken voluntary registration = Taxable Person

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

Family

- the spouse and children of the person – Whether dependent or not
- the parents, grand-parents, brothers and sisters of the person - if they are wholly or mainly dependent on the said person



Taxable Event

1. Supply of GOODS OR SERVICES OR BOTH
2. Definition of 'Supply' is inclusive
3. Parameters of scope of supply
 - Supply of **goods or services**. Supply of anything other than goods or services does not attract GST.
 - Supply should be made for a **consideration**.
 - Supply should be made **in the course or furtherance of business**.
 - Supply should be made by a **taxable person**.
 - Supply should be a **taxable supply**.
 - Supply should be made **within the taxable territory**



Meaning of supply – Section 7(1)(a)



Includes	The activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration
1. Sale	<p style="text-align: center;">Example</p> <p>If any club supplies food to its members free of cost – NO GST</p> <p>If any club supplies food to its members WITH consideration – GST</p>
2. Transfer	
3. Barter	
4. Exchange	
5. License, Rental, Lease	
6. Disposal	

What is the meaning of furtherance of business?

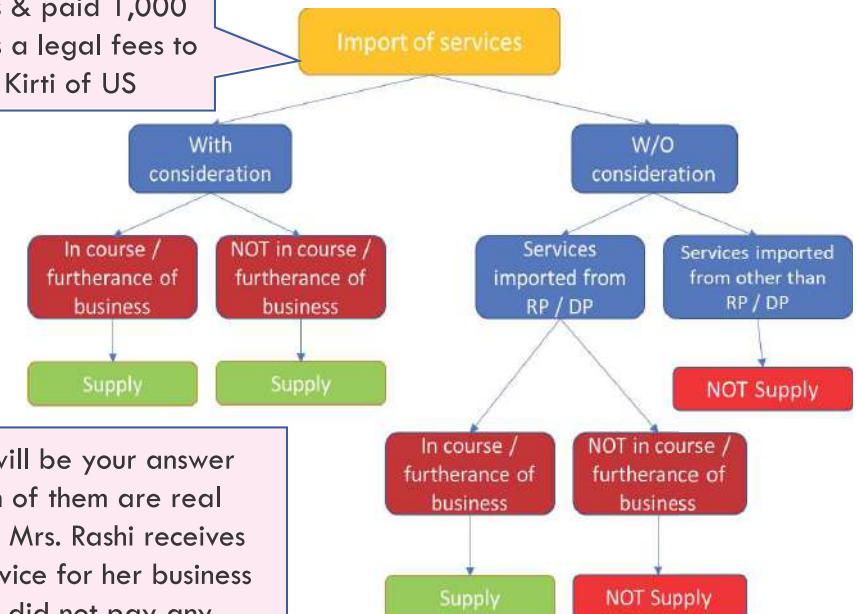
1. GST is a tax on **only commercial transactions**
2. Thus, supply by individual in his personal capacity - No GST unless it falls in business

Example – Amit Mahajan purchases a mobile phone for his personal use and after two years sells it to a mobile dealer. Such sale of a mobile by Amit would not be considered as supply under GST because the supply is made by Amit is not in the course or furtherance of business



Import of services

Mrs. Rashi received legal advice for personal problems & paid 1,000 pounds as a legal fees to Miss. Kirti of US



What will be your answer if both of them are real sisters & Mrs. Rashi receives legal advice for her business & she did not pay any consideration?



Activities w/o consideration – Deemed supply [Sec 7(1)(c) + Sch 1]

1. Permanent Transfer/Disposal of Business Assets on which ITC is availed Conditions –

- There must be disposal / transfer of business assets
- Such disposal / transfer must be permanent
- ITC must have been availed on such business assets

Permanent transfer/disposal of following business assets will not be deemed as supply:

- Business assets on which ITC is blocked/not available under GST
- Business assets though eligible for ITC, but ITC has not been availed by such Registered Person

2. Supply between Related or Distinct Persons (if made in course or furtherance of business)

Such persons are officers/directors of one another's business

Such persons are legally recognised partners

Such persons are employer & employee

A third person controls/ owns/ holds (directly/ indirectly) $\geq 25\%$ voting stock/shares of both of them

One of them controls (directly/indirectly) the other

A third person controls (directly/indirectly) both of them

Such persons together control (directly/indirectly) a third person

Such persons are members of the same family

One of them is the sole agent/sole distributor/sole concessionaire of the other

Distinct person (Section 25)

- **More than 1 registration** - A person who has obtained/is required to obtain more than 1 registration, whether in 1 State/UT or more than 1 State/UT shall be treated as distinct persons, i.e. each such registration



- **1 office in 1 state and 2nd in another state** - A person who has obtained or is required to obtain registration in a State/UT i.e. an establishment, has an establishment in another State/UT, then such establishments shall be treated as establishments of distinct persons

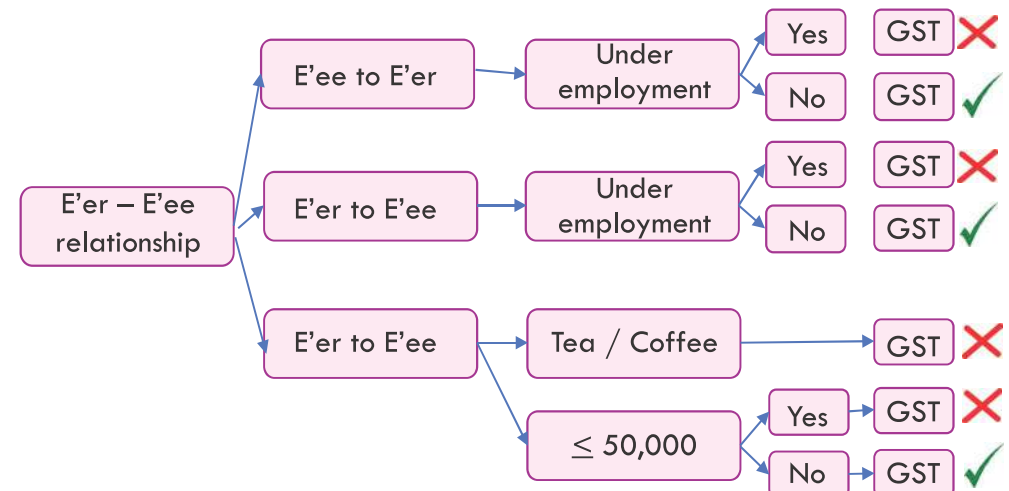


- **Stock transfers / branch transfers**

If the transfers are undertaken between 2 offices which are registered – Distinct persons



- **Transfer between two units with SAME REGISTRATION – NOT** considered as Distinct Persons



3. Supply of **Goods (Not Service)** by Principal to his Agent or Vice Versa

Deciding factor - Whether invoice for further supply of goods on behalf of principal is being issued by the agent or not

Invoice for further supply is issued by	Provision of goods from P to A
Agent to customer <u>in his own name</u>	would fall within scope of Para 3 & thus would be treated as supply
Agent to customer <u>in name of principal</u>	would not fall within scope of Para 3 & thus would not be treated as supply

Clarification – Del-credere Agent (DCA)

- DCA is an agent who guarantees payment to principal supplier.
- In order to guarantee timely payment to supplier, DCA can resort to various methods including extending short-term transaction-based loans to buyer or paying supplier himself & recovering amount from buyer with some interest at a later date.
- This loan is to be repaid by buyer along with interest to DCA @ mutually agreed rate b/w DCA & buyer
- Whether 'DCA' falls under the ambit of 'Agent' under Para 3 of Schedule I?

Invoice for supply of goods is issued by	Position of DCA
Supplier to customer (either himself or through DCA)	DCA does not fall under ambit of agent & thus would not be treated as supply.
DCA to customer in his own name	DCA would fall under ambit of agent thus would be treated as supply.

Whether Temporary short-term transaction-based loan extended by DCA to buyer, for which interest is charged by DCA, is to be included in value of goods supplied by supplier (principal)?

Particulars	Case 1 – DCA is not an agent	Case 2 – DCA is an agent
Invoice issues by	Supplier to Buyer	DCA to buyer
Transactions involved	<ul style="list-style-type: none"> • Supply of goods from supplier (principal) to buyer; • Supply of agency services from DCA to supplier or both; • Supply of extension of loan services by DCA to buyer. 	<ul style="list-style-type: none"> • Supply of goods by supplier(principal) to DCA. • Supply of goods by DCA to buyer • Supply of agency services by DCA to supplier or buyer or both • Loan services by DCA to buyer
Clarification	<ul style="list-style-type: none"> • Short-term Loan provided by DCA to buyer is a supply of service by DCA to buyer on principal to principal basis & is an independent supply. • Thus, Interest charged by DCA would not form part of the value of supply of goods supplied (to the buyer) by the supplier. 	<ul style="list-style-type: none"> • Activity of extension of credit by DCA to buyer would not be considered as a separate supply as it is in context of supply of goods made by DCA to buyer. • Value of Interest for such credit would be included in value of supply of goods by DCA to buyer

Free samples – NO SUPPLY
ITC NOT available on
Inputs / InS / CG

Buy 1 – Get 1 Free
Treat it – supply of 2 goods.
Taxability would be dependent
upon composite / mixed supply



Activities to be considered as Supply of Goods / Services [Sec 7(1A) + Sch II]

Activity	Type	Supply
Transfer	Any Transfer of Title in goods (Sale)	Goods
	Right to use goods without transfer of title in goods (Renting)	Services
	Any transfer of title in goods under an agreement which stipulates that property shall pass at future date upon payment of full consideration as agreed. (Sale or return basis/HP basis)	Goods
Land and Building	Lease, tenancy, easement, licence to occupy Land	Services
	Lease/letting out of building including a commercial, industrial, residential complex (wholly/partly) for business	Services
Treatment/ Process	Applied to another person's goods (Job Work)	Services
	Temporary Transfer of Business Asset (for pvt use/other than business use) (with or without consideration)	Services
	Business Asset transferred by a person who ceases to be taxable person shall be deemed to be supplied by him, in the course/furtherance of his business, immediately before he ceases to be a taxable person. Example: Arun, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him Exception: (i) Business is transferred as going concern [Exempt] (ii) Business carried on by personal representative	Goods

Activity	Type	Supply
Renting of Immovable Property	<ul style="list-style-type: none"> - Renting of a commercial complex - Renting of precincts of a religious place. - Renting of property to an educational institution. - Permitting use of immovable property for placing vending/dispensing machines. 	Services
Construction of	Complex, Building, Civil structure Except where entire consideration has been received after issuance of completion certificate or after its first occupation, whichever is earlier.	Services
Intellectual Property Right	Temporary transfer or permitting use or enjoyment of any IPR (say patent)	Services
IT Software	Development, designing, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software	Services
Agreeing to	Obligation to refrain from an act, or to tolerate an act or situation, or to do an act. Non-compete agreement. - GST. Late delivery charges recovered from supplier for non-fulfillment of contract within stipulated time - GST Notice pay recovered from employee for leaving the job before agreed period of notice for leaving a job	Services
Right to use	Transfer of right to use any goods for any purpose	Services
Composite supply	(a) Works Contract (b) Restaurant & Catering	Services



Negative List - [Sec 7(2) + Sch III] (Neither goods nor services & thus NO GST)

1. Services provided by Employee to Employer in course of or in relation to his employment
 - i. Service by Casual Workers (daily basis) who are employed by employer – Assume that it is covered under employment - **NO GST**
 - ii. **Casual workers are employed by a contractor**, like a building contractor or a security services agency, who deploys them for execution of a contract- or for provision of security services to a client, respectively are services in course of employment - **NO GST**
 - iii. Compensation for Premature Termination – In the course of employment – **GST Applicable**
 - iv. Non-compete Fees - **GST Applicable**
 - v. Services provided on contract basis – **P2P – GST Applicable**
2. Services by any **Court or Tribunal** established under any law for the time being in force
3. Functions performed by **MPs, MLAs**, etc, - the duties performed by a person who holds any post in pursuance of the provisions of the Constitution in that capacity; - the duties performed by specified persons in a body established by the CG, SG or LA, not deemed as an employee
4. Services of **funeral**, burial, crematorium or mortuary including transportation of deceased



5. Sale of Land; & [subject to para 5(b) of Schedule II] Sale of building
 - Sale of Land – NO GST
 - Sale Building –
 - **Post construction** - If part / entire consideration is received before the following date – **GST Applicable Earlier of**
 - First occupation; or
 - Issuance of completion certificate
 - **Under Construction** – GST Applicable
6. Actionable claims, other than lottery, betting & gambling – Note - All other actionable claims are outside the ambit of definition of supply (Right to recover insurance money, claim for arrears of rent)



Clarifications – Neither Goods nor Services

1. Grant of **alcoholic liquor** license by the state governments
 1. grant of alcoholic liquor license by SG – NO GST
 2. Other license to BE - GST Applicable
2. **Inter-State movement** of various modes of conveyance b/w distinct person Trains, Buses, trucks, tankers, trailers, vessels, containers, aircrafts for:
 - a. **carrying** goods or passengers or both; or
 - b. **Repairs & Maintenance**
(Unless the movement is for further supply of goods – i.e. sale of trucks / buses etc)
GST is applicable on the Repairs and Maintenance service
3. Inter-State movement of **Rigs, Tools & Spares, & all goods** on wheels – Same as point 2



Display of names or placing of name plates of the donor in the premises of charitable organisations receiving donation or gifts from individual donors

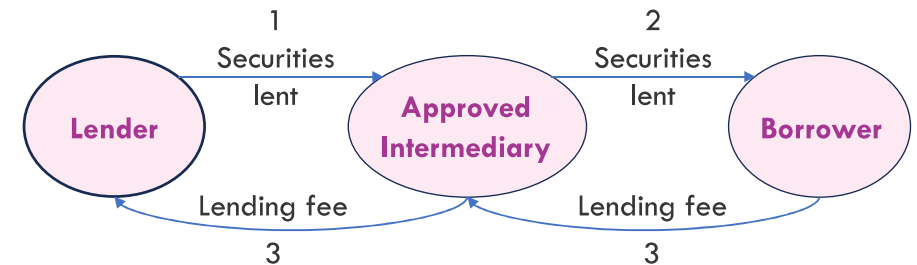
- Individual donors provide financial help or any other support in the form of donation or gift to institutions such as religious institutions, charitable organizations, schools, hospitals, orphanages, old age homes etc.
- The recipient institutions place a name plate or similar such acknowledgement in their premises to **express the gratitude**.
- When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an **expression of gratitude** and **public recognition** of donor's act of philanthropy
- It is **not aimed at giving publicity** to the donor in such manner that it would be an advertising or promotion of his business,
- Then it can be said that there is **no supply of service** for a consideration (in the form of donation).
- There is **no obligation** (quid pro quo) on part of recipient of the donation or gift **to do anything** (supply a service).
- Therefore, there is **NO GST liability** on such consideration.



Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists

- If sold further – SUPPLY
- If not sold further – NOT A SUPPLY

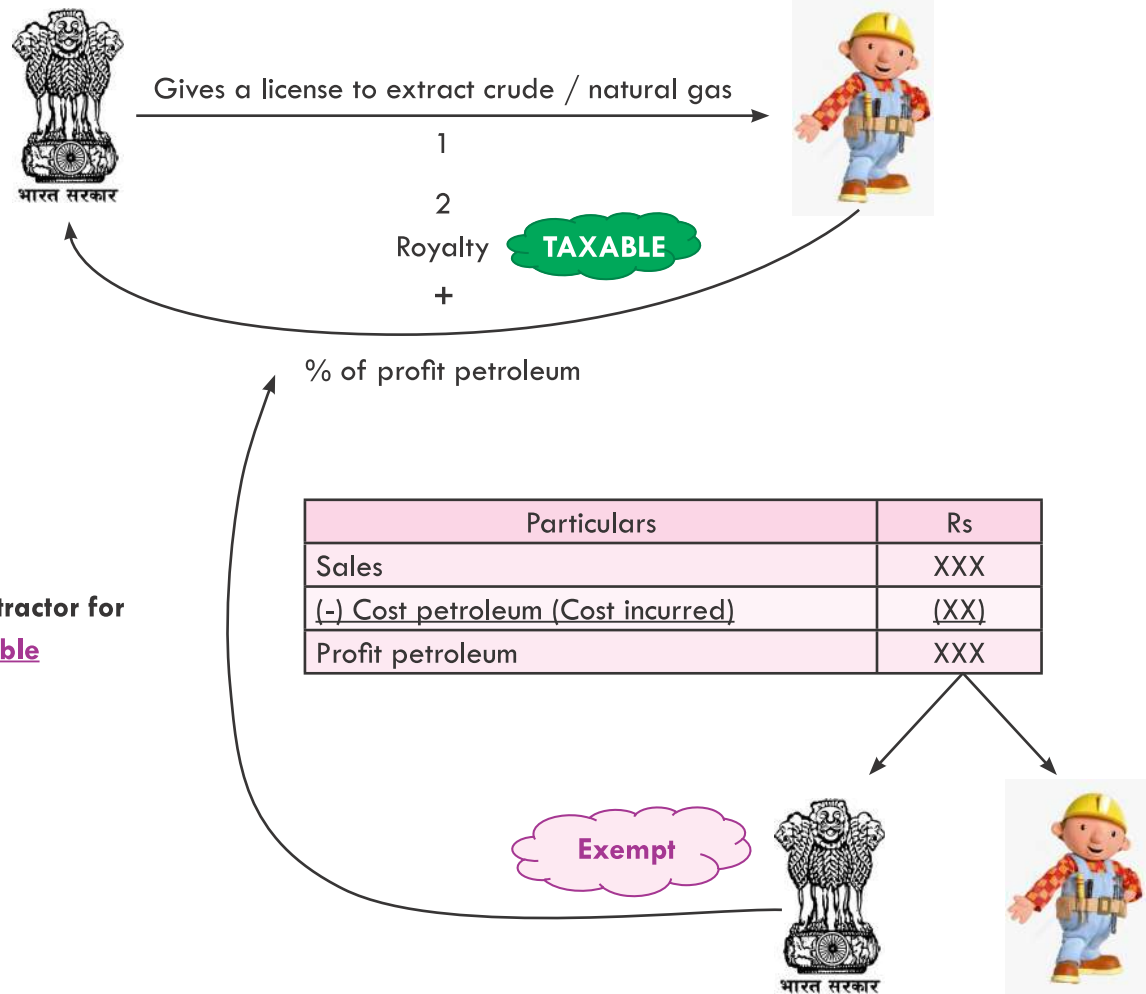
Lending and borrowing of money / Investment in money	Not a Supply
Money would also include transactions in Commercial Paper ('CP') and Certificate of Deposit ('CD')	Not a Supply
Transaction in derivatives (treated as security)	Not a supply
Forward contract (with actual delivery) (treated as security)	Supply of goods
Forward contract (without actual delivery – settlement of contract took place)	Not a SUPPLY
Secured debt	Not a Supply
Any service charges / fees w.r.t. to derivatives / forward / future contracts	SUPPLY



- Lending fee – **GST APPLICABLE**
- Brokerage / Fees charged by Intermediary – **GST APPLICABLE**

Taxability of COST PETROLEUM

When an oil exploration & production contractor gets a license/lease to explore/mine the petroleum crude and/or natural gas from the Government - it enters into a Production Sharing Contract (PSC) with the Government



Notes

The cost petroleum is not a consideration received by the contractor for the services provided to Government and thus **not taxable**



Composite supply

It comprises

- Two or more taxable supplies of G/&S or any combination thereof
- **Naturally bundled** & supplied in conjunction with each other in ordinary course of business
- one of which is a principal supply

Tax Treatment - treated as a supply of such principal supply

GST Rate - Rate applicable to Principal supply will be levied on whole supply

What is Principal Supply - Supply of G/&S which constitutes predominant element of a composite supply & to which other supply forming part of that composite supply is ancillary



2



3



Mixed supply



Mixed supply

It comprises

- two or more individual supplies of G/&S 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

Individual supplies are independent of each other & are not naturally bundled

Tax Treatment - treated as supply of that particular supply that attracts **Highest Rate of Tax**

Important concept

There can be a case where an activity/transaction involves more than one supply of goods or services or both, but neither they are composite supplies nor can be categorised as mixed supplies, that is, all supplies carry independent significance.

In such a case, if separate consideration is indicated against each supply, each such supply shall be charged at the respective rate applicable to that particular supply.

Circulars regarding principal supply

Printing of books, pamphlet	Supply of Services – Paper is ancillary supply
Printed envelop, cartons	Supply of goods – Printing is ancillary supply
Re-treading of tyres	Supply of service. Rubber is ancillary supply
Supply of re-treaded tyres	Supply of Goods



Taxability of tenancy rights

Activity of transfer of tenancy right against consideration [tenancy premium] -covered under supply of service liable to GST



Taxability of servicing of car

- Case facts to be checked first
- Value to be shown separately in the invoice
- Tax on goods – Respective rate for goods
- Tax on services – Respective rate for services



Taxability of Sale of Land after levelling, laying down of drainage lines, etc.

- Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc.
- Such developed land is also sale of land – NO GST
- Services of development – GST



Taxability of joint venture

- Amount raised by the operating member as CAPITAL CONTRIBUTION – **NOT A SUPPLY**
- Amount charged for providing service by the Operating member – **Considered as Supply**

Example - There are 4 members in the JV including the operating member and each one contributes Rs 100 as part of their share. A total amount of Rs 400 is collected. The operating member thereafter uses its own machine and performs exploration and production activities on behalf of the JV.



GST on liquidated damages, Compensation and Penalty arising out of breach of contract or other provisions of law

Agreeing to the obligation refrain from an act

- Non compete agreement
- Additional floor not built by the builder against the compensation by the neighbours which want to protect its sunlight

Agreeing to the obligation tolerate an act or a situation

A shopkeeper allowing a hawker to operate from the common pavement in front of his shop against a monthly payment by the hawker

Agreeing to the obligation to do an act

An Industrial unit agrees to install equipment for zero emission/discharge residential complex against a consideration paid by such RWA, even though the emission/discharge from the industrial unit was within permissible limits and there was no legal obligation upon the individual unit to do so

Nature	Explanation	Taxability
Liquidated damages	Liquidated damages are compensation payable for breach of contract to the aggrieved party. Where an amount is paid only to compensate for injury, loss or damage suffered by aggrieved party, then such payments are merely flow of money and are not a consideration for any supply	NOT TAXABLE Such payment do not constitute consideration for a supply and are not taxable
Cheque dishonor	The supplier wants payment to be received on time & there is never an implied or express offer/willingness of supplier.	NOT TAXABLE Cheque dishonor fine is not a consideration and not taxable.
Penalty imposed for violation of laws	Traffic violations, pollution norms or other laws	NOT TAXABLE Not a consideration for any supply received
Forfeiture of salary or payment of bond amt in event of employee leaving employment before minimum agreed period	it is incorporated in employment contract to discourage non-serious employees & also employee does not get anything in return from employer against payment of such amount	NOT TAXABLE
Late payment fees or Surcharge	Naturally bundled with the main supply. Since, it is ancillary to and naturally bundled with the principal supply such as of electricity, water, telecommunication, cooking gas, insurance etc., it should be assessed at the same rate as the principal supply.	TAXABLE SAME RATE OF PRINCIPAL
Fixed Capacity charges for Power	The minimum fixed charge is payable even if '0' units of electricity is consumed	TAXABLE



Cancellation charges

→ It is a common business practice for suppliers of services such as hotel accommodation, tours & travel, transportation etc.



→ To provide the facility of cancellation of intended supplies within a certain period of time.



on payment of cancellation fees.

→ the facilitation service of allowing cancellations against the payment of cancellation charges is a natural part of this bundle.

→ It is supplied as naturally bundled & in conjunction with the principal supply in the ordinary course of business.

→ Amount forfeited in the case of non-refundable ticket for air travel or security deposit or earnest money forfeited in case of the customer failing to avail the travel, tour operator, hotel accommodation service



should be assessed at the same rate as applicable to the service contract

→ However, forfeiture of earnest money by a seller in case of breach of 'an agreement to sell' an immovable property by the buyer or search for feature by government or local authority in the event of a successful bidder failing to act after winning the bid for allotment of natural resources, is a mere flow of money as the buyer or the successful bidder does not get anything in return for such forfeiture of earnest money.

Such payments being mainly flow of money or not a consideration for any supply and or not taxable



Clarification → Amendment

No supply of services by the insured to the insurance company in lieu of - No claim Bonus ' offered by said insurance company to him.

As per the practice prevailing in the insurance sector, the insurance companies deduct no claim bonus from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period.

It is, therefore, clarified that there is no supply provided by the insured to the insurance company in form of agreeing to the obligation to refrain from the act of lodging an insurance claim during the previous year and no claim bonus cannot be considered as a consideration for any supply provided by the insured to the insurance company.



Definitions

Exempt Supply

Supply which attracts NIL rate of tax or which may be wholly exempt from tax & includes non-taxable supply

Reverse charge

The liability to pay tax is on 'recipient' of supply of G/&S instead of supplier of such Goods and Services

India

- Territory of India & its territorial waters (TWI);
- seabed & sub-soil underlying such waters,
- Continental shelf,
- Exclusive economic zone or any other maritime zone
- Air space above its territory & TWI



Extent & Commencement of GST Law

CGST Act:	It extends to whole of India including J&K.
SGST Act:	SGST Act of a State/UT with State Legislature extends to whole of that State/UT
IGST Act:	It extends to the whole of India including J&K.
UTGST Act	It extends to All UTs without state legislature.

UTs without state legislature are: Andaman & Nicobar, Dadra & Nagar Haveli and Daman & Diu; Lakshadweep; Chandigarh, Ladakh

UTs with state legislature are: Delhi, J&K, Puducherry

A hotel provided accommodation in Himachal Pradesh, through ECO Makemytrip.com. Hotel is not liable to get registered as per the provisions of Section 22 (1) of the CGST Act. Who is the person liable to pay GST in this case? Will your answer be different if ECO Makemytrip.com does not have a physical presence in India?

Levy & Collection of GST & IGST [Sec 9 of CGST act & Sec 5 of IGST Act]

1. **Section 9(1):** Levy of **CGST** on Intra-State Supply on the value determined u/s 15 [Max@ 20%]
2. **Section 9(2):** No Levy of GST on 'petroleum products' till recommended by GST council
3. **Section 9(3):** Power of Government (on recommendation of GST council) to specify category of Supply on which RCM shall apply
4. **Section 9(4):** Tax under RCM is payable on Notified category of Inward Supplies of G/&S received from any unregistered supplier by Notified class of registered persons
5. **Section 9(5):** PAYMENT OF GST BY ELECTRONIC COMMERCE OPERATOR (ECO): Govt to specify certain category of services where ECO would be required to pay GST

Situation	Person liable to pay tax
If ECO does not have a physical presence in TT	Person representing such ECO for any purpose in TT
If ECO does not have a physical presence in TT & also he does not have a representative	Person appointed by ECO in TT

Notified Services are:

1. Transportation of Passengers by a radio-taxi, motorcab, maxicab & Motor cycle.
2. Hotel Business (If hotel owner is Unregistered).
3. House-Keeping Services (If service provider is Unregistered).
4. Supply of restaurant services other than restaurants located at specified premises (hotels providing accommodation where declared tariff per unit per day is > 7500)



Issues clarified on

1. ECOs not required to collect TCS

Notified ECOs are no longer required to collect TCS and file GSTR-8 on which it pays tax u/s 9(5)

2. ECOs are not required to take a separate registration for paying tax u/s 9(5)

3. Revenue from supply made by a restaurant through ECO – shall be included in his turnover while computing his aggregate turnover.

4. Not inward supplies for ECOs

Even though ECOs are paying GST on such supply – such supply is not an inward supply for them

5. Cannot Utilize the ITC

ECOs are required to pay the GST in CASH – it cannot utilize their ITC

6. Supplier providing supply through ECOs which are not NOTIFIED u/s 9(5)

Such suppliers to pay the GST and NOT the ECOs

7. Invoice w.r.t. restaurant service supplied through ECOs u/s 9(5) will be issued by ECOs

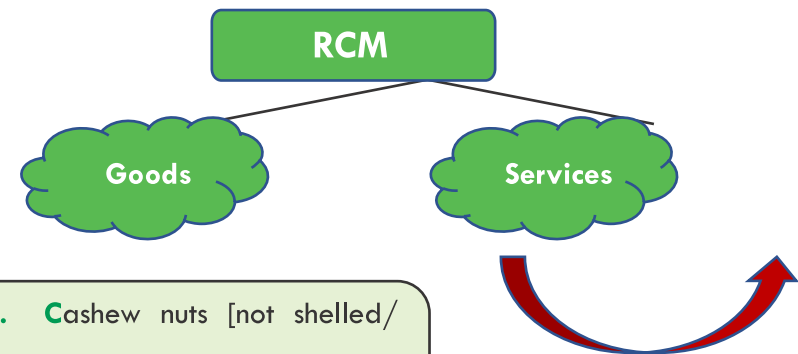
8. Billing of Restaurant Service and other goods in the same order

ECO is responsible only for a billing of a Restaurant service Supplier to issue a separate bill for the other goods / services



Reverse Charge Mechanism


1. Generally - **Supplier** is liable to pay GST
2. Under RCM, liability to pay GST is on **recipient** of Goods / Services
3. However, underlying principle of an indirect tax is that **burden** of such tax has to be ultimately passed on to the recipient
4. GST being an indirect tax, this principle holds good for GST
5. Therefore, under RCM, only the compliance requirements, [i.e. to obtain registration under GST, deposit the tax with the Government, filing returns, etc.] have been shifted from supplier to recipient






1. **C**ashew nuts [not shelled/peeled]
2. **B**idi wrapper leaves & tobacco leaves
3. **S**upply of Lottery; Silk yarn, used vehicles
4. **S**eized & confiscated goods
5. **O**ld & used goods
6. **W**aste & scrap
7. **R**aw cotton etc



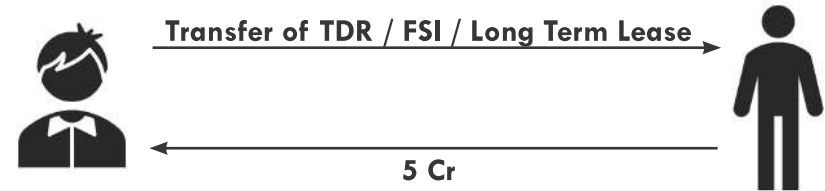
SERVICES NOTIFIED UNDER RCM

Nature of Service	Supplier (BY)	Recipient [Person liable to pay GST]
<p>1. Goods Transport Agency (GTA) by Road</p> <ul style="list-style-type: none"> who has not paid CGST @12% who has not availed ITC <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;">GTA</div> <div style="margin-right: 10px;">→</div> <div style="background-color: green; color: white; padding: 5px; border: 1px solid black;">Not Specified</div> <div style="margin-left: 10px; color: red; border: 1px solid red; border-radius: 50%; padding: 2px 5px;">Exempt</div> </div> <div style="margin-top: 10px;"> <p style="background-color: green; color: white; padding: 2px 5px; display: inline-block;">Specified person</p></div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px 5px;">FCM</div> <div style="border: 1px solid black; padding: 2px 5px;">12%</div> <div style="border: 1px solid black; padding: 2px 5px;">ITC</div> <div style="color: green; font-size: 20px;">✓</div> </div> <div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px 5px;">RCM</div> <div style="border: 1px solid black; padding: 2px 5px;">5%</div> <div style="border: 1px solid black; padding: 2px 5px;">ITC</div> <div style="color: red; font-size: 20px;">✗</div> </div> <div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px 5px;">5%</div> <div style="border: 1px solid black; padding: 2px 5px;">ITC</div> <div style="color: red; font-size: 20px;">✗</div> </div> </div>	<p>GTA paying 5% CGST</p>	<p>(a) Factory (Factories Act, 1948);</p> <p>(b) Society (Societies Registration Act)</p> <p>(c) Co-operative society</p> <p>(d) Any body corporate excluding reg co-op society</p> <p>(e) P'ship Firm (including AOP/BOI)</p> <p>(f) Casual Taxable Person in TT.</p> <p>(g) Registered Person under GST</p> <div style="text-align: center; margin-top: 10px;">  </div>
	<p>IMPORTANT - RCM shall not apply if services are provided by GTA to CG/SG undertakings/ Local Authorities/ Govt agencies which has taken registration ONLY FOR deducting tax at source (TDS) and not for making taxable outward supply</p>	

<p>2. Legal Services</p> <div style="text-align: center;">  </div>	<p>Individual Advocate (including senior advocate or firm of advocates)</p>	<p>Business Entity located in TT.</p>
<p>3. Services by Arbitral Tribunal</p>	<p>Arbitral Tribunal</p>	<p>Business Entity located in TT.</p>
<p>4. Sponsorship</p> <div style="text-align: center;">  </div>	<p>Any Person</p>	<p>Body Corporate or P'ship Firm in TT.</p>
<p>5. Services supplied by CG, SG, UT/LA</p> <div style="text-align: center;">  </div>	<p>CG, SG, UT, LA</p>	<p>Business Entity located in TT.</p>
<p>5.A Services supplied by CG, SG, UT or LA by way of renting of immovable property AND other than TAP (Read with exemption chapter – refer master chart of exemption)</p>	<p>CG, SG, UT or LA</p>	<p>Any Registered Person under GST.</p>
<p>5.AA Service by way of renting of residential dwelling to a Registered person.</p>	<p>Any person</p>	<p>Any Registered person.</p>
<p>5.B Services of "Transfer of development rights or Floor Space Index (FSI) for construction of a project by a promoter</p>	<p>Any person</p>	<p>Promoter</p>
<p>5.C Long term lease of land (≥ 30 years) against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges) &/or periodic rent for construction of a project by a promoter.</p>	<p>Any person</p>	<p>Promoter</p>

6. Services supplied by a Director	Director	Company or Body Corporate
7. Services supplied by Insurance Agent	Insurance Agent	Insurance Company located in TT.
8. Services supplied by Recovery Agent	Recovery agent	Banking company or financial institution or NBFC located in TT.
9. Transfer/permitting use or enjoyment of copyright relating to original literary, dramatic, musical or artistic works	Author, Music composer, Photographer, Artist etc.	Publisher, Music company, Producer etc. located in taxable territory.
9A. Supplier of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher	Author	Publisher located in taxable territory
10. Supply of Services by Members of Overseeing Committee	Members of Overseeing Committee constituted by RBI	RBI
11. Services supplied by Individual Direct Selling Agents (DSAs)	Individual Direct Selling Agents other than BC, P'ship firm or LLP	Banking company or NBFC in TT.
12. Services provided by Business facilitator to a banking company	Business facilitator	Banking company, located in TT.
13. Services provided by Agent of Business Correspondent	Agent of Business Correspondent	Business correspondent, located in TT

14. Security Services (Services -Supply of security personnel)	Any person other than BC	Any Registered Person, located in TT
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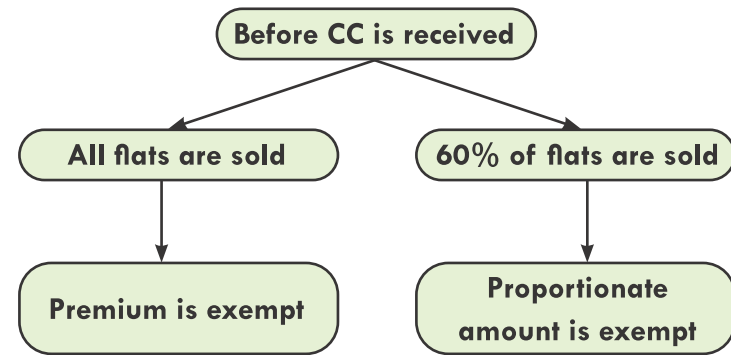


Taxability of premium

Exempt

To the extent of the % of the flats are by the builder

Before completion of construction (before cc is received)



<p>15. Renting of motor vehicles designed to carry passengers (NOT PASSENGER TRANSPORT SERVICES) here the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate</p>	<p>Any person (Other than body corporate who supplies service to a body corporate and doesn't issue an invoice charging CGST @ 6% to service recipient.)</p>	<p>Any BODY CORPORATE located in TT</p>
<p>16. Services of lending of securities under Securities Lending Scheme 1997 of Securities and Exchange Board of India (SEBI)</p>	<p>Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the scheme of SEBI.</p>	<p>Borrower i.e. a person who borrows the securities under the scheme through an approved intermediary of SEBI.</p>
<p>17. Any service supplied by any person who is located in a non- taxable territory to any person other than non- taxable online recipient</p>	<p>Any person located in non- taxable territory</p> <p style="text-align: center;">Provider</p> <p style="text-align: center;">Non taxable territory</p>	<p>Any person located in the taxable territory other than non-taxable online recipient</p>

Recipient

Non taxable territory

NON Taxable online recipient

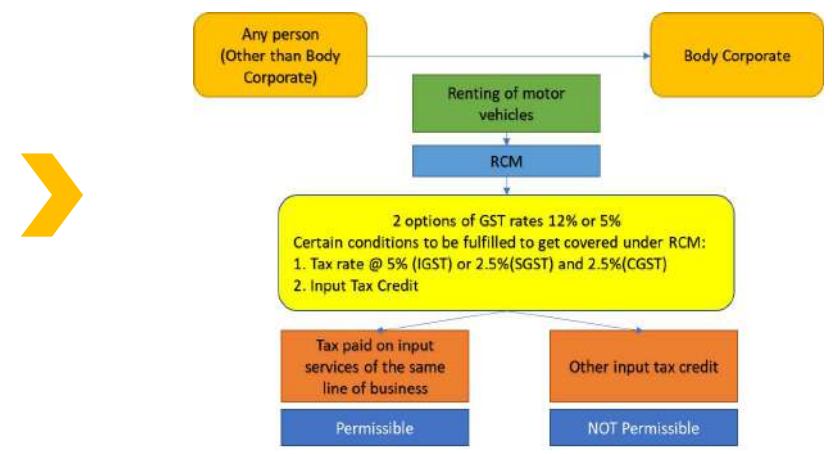
FCM

Recipient

Non taxable territory

Taxable online recipient

RCM



ABC Ltd. is GST registered with aggregate turnover of Rs. 4 crores. It has received the following services from different persons during January 2019. Discuss the applicability of reverse charge to the above transactions.

(a) Service by Department of Posts by way of speed post Qs

(b) For transportation of goods, ABC Ltd. paid Rs. 50,000 to Indian Railways.

(c) ABC Ltd. has availed Manpower services from XYZ Ltd. Will your answer differ if service provider is Mr. A.



(d) Renting of immovable property service provided by CG to ABC Ltd. (registered business entity).

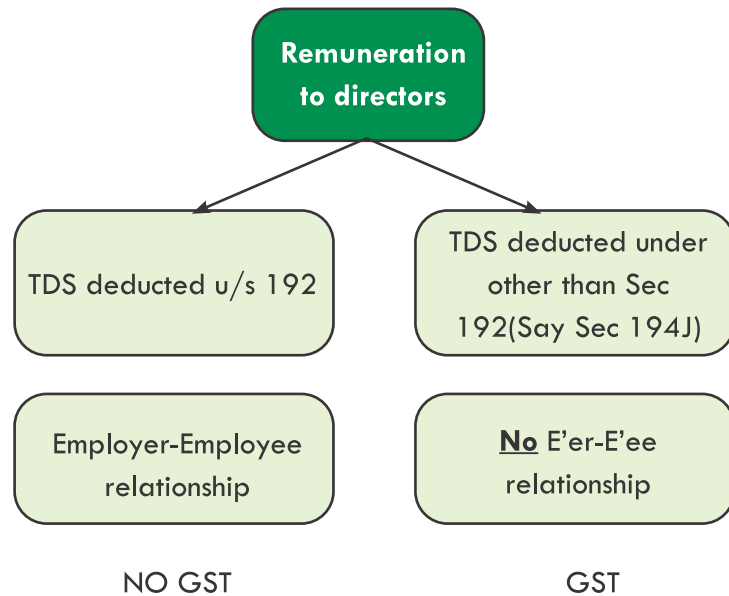
(a) Nature of service is speed post provided by Department of Posts. RCM not applicable to these services. Supplier has to pay GST as forward charge.

(b) Nature of service is transportation of goods provided by Indian Railways. RCM not applicable to these services. Supplier has to pay GST as forward charge. Ans

(c) XYZ Ltd. is liable to pay GST. Even if it is provided by Mr. A, treatment remain same i.e. service provide Mr. A, is liable to pay GST.

(d) GST on services supplied by CG/SG/UT/LA by way of renting of immovable property to a registered person is payable under RCM. Therefore, GST is payable under RCM by the recipient – registered business entity.

18. Renting of residential dwelling	Any person	Registered Person
19. Services supplied by a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	A person located in non-taxable territory  Provider Non-taxable territory	Importer, located in the taxable territory  Recipient Taxable territory

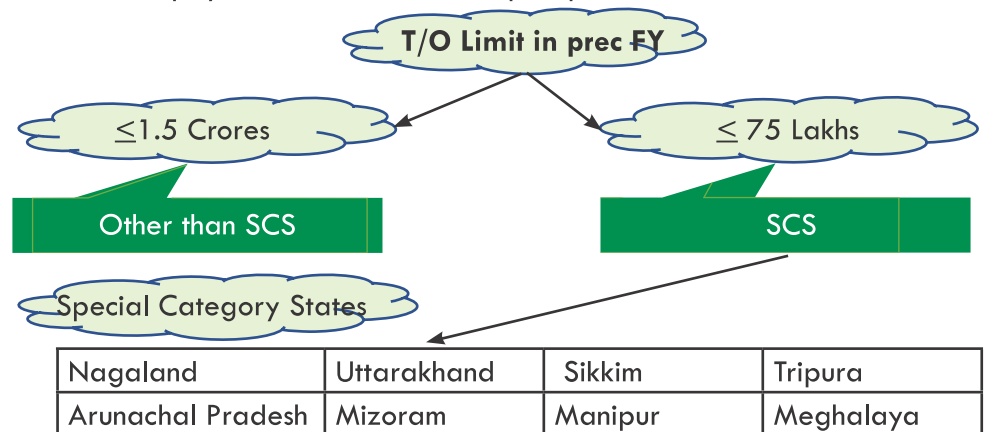


Rates under GST

- Maximum rate (**IGST**) – 40%
- Maximum **SGST / CGST** – 20%
 - Classification of the goods / services is the first step before identifying the rate of GST
 - 6 rates have been notified for services, viz., 1.5%, 5%, 7.5%, 12%, 18% and 28%
 - For certain specified services, NIL rate of tax has been notified
 - Services not covered under any specific heading are taxed at the rate of 18% (CGST @ 9% and SGST @ 9% or IGST @ 18%)
 - Gambling, admission to amusement facilities like casinos, race club, sporting event – 28%

Composition Scheme

- The composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to prescribed limit



- OBJECTIVE** - The objective of composition scheme is to bring simplicity and to reduce the compliance cost for the small taxpayers
- The composition scheme is available to the suppliers of goods and restaurant service

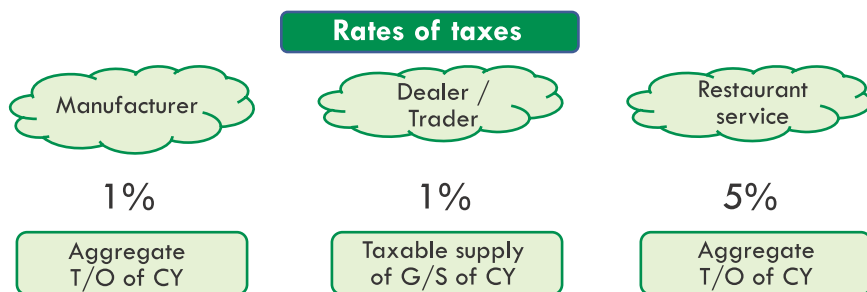
Limit for providing other service

As per second proviso to section 10(1), composition suppliers are permitted to supply other services upto

- 10% of turnover in the state or UT in the preceding FY or
- Rs.5,00,000

HIGHER

Eg. Mr Mahajan is engaged in supply of goods. His aggregate turnover in preceding FY is Rs. 60 lakh. Since his aggregate turnover in the preceding FY does not exceed Rs. 1.5 crore, he is eligible for composition scheme in current FY



Step 1 → check whether Past Year Turnover $\leq 1.50\text{Cr} / 75\text{Lakhs}$

Step 2 → IF Yes, I am eligible for composition scheme for Current Year.

Step 3 → Once Turnover for the current Year exceeds $1.50\text{Cr} / 75\text{Lakhs}$,
→ Composition scheme will be Revoked Automatically from that day itself.
& I will Fall under Normal scheme

FY 19-20 FY 20-21
 TO = 90 Lakhs T. \downarrow eligible for comp. scheme
 $< 1.50\text{Cr}$

Apr 20	May 20	June 20	July 20	Aug 20 - Mar 21
TO → 40L	80L	50L	30L	80L

Aggregate T/O – PREVIOUS YEAR – For eligibility purpose

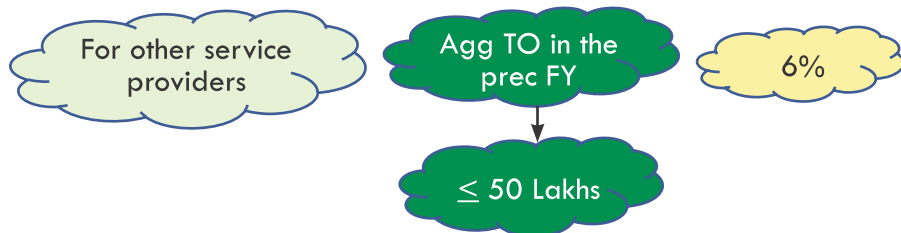
	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✓	✓	✗	This amount should be $\leq 1.5\text{ Cr} / 75\text{L}$ (Of ALL offices together regd under 1 PAN)
Supplier or Dealer	✓	✓	✓	✓	✗	
Restaurant services	✓	✓	✓	✓	✗	
Sec 10(2A)	✓	✓	✓	✓	✗	

Aggregate T/O – CURRENT YEAR – For payment of TAXES

	Taxable Supply	Exempt supply or NIL rated supply	Export of goods / services	Inter state supply	Interest on - Deposit - Advance - Loan	TOTAL
Mnfg	✓	✓	✗	✗	✗	XX * 1%
Supplier or Dealer	✓	✗	✗	✗	✗	XX * 1%
Restaurant services	✓	✓	✗	✗	✗	XX * 5%
Sec 10(2A)	✓	✓	✗	✗	✗	XX * 6%



Section 10(2A) Presumptive Scheme For Service Provider



Conditions for Sec 10(1), 10(2), 10(2A)

- (i) **Restricted from making supply of goods which are not liable to GST:** Certain goods are not liable to GST, e.g. petroleum, alcohol for human consumption, etc. – a person opting for composition scheme shall not be entitled to make any supply of non-GST goods.
- (ii) **Restricted from effecting inter-State outward supplies:** The taxable person should not affect any inter-State outward supplies. This means that even stock transfers to branches outside the State would not be permitted. However, in so far as it relates to inter-State inward procurements / receipts, there is no restriction.
- (iii) **Restricted from making supplies through an e-commerce operator:** A person opting for composition scheme is not allowed to affect any supply

of goods through an ecommerce portal, unless such portal is owned by the same person

- (iv) **Restriction on manufacture of notified goods:** The person opting for the scheme should not be a manufacturer of certain goods as are notified in this regard. However, there is no restriction in case the person is engaged in trading of such goods.

Notified goods - Ice cream and other edible ice, whether or not containing cocoa, Pan Masala, All goods i.e. Tobacco and manufactured tobacco substitutes, Aerated water, Fly ash bricks or fly ash ~~aggregate with 90% or more fly ash content~~; Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks, Earthen or roofing tiles

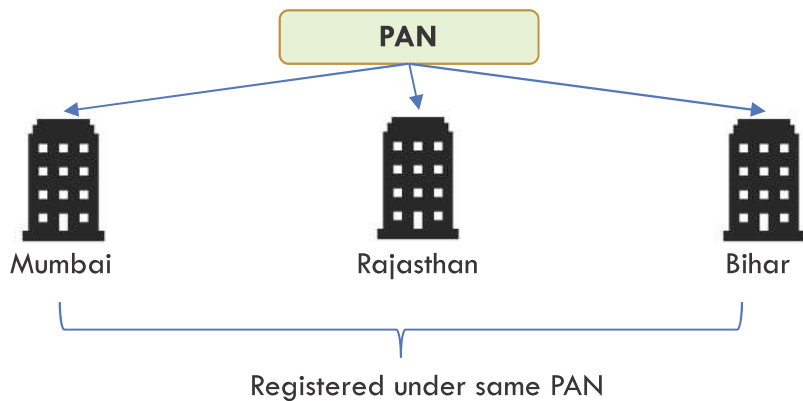
- (v) **Would be applicable for all transactions under the same PAN:** Composition scheme would become applicable for all the business verticals having separate registrations within the State and all other registrations outside the State which are held by the person with same PAN.

- (vi) **Shall not collect tax:** Taxable person opting to pay tax under the composition scheme is prohibited from collecting tax on the outward supplies

- (vii) **Not entitled to input tax credit:** Taxable person opting to pay tax under the composition scheme will not be eligible to claim any input tax credits

- (vii) Such supplier shall mention the words “**composition taxable person not eligible to collect tax on supplies**” at the top of the bill of supply. (not allowed to issue tax invoice)

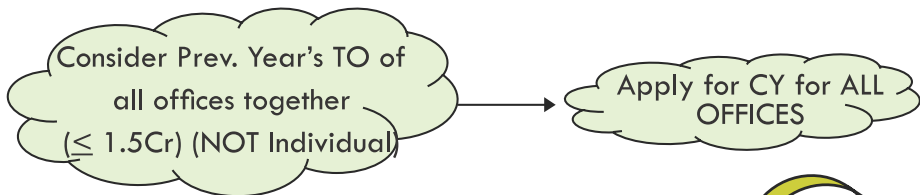
- (ix) N RTP and CTP cannot opt for the composition scheme



I want to opt for composition scheme only for Mumbai Office



Opting for Composition scheme is PAN BASED and NOT location based



Memory technique to be discussed in the lecture

Who cannot opt for composition scheme?

1. Ice cream and other edible ice, whether or not containing cocoa
2. Pan Masala
3. All goods i.e. Tobacco and manufactured tobacco substitutes
4. Aerated water
5. Fly ash bricks or fly ash aggregate with 90% or more fly ash content; Fly ash blocks
6. Bricks of fossil meals or similar siliceous earths
7. Building bricks
8. Earthen or roofing tiles



Other points

1. Where any registered person who has availed of ITC opts to pay tax under this notification, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger. Said amount shall be equivalent to the ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as if the supply made under this notification attracts the provisions of section 18(4) of the CGST Act and the rules made thereunder.
2. Tax on inward supplies on which he is liable to pay tax under section 9(3)/9(4) (reverse charge) at the Normal applicable rates

Other points

Person providing exempted service is eligible for composition scheme

A person supplies restaurant service and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person **shall not be ineligible for the composition scheme**

Further, while computing aggregate turnover of such person in order to determine his eligibility for composition scheme, Value of Supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, **shall not be taken into account**

If any one office breaches any one of the conditions – all the offices would become INELIGIBLE

Rule 3

Registration - A person applying for registration may give option for composition scheme in part B of REG-01. Such intimation shall be considered only after the grant of registration to the applicant and his option to pay tax under composition levy shall be effective from the date from which registration is effective

Rule 4

WHICH INTIMATION AND EFFECTIVE FROM WHICH DATE?

1. **INTIMATION** - A registered person who opts to pay tax under composition levy scheme shall electronically file an intimation in Form CMP-02 form on the GST Common Portal, prior to the commencement of the FY for which said option is exercised.
2. **EFFECTIVE FROM WHICH DATE?** Option to pay tax under section 10 shall be effective from the beginning of the next FY but such person shall also furnish statement in ITC-03 for reversal of tax credit within a period of 60 days from the date of commencement of composition scheme

Rule 5

N RTP and CTP - Such person should be **neither casual taxable person nor non - resident taxable person**

Rule 6

WITHDRAWAL OF SCHEME

If turnover exceeds Rs. 1.5Cr he will be shifted to normal scheme with immediate effect and he will give an intimation in **CMP-04 within 7 days** of exceeding the limit.

Any person who is in the composition scheme may opt out of the scheme at any time and shall file an application in CMP-04 and he will get shifted to normal scheme with immediate effect. He shall be required to submit **ITC-01** for availing ITC **within 30 days** from the date of withdrawal. Such withdrawal shall be applicable to all the places in all the states/Uts

Denial of option to pay tax under the composition scheme by tax authorities.

Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under composition scheme or has contravened the provisions of the CGST Act, he may issue a show cause notice (SCN) to such person

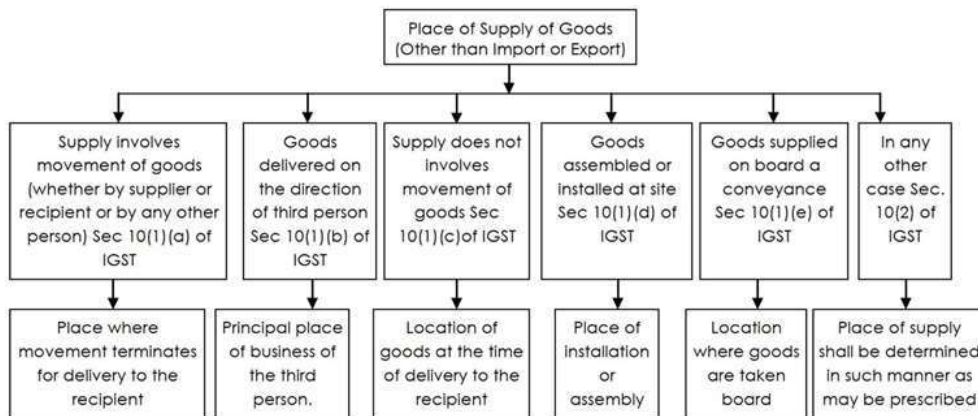
Introduction

- The Place of Supply determines the place that is a taxable jurisdiction where the tax should reach.
- The place of supply and the location of the supplier are the two determinates to ascertain the nature of supply - whether the supply is a Interstate or Intrastate supply.
- In other words, these two factors are required to determine whether a supply is subject to SGST/UTGST plus CGST in a given state/union territory or else would attract IGST if it is an inter-state supply.

While determining the levy of taxes based on Place of Supply, two things are considered namely:

- 1. Location of Supplier:** It is the registered place of business of the supplier.
- 2. Place of Supply:** It is the registered place of business of the recipient

Place of supply of Goods



Place of supply of Goods Imported into or Exported from India

Section	Nature of Supply	Place of Supply
11(a)	Import	Location of Importer
11(b)	Export	Location outside India

Place supply of Services

Section 12 - Place of Supply of Services where location of supplier and recipient is in India

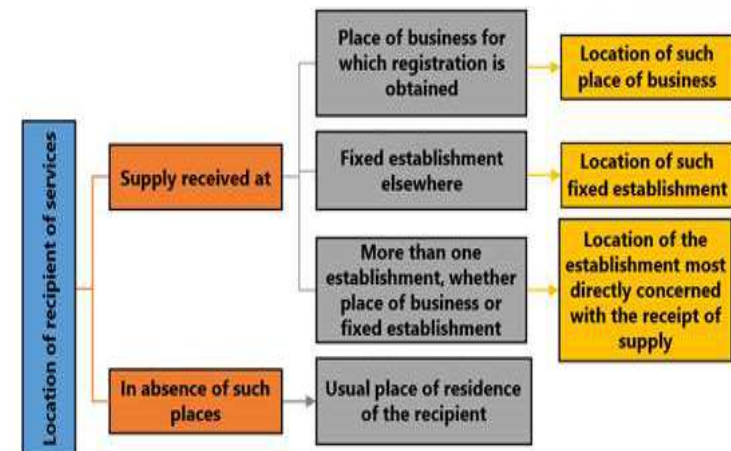
Section 13 - Place of Supply of Services where location of supplier OR recipient is outside India

NOTE

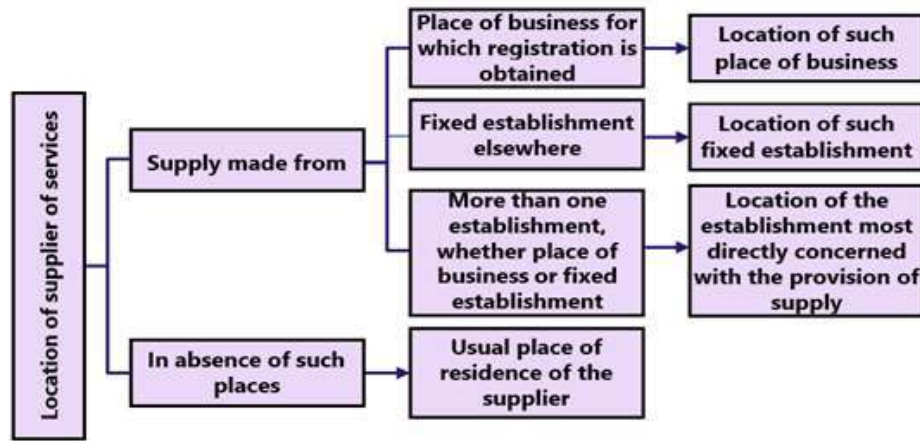
To know the Place of Supply for Services the following two concepts are very important

1. Location of the recipient of services.
2. Location of the supplier of services

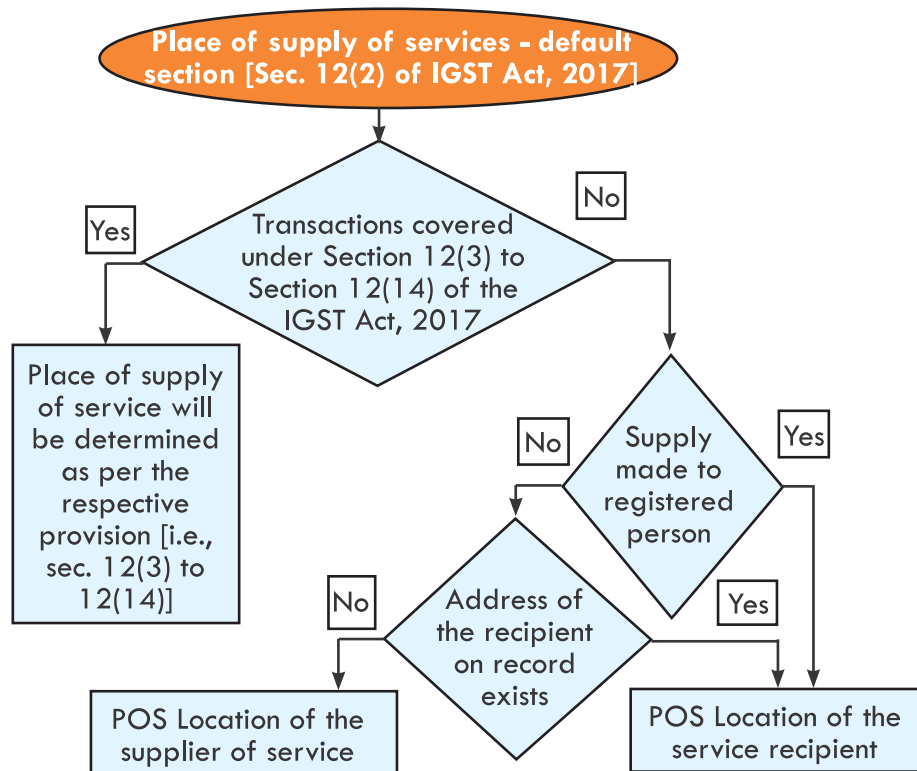
1. Location of the recipient of service



2. Location of the supplier of services



Place of supply of services – Default Section



Place of supply of services directly in relation to an immovable property [Sec. 12(3)(a)]

S. No.	Nature of service		Place of supply of service
1	Architects	Any services ancillary to these services [Sec. 12(3)(d)]	Immovable property located or intended to be located in India: • Location of Immo v a b l e property Outside India: • Location of the recipient.
2	Interior decorator		
3	Surveyors		
4	Engineers and other related exports or estate agents		
5	Any service provided by way of grant of rights to use immovable property		
6	for carrying out or co-ordination of construction work		

Immovable property/Boat/Vessel located in more than one State/Union territory

POS – Each respective state

- Sometimes immovable property may extend to more than one location, for example, a railway line, a national highway or a bridge on a river may originate in one State and end in the other State or a house boat stay may traverse more than one State.
- In such cases, i.e. where the immovable property or boat or vessel is located in more than one State/Union territory, the service is deemed to have been supplied **in each of the respective States/Union territories**, in proportion to the value for the services determined in terms of the contract or agreement entered into in this regard.
- Manner of determining proportionate value of service in the absence of a contract or agreement

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services supplied in

different States/Union territories (where the immovable property or boat or vessel is located) is computed in accordance with rule 4 of the IGST Rules as under:

Sr No	Type of service in relation to immovable property	Factor which determines the proportionate value of service supplied in different States/Union territories
1	Services provided by way of lodging accommodation by hotel, inn, guest house, etc and its ancillary service (other than the cases where such property is a single property located in 2 or more states / UTs	No of nights stayed in each property
2	All other services provided in relation to immovable property including services by way of accommodation in any immovable property for organising any marriage or reception etc. and in cases of supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called where such property is a single property located in 2 or more contiguous States or/ and Union territories Services ancillary to services mentioned above	Area of the immovable property lying in each State/ Union territories
3	Services by way of lodging accommodation by a house boat or vessel and its ancillary services	Time spent by the boat or vessel in each such State/ Union territories, to be determined on the basis of declaration made by the service provider

Example - Lodging accommodation by hotel/inn/guest house etc. and ancillary services excluding the property located in 2 or more contiguous States/ Union territories or both

- Dondrila Hotel chain charges a consolidated sum of Rs 30,000/- for stay in its two establishments in Delhi and Agra, where the stay in Delhi is for 2

nights and the stay in Agra is for 1 night.

- The place of supply in this case is both Delhi and Uttar Pradesh and the service shall be deemed to have been provided in Delhi and Uttar Pradesh in the ratio of 2:1 respectively.
- The value of services provided will thus be apportioned as 20,000/- in Delhi and 10,000/- in Uttar Pradesh.

Example - Other services provided in relation to immovable property

- There is a piece of land of area 20,000 square feet which is partly in State S1 say 12,000 square feet and partly in State S2, say 8000 square feet. Site preparation work has been entrusted to Munna Constructions. The ratio of land in the two States works out to 12:8 or 3:2 (simplified).
- The place of supply is in both S1 and S2. The service shall be deemed to have been provided in the ratio of 12:8 or 3:2 (simplified) in the States S1 and S2 respectively. The value of the service shall be accordingly apportioned between the States.



Place of supply of services by way of lodging accommodation by a [Sec. 12(3)(b)]

S. No.	Nature of service		Place of supply of service
1	Hotel	Any services ancillary to these services [Sec. 12(3)(d)]	Property located or intended to be located in India: • Location of Immo v a b l e property or boat or vessel. Outside India: • Location of the recipient.
2	Inn		
3	Guest house		
4	Home stay		
5	Club or campsite by whatever name called and including a house boat or any other vessel		



Place of supply of services by way of accommodation in any immovable property for organizing [Sec. 12(3)(c)]

S. No.	Nature of service	Place of supply of service
1	Any marriage or reception or matters related thereto,	Property located or intended to be located in India: <ul style="list-style-type: none"> • Location of immovable property Outside India: <ul style="list-style-type: none"> • Location of the recipient.
2	Official, social, cultural, religious or business function including services provided in relation to such function at such property [Sec. 12(3)(d)]	



Place of supply of services in relation to [Sec. 12(4)]

Sr No	Nature of service	Place of supply of service
1	Restaurant	Location where the services are actually performed.
2	Catering services	
3	Personal grooming	
4	Fitness services	
5	Beauty treatment services	
6	Health services including cosmetic and plastic surgery	

Note

- Restaurants within hotels (room tariff < 7,500) @5% without ITC
- Restaurants within hotels (room tariff > 7,500) still 18% with ITC
- Outdoor catering 18% with ITC



Place of supply of services in relation to training and performance appraisal [Sec. 12(5)]

Sr No	Nature of service	Place of supply of service
1	Services in relation to training and performance appraisal.	<ul style="list-style-type: none"> • Location of recipient of Service Provided to a un-registered person: <ul style="list-style-type: none"> • Location where the services are actually performed.

Example

Mr. Suresh (unregistered person based in Noida) signs up with Excellent Linguistics (New Delhi) for receiving training on English speaking at their New Delhi Centre. Since the recipient is unregistered, the place of supply is the location where services are provided, i.e. New Delhi.



Place of supply of services provided by way of admission to a [Sec. 12(6)]

S. No.	Nature of service	Place of supply of service
1	Cultural	Services ancillary thereto Where the event is actually held or where the park or such other place is located.
2	Artistic	
3	Sporting	
4	Scientific	
5	Educational	
6	Entertainment event or Amusement part or any other place.	

Example

Virubhai Virani, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi. The place of supply is the location where the circus is held, i.e. Gurugram.

Example

Manasvi of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh. The place of the supply is the location where the park is located, i.e. Noida.



Place of supply of services provided by way of organization of a [Sec. 12(7)]

S. No.	Nature of service	Place of supply of service
1	Cultural	Services ancillary thereto or assigning of sponsorship to such events.
2	Artistic	
3	Sporting	
4	Scientific	
5	Educational	
6	Entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events	Provided to a registered person: <ul style="list-style-type: none">• Location of recipient of Service Provided to an unregistered person: <ul style="list-style-type: none">• Location where the event is actually held and• if the event is held outside India, the place of supply shall be the location of the recipient.

Example

Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai.

Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.

Example

Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), in Mauritius. Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.



Event held in more than one State/Union territory

POS = deemed to be in each of the respective States/Union territories in proportion to the value for services determined in terms of the contract or agreement entered into in this regard

The above provision is applicable only when the recipient is unregistered, as for a registered recipient, the place of supply is the location of such recipient.

Example

An event management company - Moonlight Events Private Limited - has to organize some promotional events in States S1 and S2 for a recipient Mr. Atmaram (unregistered). 3 events are to be organized in S1 and 2 in S2. They charge a consolidated amount of Rs 10,00,000 from Mr. Atmaram.

The place of supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3:2. The service shall be deemed to have been provided in the ratio 3:2 in S1 and S2 respectively. The value of services provided will thus be apportioned as Rs 6,00,000/- in S1 and Rs 4,00,000/- in S2.



Place of supply of services by way of transportation of goods including by mail or courier [Sec.12(8)]

Sr No	Nature of service	Place of supply of service
1	Services by way of Transportation of goods including by mail or courier	Provided to a registered person: <ul style="list-style-type: none"> Location of recipient of Service. Provided to a un-registered person: <ul style="list-style-type: none"> Location at which such goods are handed over for their transportation.

Example

- M/s Sukhram Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service. The recipient being registered person, the place of supply is the location of recipient, i.e. New Delhi.
- Mr. Bindisaar, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab. The recipient being unregistered person, the place of supply is the location where goods are handed over for their transportation, i.e. New Delhi.
- Pinelaps Pvt. Ltd., a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hezal Enterprises (registered supplier in Kanpur) to transport its consignment of goods to a buyer in New Delhi. The recipient being registered, the place of supply is the location of recipient, i.e. Kanpur.

- Sukhwinder Transports Pvt. Ltd., a Goods Transportation Agency based in Noida, Uttar Pradesh, is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, Uttar Pradesh. The recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.



Place of supply of passenger transportation service to [Sec 12(9)]

Sr No	Nature of service	Place of supply of service
1	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc.	Provided to a registered person: <ul style="list-style-type: none"> Location of recipient of Service. Provided to a un-registered person: <ul style="list-style-type: none"> Place where the passenger embarks on the continuous journey.
Sr No	Nature of service	Place of supply of service [refer to Sec 12(2) of IGST]
2	Right to passage is given for future use and point of embarkation is not known at the time of issue of such right	Provided to a registered person: <ul style="list-style-type: none"> Location of recipient of Service. Provided to a un-registered person: <ul style="list-style-type: none"> Location of recipient when address on record is available. Location of supplier in other cases

Note - The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time

What is continuous journey?

Means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves

no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.

Explanation: For the purpose of this clause, the term 'stopover' means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time.

Example -

Mr. Ram working in Ramsay Company having office in Bengaluru is registered under GST.

Mr. Ram purchased the ticket from Hyderabad for transportation of passenger by Air from Hyderabad to Chennai. Mr. Ram discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad.

Find the following

- Place of supply of service and GST liability.
- Whether your answer will be different if Mr. Ram is not disclosed the name of the organization and its registration number?

Answer:

- POS = Bengaluru (i.e. location of recipient of service)
GST = IGST is liable to be paid by Air Travel Operator
- POS = Hyderabad (i.e. Place where the passenger embarks on the continuous journey) GST = CGST & SGST is liable to be paid by Air Travel Operator.

Example –

Agni Air registered under GST and located in Mumbai operates flight from Delhi-Dubai-London- Dubai-Delhi. Mr. TYN who is unregistered person, purchase air ticket for Delhi-London. Two tickets are issued to him showing Delhi-Dubai with a halt at Dubai for 5 hours and Dubai-London.

Find the Place of supply of service and GST liability.

Answer:

POS = Delhi (i.e. place of embark)

GST = Jet Air is liable to pay IGST for the entire value of air fair.

Note: since, it is continuous journey, place of embarking of passenger who is unregistered person is relevant.

Misc Example –

Mr. Amar (registered person in New Delhi) travels from Mumbai to Bangalore in Airjet flight. Mr. Amar has bought the tickets for the journey from Airjet's office registered in New Delhi. The place of supply is the location of recipient, i.e. New Delhi.

Mr. Subramanian (unregistered person in Chennai) has come to Delhi on a vacation. He buys pre-paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region. Recipient being unregistered person, the place of supply is the address of Mr. Subramanian, i.e. Chennai. If address of Mr. Subramanian is not available with the Delhi Metro, the place of supply will be the location of the supplier of services, i.e. New Delhi.

Mr. Shyam, an unregistered person, based in Gurugram, Haryana books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He leaves New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and lands in New Delhi the same day. The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time. Thus, being an unregistered person, the place of supply for the outward and return journeys are the locations where the unregistered person embarks on the conveyance for the continuous journey, i.e. New Delhi and Mumbai respectively.

Examples of issue of right to passage for future use-point of boarding not known at the time of issue of right

1. An airline may issue seasonal tickets, containing say 10 vouchers which could be used for travel between any two locations in the country.
2. The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment



Place of Supply of service on board a conveyance [Sec 12(10)]

Sr No	Nature of service	Place of supply of service
1	Vessel	Location of the first scheduled point of departure of that conveyance for the journey.
2	Aircraft	
3	Train	
4	Motor vehicle	

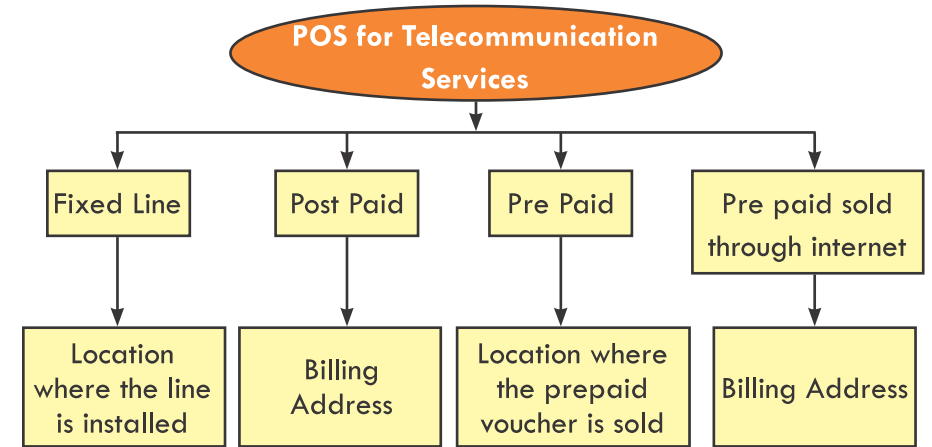
Example

Mr. Raidhan is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during the journey by making the necessary payment. The place of supply of such service of showing ‘movie on demand’ is the first scheduled point of departure of the conveyance for the journey i.e. Delhi.



Place of supply of telecommunication services [Sec 12(11)]

Sr No	Nature of service
1	including <ul style="list-style-type: none"> • data transfer, broadcasting, • cable and • direct to home television services.



Examples

1. Mr. Samudragupta (Kolkata) gets a landline phone installed at his home in Kolkata from Skybel Ltd. The place of supply is the location where the telecommunication line is installed i.e. Kolkata
2. Mr. Rajkumar (Mumbai) gets a DTH installed at his home in his village in Uttar Pradesh from RT Ltd. The place of supply is the location where the DTH is installed, i.e. Uttar Pradesh.
3. Mr. Shastri (Mumbai) takes a post-paid mobile connection in Mumbai from Blubel Ltd. and gives his residence address at Mumbai as the address for billing with supplier. The place of supply is the location of billing address of the recipient, i.e. Mumbai.
4. Mr. George (New Delhi) gets his post-paid mobile bill (billing address New Delhi) paid online from Goa. The place of supply is the location of the billing address of the recipient, i.e. New Delhi.
5. Mr. Jhumroo (Pune) purchases a pre-paid card from a selling agent in Mumbai. The place of supply is the address of the selling agent or re-seller, i.e. Mumbai.
6. Mr. Freddy (Puducherry) gets a pre-paid mobile recharged from a grocery shop in Chennai. The place of supply is the location where such pre-payment is received, i.e. Chennai.

Leased circuit is installed in more than one State/Union territory

POS = deemed to be in each of the respective States/Union territories in proportion to the value for services determined in terms of the contract

In absence of a contract – value to be determined in the proportion to the number of points lying in each state / UT

The number of points in a circuit is determined in the following manner-

1. In the case of a circuit between two points or places, the starting point or place of the circuit and the end point or place of the circuit will invariably constitute two points
2. Any intermediate point or place in the circuit will also constitute a point provided that the benefit of the leased circuit is also available at that intermediate point

Example - Circuit between two points or places

Trinity Ltd. installs a leased circuit between the Delhi and Mumbai offices of Inertia Pvt. Ltd. The starting point of this circuit is in Delhi and the end point of the circuit is in Mumbai. Hence, one point of this circuit is in Delhi and another in Maharashtra. The place of supply of this service is in the Union territory of Delhi and the State of Maharashtra. The service shall be deemed to have been provided in the ratio of 1:1 in the Union territory of Delhi and the State of Maharashtra, respectively.

Example - Intermediate point or place in the circuit

Turbo Ltd. installs a leased circuit between the Chennai, Bengaluru and Mysuru offices of Rio Ltd. The starting point of this circuit is in Chennai and the end point of the circuit is in Mysuru. The circuit also connects Bengaluru. Hence, one point of this circuit is in Tamil Nadu and two points in Karnataka. The place of supply of this service is in the States of Tamil Nadu and Karnataka. The service shall be deemed to have been provided in the ratio of 1:2 in the states of Tamil Nadu and Karnataka, respectively

Example - Intermediate point or place in the circuit

Sriram Ltd. installs a leased circuit between the Kolkata, Patna and Guwahati offices of Srishyam Ltd. There are 3 points in this circuit in Kolkata, Patna and Guwahati. One point each of this circuit is, therefore, in West Bengal, Bihar and Assam. The place of supply of this service is in the States of West Bengal, Bihar and Assam. The service shall be deemed to have been provided in the ratio of 1:1:1 in the States of West Bengal, Bihar and Assam, respectively



Place of supply of banking and NBFC service including stock broking services [Sec 12(12)]

Sr No	Nature of service	Place of supply of service
1	Banking and NBFC service including stock broking services	<ul style="list-style-type: none">• Location of recipient of service on the records of the supplier of service. Otherwise: <ul style="list-style-type: none">• Location of supplier of service.

Examples

1. Mr. Debdas (Chennai) buys shares from a broker in BSE (Mumbai). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Chennai.
2. Mr. Arihant (New Delhi) withdraws money from Best Bank's ATM in Amritsar. Mr. Arihant has crossed his limit of free ATM withdrawals. The place of supply is the location of the recipient of services in the records of the supplier, i.e. New Delhi.
3. Mr. Rishabh from Varanasi, Uttar Pradesh, visits a bank registered in New Delhi to get a demand draft made. Mr. Rishabh does not have any account with the said bank. Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. New Delhi.



Place of supply of insurance services [Sec 12(13)]

Sr No	Nature of service	Place of supply of service
1	Insurance services	To a registered person <ul style="list-style-type: none"> • Location of recipient of Service. To a person other than registered person <ul style="list-style-type: none"> • Location of the recipient of services on the records of the supplier of service.

Examples

1. Mr. Shantaram, CEO of Shaurya Ltd., Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company's factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu). The place of supply is the location of the registered recipient, i.e. Mumbai.
2. Ms. Barbie (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.



Place of supply of advertisement services to specified persons [Sec12(14)]

Sr No	Nature of service	Place of supply of service
1	Advertisement services to <ul style="list-style-type: none"> • Central Government • State Government • Statutory Body • Local Authority 	Located in each of such states and the value of such supplies specific to each state shall be in proportion to amount attributable to service provided by way of dissemination in the respective states.

In absence of a contract

Sr No	Type of advertisement	Value of service attributable to dissemination in different States/Union territories where the advertisement is broadcasted/ run /played/disseminated
1.	Advertisements in Newspapers and publications	Amount payable for publishing an advertisement in all the editions of a newspaper or publication, which are published in each State/Union territory
2.	Advertisements through printed material like pamphlets, leaflets, diaries, calendars, T- shirts, etc.	Amount payable for the distribution of a specific number of such material in each State/Union territory
3.	Advertisements in hoardings (other than those on trains)	Amount payable for the hoardings located in each State/ Union territory Refer Example 52
4.	Advertisements on trains	Amount attributable to each State/Union territory calculated in the ratio of length of the railway track in each of such State/ Union territory, for that train
5	Advertisements on the back of utility bills of oil and gas companies, etc	Amount payable to each State/Union territory for the advertisements on bills pertaining to consumers having billing addresses in each of such State/Union territory
6	Advertisements on railway tickets	Amount attributable to each State/Union territory calculated in the ratio of number of Railway Stations in each of such State/ Union territory

7	Advertisements on radio stations	Amount payable to such radio station, which by virtue of its name is part of each State/Union territory
8	Advertisement on television channels	<p>8. Amount attributable to each State/Union territory calculated basis the viewership of such channel in each of such State/ Union territory which shall be derived as under</p> <p>(a) Viewership can be ascertained from the channel viewership figures published by the Broadcast Audience Research Council.</p> <p>(b) Figures for the last week of a given quarter is used for calculating viewership for the succeeding quarter.</p> <p>(c) Where the channel viewership figures relate to a region comprising of more than one State/Union territory, the viewership figures for a State/ Union territory of that region, is calculated in ratio of the populations of that State/Union territory, as determined in the latest Census.</p> <p>(d) The ratio of the viewership figures for each State or Union territory so calculated, when applied to the amount payable for the service, shall represent the portion of the value attributable to the dissemination in that State or Union territory</p>

9	Advertisements on cinema halls	Amount payable to a cinema hall or screens in a multiplex in each State/ Union territory.
10	Advertisements on internet It is deemed that such service is provided all over India.	<p>Amount attributable to each State/Union territory calculated basis the internet subscribers in each of such State/ Union territory which shall be derived in the following manner:</p> <p>(a) Internet subscribers can be ascertained from the internet subscriber figures published by the Telecom Regulatory Authority of India (TRAI)</p> <p>(b) Figures for the last quarter of a given financial year will be used for calculating the number of internet subscribers for the succeeding financial year.</p> <p>(c) Where the internet subscriber figures relate to region a comprising of more than one State/Union territory, the subscriber figures for State/Union territory of that region shall be calculated in the ratio of the populations of that State/Union territory, as determined in the latest census.</p> <p>(d) The ratio of the subscriber figures for each State or Union territory so calculated, when applied to the amount payable for the service, shall represent the portion of the value attributable to the Dissemination in that State or Union territory</p>

	<p>Advertisements through SMS</p>	<p>Advertisements through SMS</p> <p>Amount attributable to each</p> <p>State/Union territory calculated on the basis of the telecom subscribers in each of such State/ Union territory.</p> <p>(a) Telecom subscribers in a telecom circle can be ascertained from the telecom subscribers figures published by the TRAI. Figures for a given quarter will be used for calculating the subscribers for the succeeding quarter.</p> <p>(b) Where such figures relate to a telecom circle comprising of more than one State/Union territory, the subscriber figures for that State/Union territory shall be calculated in the ratio of the populations of that State/Union territory, as determined in the latest census</p>
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Student's notes

Introduction

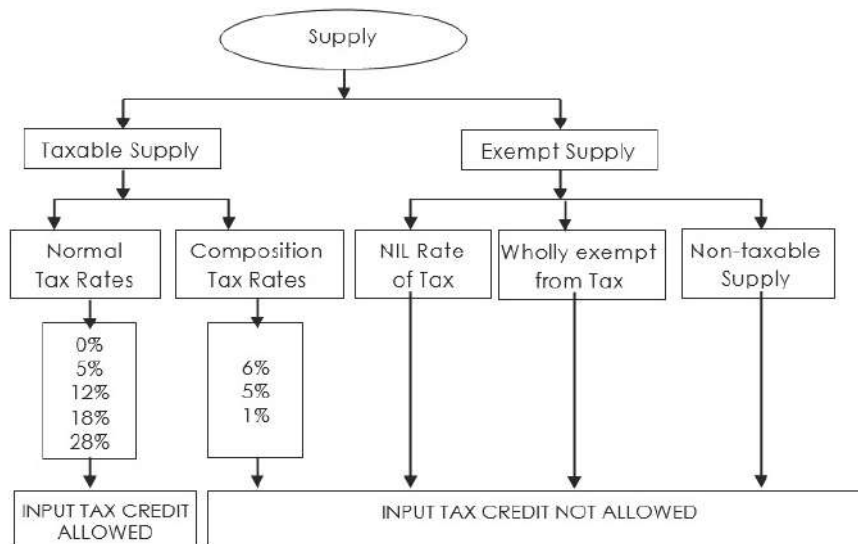
When a supply of goods and/or services falls within the purview of charging section, such supply is chargeable to GST.

However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax

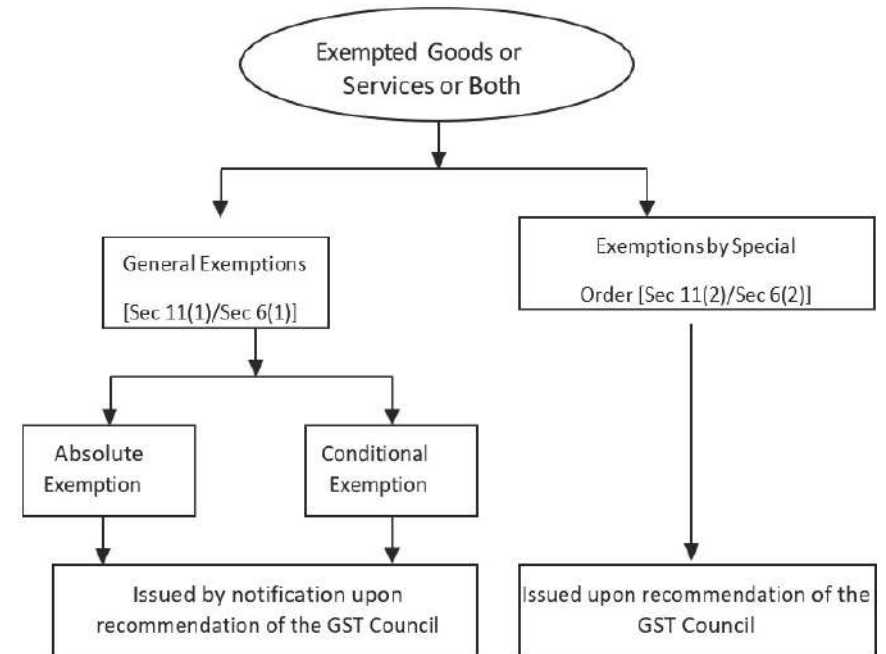
Definition

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

What is non-taxable supply? - Non-taxable supply means a supply of goods or services or both which is not leviable to tax under CGST Act or under the IGST Act



Exempted supply	Zero rated supply
Nil Rate	0% Rate
Applicable by Notification to Domestic Tariff Area supplies	Applicable by section to export of goods or services or both
Not eligible for Input Tax Credit	Eligible for Input Tax Credit
Not eligible for refund	Eligible for refund



Imp points

Under GST, essential goods/services (public consumption products/services) have been exempted



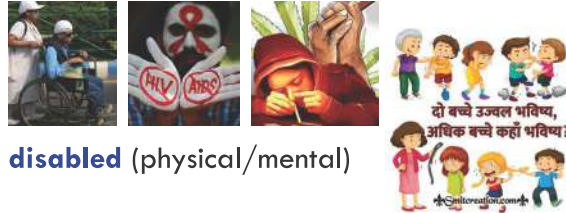
Category A - Services related to charitable and religious activities

1. Services by entity registered u/s 12AA/12AB of Income-tax Act, 1961 by way of charitable activities. 'Charitable Activities' mean activities relating to

'Charitable Activities' mean activities relating to:

I. **PUBLIC HEALTH** by way of:

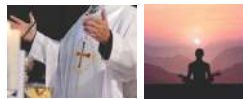
A. Care or counselling of



- terminally ill/severely **disabled** (physical/mental) persons;
- persons afflicted with **HIV/AIDS**;
- persons **addicted** to dependence-forming substance (**Drugs/alcohol**);

B. Public awareness of preventive health, **family planning** or prevention of HIV;

II. **ADVANCEMENT OF RELIGION, spirituality** or **yoga**



III. **ADVANCEMENT OF EDUCATIONAL PROGRAM/SKILL DEVELOPMENT** related to

- abandoned, orphaned or homeless children;
- physically or mentally abused and traumatized persons;
- prisoners; or
- persons over the age of 65 years residing in a rural area;

Note: Schools, colleges or any other educational institutions run by charitable trusts by way of education or skill development of above mentioned persons = Charitable activities & income

from such supplies will be wholly **exempt from GST**.

IV. **PRESERVATION OF ENVIRONMENT** including watershed, forests & wildlife.



1. **Grant of Advertising rights on premises** of charitable/religious trust or on publications of trust; Admission to events, functions, celebrations, shows against admission tickets - **GST chargeable**.
2. Hostel services provided by trusts to students – **NOT a Charitable activity**
3. But, Hostel accommodation services provided by trusts is **exempt** if declared tariff **< Rs. 1,000 per day**.
4. Arranging **yoga & meditation camp** by charitable trusts → **Exempt** from GST.
5. **Residential programmes or camps** [Fee charged includes cost of lodging & boarding] → **Exempt** If primary purpose of such residential programmes is advancement of religion, spirituality or yoga. *However, if charitable or religious trusts primarily provide accommodation or serve food & drinks against consideration in any form including donation, such activities will be taxable.*
6. Activities such as **holding of fitness camps/classes** in aerobics, dance, music - **GST chargeable**.
7. It is important to note that the exemption with regard to services provided by way of training or coaching in recreational activities relating to sports has restricted scope. Said exemption is available only when services are provided by a charitable entity registered under section 12AB of Income-tax Act
8. **Hospitals** managed by charitable trusts - Exemption available if it is **exempted** under entry 74.
9. **Religious Yatras/pilgrimage organised** by any charitable or religious trust are **not exempt (Haj)**
10. Services by way of training / coaching in
 - (a) recreational activities relating to arts /culture , by an individual or
 - (b) sports by charitable entities registered under see . 12AA/12AB

2. Services by a person by way of

- a. Conduct of any Religious ceremony; (**Pujari**)
- b. **Renting of Precincts of a religious place** meant for general public (Temple) owned/managed by registered charitable/religious trust or a trust/institution registered u/s 10(23C)(v) of Income-tax Act or a body or an authority covered u/s 10(23BBA)

However, GST will be payable in following cases:

- (i) Renting of Rooms if charges are \geq **Rs. 1,000 per day;**
- (ii) Renting of Premises/Halls/mandapam/open area if charges are \geq **Rs. 10,000 per day;**
- (iii) Renting of Shops/other spaces for business if charges are \geq **Rs. 10,000 per month**

- **Donation for hosting advertisement** promoting business of the donor - **GST chargeable.**
- But if donation is received **without such instructions** or without a quid pro quo - **NO GST**

Examples

1. Durgadevi Trust, a religious trust registered under section 12AA of the Income-tax Act, owns and manages a temple in their locality. It rents the commercial shops located in the precincts of the temple for a rent of Rs 10,000 per month per shop. The consideration so received is liable to GST as such services are exempt only when the consideration is less than Rs 10,000 per month.
2. Sarvshiksha Foundation, an educational institution registered under section 10(23C)(v) of the Income-tax Act, owns and manages a gurudwara. It rents the community hall located in the precincts of the gurudwara for a rent of Rs 9,000 per day for a marriage function. The consideration so received is exempt from GST as the consideration is less than Rs 10,000 per day.



Category B – Agricultural related activities

1. Services by way of loading, unloading, packing storage or warehousing of **Rice**
2. Services by way of **Warehousing of minor Forest Produce**
3. Services by way of **fumigation** in a warehouse of **agricultural produce – GST APPLICABLE** Services by way of **fumigation in a farm of agricultural produce - EXEMPT**
4. Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of **fruits & vegetables** which **do not** alter essential characteristics
5. Services by **National Centre for Cold Chain Development** of cold chain knowledge dissemination
6. Services relating to cultivation of plants & rearing of all life forms of animals (except horses) for food, fibre, fuel, raw material or other similar products/agricultural produce by way of:
 - (a) **Agricultural operations** directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
 - (b) Supply of **farm labour**;
 - (c) Processes carried at agricultural farm including **tending, cutting, harvesting, drying, cleaning**, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging & like operations which do not alter essential characteristics of agricultural produce but only make it marketable for primary market;
 - (d) **Renting/leasing of agro machinery or vacant land** with/without structure for being use in agriculture or related activities;
 - (e) **Loading, unloading, packing**, storage or warehousing of **Agricultural Produce**;
 - (f) **Agricultural Extension Services** [Application of scientific research & knowledge to agriculture] Ex: **Training courses, kisan call centres, farm visits, on farm trials, kisan melas, kisan clubs, advisory bulletins** and the like.
 - (g) Services by any **APMC** or Board related to selling/marketing of agricultural produce. **However, Renting of shops/other property by APMC – GST applicable (since not directly related)**
 - (h) Services provided by **Commission Agent** for Sale/Purchase of Agricultural Produce.

Amdt. → Services by way of storage /warehousing of cereals, pulses & vegetables

IMP

1. Breeding of fish (**pisciculture**), rearing of silk worms (**sericulture**), cultivation of ornamental flowers (**floriculture**) and horticulture, forestry, etc. → **NO GST**.
2. Agricultural produce means any produce out of cultivation of plants & rearing of animals (except horses) on which
 1. No further processing is done or
 2. Processing which is usually done by a cultivator or producer & which does not alter its Essential Characteristics, but makes it Marketable for Primary Market**Example:** Cultivation, harvesting, threshing, testing, Tending, pruning, cutting, drying, cleaning, trimming

Following processes are liable to GST:

1. **Process which Alters the Essential Characteristics of Agricultural Produce.** Example - Potato chips or tomato ketchup are manufactured through processes which alter the essential characteristic of farm produce (potatoes and tomatoes).



2. **Process which makes agricultural produce marketable in retail market**

Processes of grinding, sterilizing, extraction packaging in retail packs of agricultural products, which make agricultural products marketable in retail market is liable to GST

7. Carrying out an **Intermediate Production Process as Job Work** in relation to **Cultivation of Plants & Rearing of all life forms of Animals** (except rearing of horses) for food, fibre, fuel, raw material or other similar products or agricultural produce

8. Services by way of **Artificial Insemination of Livestock (other than horses)**

Note

1. Processed products such as tea, coffee beans or powder, pulses (dehusked or split), jaggery, spices, dry fruits, cashewnuts etc. fall outside the definition of agricultural produce & therefore exemption from GST is not available to their loading, packing, warehousing etc & thus GST will be levied

Amdt. – Storage / warehousing of cereals / pulses / fruits / vegetables

2. **Milling of paddy into rice:** Milling of paddy into rice **changes its essential characteristics**. Therefore, milling of paddy into rice **cannot** be considered as an **intermediate production process**. Thus, milling of paddy into rice is **not eligible for exemption** & thus GST will be levied



Category C - Education

1. a. Services provided by Educational institution to its students, faculty & Staff;
b. Services provided by Educational institution by way of conduct of Entrance Examination against consideration in the form of entrance fee;

Note: Canteen, maintenance etc. provided by Private Players to Educational Institutions - GST chargeable.

2. Services provided **TO** educational institution by way of
 - (i) **Transportation** of students, faculty & staff;
 - (ii) **Catering**, including any mid-day meals scheme sponsored by CG, SG, UT; **INCLUDING Aanganwadi**
 - (iii) **Security or cleaning or house-keeping** services performed in such educational institution;
 - (iv) Services relating to **admission** to, or **conduct of examination** by, such institution [Exempt to ALL] – **including entrance exams held by NATIONAL BOARD OF EXAMINATION**
 - (v) Supply of **online Educational Journals** or Periodicals.



Note: Exemption in (i), (ii), (iii) is available only to schools upto HSC or equivalent. [College ✗]
Exemption in (v) is available only to College. [Schools upto HSC/approved vocational courses ✗]

Educational institution means an institution providing services by way of:

- (i) **Pre-school education & education upto HSC** or equivalent; [School upto 12th]
- (ii) Education as a part of a curriculum for obtaining qualification recognised by any law in India;
[Degree courses by colleges, universities or institutions - GST ✗; Private coaching – GST Applicable]
- (iii) Education as a part of an **approved vocational education course**.

Private ITIs

- If education provided by Private Indian Training Institute is approved as vocational educational course - **GST** ☒.
- Conduct of entrance examination by private ITIs for designated trades - **GST** ☒.
- Admission to or conduct of examination services provided by private ITIs to educational institutions i.r.o such designated trades - **GST** ☒. [Services in other than designated trades - GST chargeable]

Government ITIs

Services provided by Government ITI to trainees/students - **GST** ☒ [as provided by CG/SG]

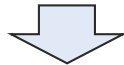
This would cover both vocational training & examinations conducted by Government ITIs.

Note: Central & State Boards are treated as 'Educational Institution' for conducting examination

College/Hostel Mess services

Mess run by educational institution / students - **Exempt** from GST

Mess is outsourced to a third person [Catering services given to educational institution]



It is **taxable** - [Note: Exempt if given to school upto HSC]

Fees for recruitment through campus interviews taken from companies - **GST applicable**

Boarding Schools [Education + Residence + Food] - NO GST on the entire consideration

- This is composite supply if charges for education & lodging & boarding are inseparable
- Such services are naturally bundled & supplied in ordinary course of business
- Thus, principal supply being "education", entire consideration for the supply will be exempt.

Dual Degree in a college [only one of which is recognized by law]

Provision of dual qualifications is in nature of two separate services as curriculum & fees for each of such qualifications are prescribed separately.

Service in respect of each qualification would, therefore, be assessed separately.

If an artificial bundle of service is created by clubbing two courses together (only one of which leads to a qualification recognized by law), it shall be treated as a mixed supply.

Note: Incidental auxiliary courses provided by way of hobby classes or extra-curricular activities will be an example of naturally bundled course, and therefore treated as composite supply.

Governing Principle for distinguishing between composite supply & mixed supply:

Amount of extra billing being done for unrecognized component viz-a-viz the recognized course.

If extra billing is being done, it may be a case of artificial bundling of two different supplies, not supplied together in ordinary course of business, and therefore will be treated as a mixed supply, attracting the rate of higher taxed component for entire consideration.

Note: If output services are exempted, educational institutions may not be able to avail ITC on input services.

IIMs

- IIMs fall under purview of 'educational institutions'
- IIMs provide various long duration programs (1 year or more) – **NO GST**
- IIMs also provide various short duration/ short term programs (less than 1 year) for which they award participation certificate – **GST applicable @ 18%**

Amendment - any authority set up by the central government or state government for conduct of entrance examination for admission to educational institution shall be treated as educational institution. This, exempt. Example services by national board examination

It is clarified that GST is exempt on services provided by Central or state boards including the boards such as NBE by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution. Therefore GST shall not apply to any fee or any amount charged by such boards for conduct of such examinations including entrance examinations

GST is also exempt on input services relating to admission to or conduct of examination such as online testing service, result publication, printing of notification for examination, admit card and a question papers et cetera, when provided to such boards.

GST is applicable to other services provided by such boards namely of providing a accreditation to an institution



Category D – Medical services

1. Services by a Veterinary Clinic in relation to health care of animals or birds.
2. Services by way of:
Health care services by **Clinical Establishment**, Authorised **Medical Practitioner** or Para-medics;
Transportation of a patient in Ambulance
However, exemption shall not be available to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5,000 per day to a person receiving health care services.
3. ~~Services provided by **Cord Blood Banks** by way of Preservation of Stem Cells or related services.~~

4. ~~Services provided by operators of **common bio-medical waste treatment** facility to clinical establishment by way of treatment or disposal of bio-medical waste or incidental processes.~~
Services of public conveniences [Facilities of washrooms, lavatories, urinal or toilets]

What is Paramedics? - Trained health care professionals [Nurse, physiotherapists, lab assistants]

Food Supplied –

Food supplied **to patients** = Composite supply of healthcare - **GST** ☒

Food supplied **to any other person** (visitors, staff of hospital) - **GST applicable**

What is health care service?

Health care Services means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India (Does not Include Reiki) & **includes transportation of patients to and from clinical establishment**

DOES NOT INCLUDE - hair transplant or cosmetic or

plastic surgery Except when undertaken to restore or to reconstruct anatomy or functions of the body affected due to congenital defects, developmental abnormalities, injury or trauma



Room Rent –

Rent of rooms provided to patients in hospitals - **GST** ☒

Hospital Fees –

Including retention money & fee/payments made to doctors - **GST** ☒

Other Services –

Renting of shops, advertisement in hospitals - **GST applicable**

Services provided by such senior doctors / consultants / technicians, whether employees or not, are health care services which are exempt from GST

Entire amount charged by hospitals from the patients including the retention money and the fee / payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is **exempt**
Example – Hospitals charged Rs 1,00,000 from patients and paid 60,000 to the doctors, entire 1,00,000 would be exempt

Services by way of Assisted Reproductive Technology (ART) procedures such as In vitro fertilization (IVF)

❖ As per the definition of health care services given earlier, it means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Category E – Services provided by Government – REFER MASTER CHART

1. Services provided by CG, SG, UT, LA EXCLUDING the following services by/in relation to:
 - a. Department of Posts by way of **Examples** **Except for**
 - a. Speed post, **Post Card** **Inland letter** **Book post**
 - b. Express parcel post, **Ordinary post – envelopes weighing < 10 gms**
 - c. Agency services [Distribution of MF, passport applications, collection of telephone & electricity bills]
 - d. Life insurance &
 - b. Aircraft/vessel, inside or outside the precincts of port or airport;
 - c. Transport of Goods or Passengers; or
 - d. Any service other than (a) to (c) provided to Business Entities.

2. Services provided by CG, SG, UT, LA to BE with aggregate TO **upto 20 lacs / 10L (SCS) / 40L in** preceding FY - Note: This entry shall not be applicable to following services: (a), (b) & (c) of above Entry. & Renting of immovable property
3. Services provided by CG, SG, UT, LA to CG, SG, UT or LA. Note: Nothing contained in this entry shall apply to 1. (a), (b) & (c).
4. Services provided by CG, SG, UT, LA if consideration for such services **≤ Rs. 5,000**. Continuous supply of service - Exemption is available only if consideration charged for such service **≤ Rs. 5,000** in a FY. Note: Nothing contained in this entry shall apply to 1. (a), (b) & (c).
5. Supply of service by a Government Entity to
 - CG, SG, UT, LA or
 - any person specified by CG, SG, UT, LA for which consideration is received from CG, SG, UT, LA in form of grants.
6. Services supplied by CG, SG, UT to their undertakings or PSUs by way of guaranteeing the loans taken by such undertakings or PSUs from Banking Co / FIs
7. Services by old age home run by CG, SG, registered charitable trust to its resident (> 60 yrs)
 - against consideration **upto Rs. 25,000 per month per member**,
 - provided that consideration is inclusive of charges for boarding, lodging & maintenance.
8. Services provided by CG, SG, UT, LA by way of:
 - registration required under any law for the time being in force;
 - **testing, calibration, safety check** or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law.





Category F – Services TO Government

- issuance of **passport**, visa, driving license, birth certificate or death certificate.
 - **tolerating non-performance of a contract** for which consideration in form of fines or liquidated damages is payable to CG, SG, UT, LA under such contract. [Treated as supply of service] – Non performance of contract
 - Assignment of right to use natural resources to individual farmer for cultivation & rearing all forms of life forms except rearing of horses.
9. Services by CG, SG, UT by deputing officers after office hours or on holidays for inspection or container stuffing for import export cargo on payment of Merchant Overtime charges
10. Services provided by recognised rehabilitation professionals by way of rehabilitation, therapy or counselling at medical establishments, educational institutions, rehabilitation centers established by CG/SG/UT/registered charitable trust.
11. Services supplied by SG to Excess Royalty Collection Contractor (ERCC) by way of assigning right to collect royalty on behalf of SG on mineral dispatched by mining leaseholders.
- At end of contract period, ERCC shall submit an account to SG & certify that GST deposited by mining leaseholders on royalty > GST exempted on service provided by SG to ERCC of assignment of right to collect royalty;
 - If GST paid by mining leaseholders < GST exempted, exemption shall be restricted to amount = amount of GST paid by mining leaseholders &
 - ERCC shall pay difference b/w GST exempted on service provided by SG to ERCC of assignment of right to collect royalty & GST paid by mining leaseholders on royalty.

1. Service by Fair Price Shops to CG, SG or UT by way of sale of food grains, kerosene, sugar, edible oil, under **Public Distribution System** (consideration being commission/ margin)
2. To CG, SG, UT under **any insurance scheme** for which total premium is paid by CG, SG, UT.
3. To CG, SG, UT under **any training programme** where **75% or more** all expenditure is borne by CG, SG, UT
4. ~~Services provided by GSTN to CG, SG, UT for implementation of GST~~
5. **Pure services** (except works contract or other composite supplies involving supply of goods)
 - provided to CG, SG, UT, LA ~~or Governmental authority or Government Entity~~
 - by way of any activity:
 - in relation to any function entrusted to a Panchayat under article 243G.
 - in relation to any function entrusted to a Municipality under article 243W
6. **Composite supply of G&S** (in which **value of goods ≤ 25% of total value of composite supply**)
 - provided to CG, SG, UT, LA ~~or Governmental authority or Government Entity~~
 - by way of any activity:
 - in relation to any function entrusted to a Panchayat under article 243G.
 - in relation to any function entrusted to a Municipality under article 243W.

It is clarified that free coaching services provided by coaching institutions and NGOs under the central scheme of “Scholarships for students with Disabilities” where 75% or more of the expenditure is borne by the Government to coaching institutions by way of grant in aid is covered under this entry and hence is exempt from GST.



Category G – Construction service

Construction & related services by way of **Pure Labour Contracts** of a civil structure or any other **original works** (newly built) pertaining to beneficiary-led individual house construction/ enhancement under 'Housing for All (Urban) Mission' or Pradhan Mantri Awas Yojana.

Construction & related services by way of pure labour contracts of original works pertaining to

'Single Residential unit' otherwise than as a part of residential complex (> 1 residential unit).

Construction & related services supplied by Electricity Distribution Utilities for extending electricity distribution network upto tubewell of farmer or agriculturalist.

Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer.

Condition for Exemption

Constructed flats are sold before earlier of:

- (i) issuance of completion certificate or
- (ii) first occupation of project, & tax is paid on them.



Withdrawal of Exemption

If flats are sold after issue of completion certificate.

Such withdrawal shall be limited to 1% of value (in case of affordable houses) & 5% of value (in case of other houses).



Note

The term '**single residential unit**' means:

A self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family



Category H – Transportation of passengers

1. Transport of passengers (with or without accompanied belongings)
 - By Air (Economy) [Starting or ending in airport located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Bagdogra located in West Bengal]
 - Non-AC contract carriage (other than radio taxi) excluding tourism, tour, charter or hire – usage should be decided by the employer (not employee) on a pre-determined route
 - Non-AC Stage carriage.

Note – no exemption if point 2 and 3 are supplied through an ECO

2. Transportation of passengers by
 - a. Railway other than
 - (i) 1st class; or
 - (ii) AC coach;
 - b. Metro, monorail or tramway
 - c. Inland waterways
 - d. Public transport in vessel b/w places in India (other than predominantly for tourism)



Note: Transportation of passengers in normal public ships or other vessels that sail between places located in India would be exempt even if some of the passengers on board are using the service for tourism because predominantly, such service is not for tourism purpose.

However, services provided by leisure/charter vessels/a cruise, predominant purpose of which is tourism, would be liable to GST even if some of the passengers in such vessels are not tourists.

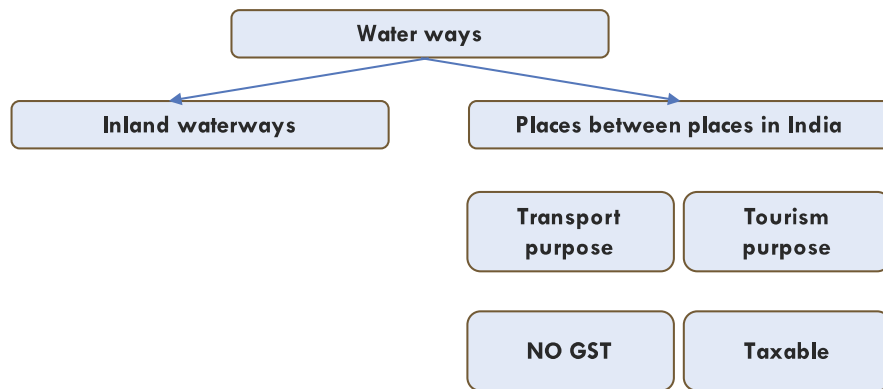
- e. Metered cabs or Auto rickshaws (including e-rickshaws power \leq 4,000 watts)

f. No exemption if service is provided through an ECO

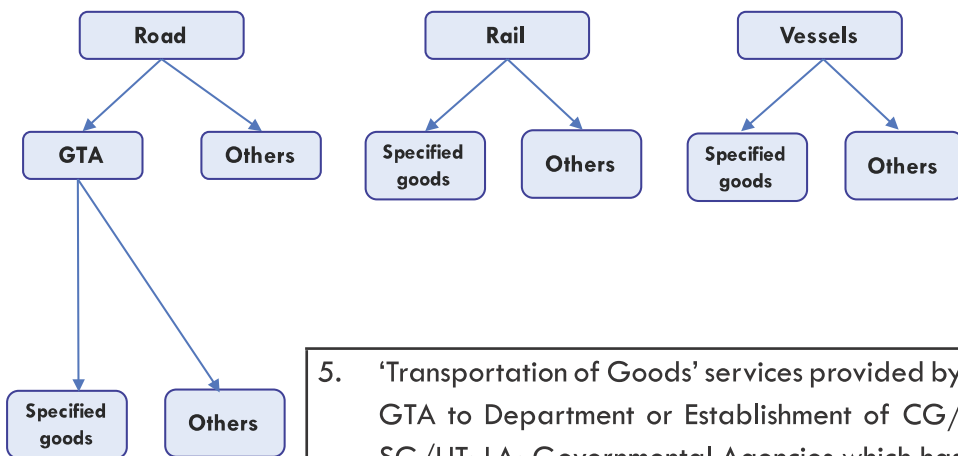
3. Transportation of passengers to CG by Air starting or ending at a RCS (Regional Connectivity Scheme) airport, against consideration in form of viability gap funding.

Note: Nothing contained in this entry shall apply on/after expiry of 3 years from date of commencement of operations of the RCS airport as notified by the Ministry of Civil Aviation





Transportation of goods ←



5. 'Transportation of Goods' services provided by GTA to Department or Establishment of CG/SG/UT; LA; Governmental Agencies which has taken GST registration only for deducting tax u/s 51 & not for making a taxable supply of G&S.

Category I – Transportation of goods

1. Services by way of transportation of goods by:
 - (a) **Road** [Except (a) GTA; (b) Courier agency]
 - (b) **Inland waterways**
2. Transportation by **Rail or Vessel** of the following goods:
 - (a) Relief materials meant for victims of natural or man-made disasters, calamities, accidents;
 - (b) Defence or military equipments;
 - (c) Registered newspaper or magazines;
 - (d) ~~Railway equipments or materials;~~
 - (e) Agricultural produce;
 - (f) Milk, salt & food grain including flours, pulses & rice;
 - (g) Organic manure.
3. Services provided by **GTA** by way of transport of
 - (a) Relief materials meant for victims of natural or man-made disasters, calamities, accidents; Defence or Military equipments;
 - (b) Registered Newspaper or magazines;
 - (c) Agricultural Produce; Organic manure.
 - (d) Milk, Salt & food grain including flours, pulses & rice;
 - (e) ~~Goods [If consideration from a single consignee for all such goods ≤ Rs. 750].~~
 - (f) ~~Goods [If consideration charged on consignment transported in single carriage ≤ 1,500]~~
4. Services provided by GTA to URP, including unregistered CTP other than the specified persons (as mentioned under the chapter 'Charge')



Transport of minerals within a mining area by vehicles deployed with driver for a specific duration of time

The issue which arose for consideration was whether transport of minerals within a mining area, say from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time would be covered under Entry 18 which exempts transport of goods by road except by a GTA.

Usually in such cases the vehicles such as tippers, dumpers, loader, trucks etc., are given on hire to the mining lease operator. Expenses for fuel are generally borne by the recipient of service. The vehicles with driver are at the disposal of the mining lease operator for transport of minerals within the mine area (mining pit to railway siding, beneficiation plant etc.) as per his requirement during the period of contract.

Such services are nothing but “rental services of transport vehicles with operator”. The person who takes the vehicle on rent defines how and when the vehicles will be operated, determines schedules, routes and other operational considerations.

The person who gives the vehicles on rent with operator cannot be said to be supplying the service by way of transport of goods.

Accordingly, it is clarified that such renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator and not service of transportation of goods by road. Consequently, it is not eligible for exemption under Entry 18³⁹.



Category J – Banking and Financial Services

1. ~~Services BY Reserve Bank of India~~
2. Services provided by Banking Company to Basic Saving Bank Deposit (BSBD) A/c holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)
3. Services by way of
 - (a) **Extending deposits**, loans or advances consideration for which is represented by Interest or Discount (other than interest involved in credit card services).
 - (b) **Sale/Purchase of Foreign Currency** amongst banks or authorised dealers of foreign exchange or amongst banks & such dealers.
Note: Services relating to Sale/Purchase of Foreign Currency provided to general public → GST applicable
Note: Services provided by banks to RBI → GST applicable
 - (c) **Services by acquiring bank to any person in relation to settlement upto Rs. 2,000** in a single transaction transacted through credit card, debit card, etc. Acquiring bank: Any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.
 - (d) Services by **Intermediary of financial services** located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located o/s India for international financial services in currencies other than Indian rupees (INR)





Category K – Life Insurance Business Services

1. Life insurance business services provided by way of annuity under National Pension System
2. Life insurance business services provided by Army, Naval & Air Force Group Insurance Funds to members of Army, Navy & Air Force under Group Insurance Schemes of CG
3. Life insurance services by Naval Group Insurance Fund to personnel of Coast Guard
4. Life insurance business services provided under following schemes:
 1. Janashree Bima Yojana
 2. Aam Aadmi Bima Yojana
 3. Varishtha Pension Bima Yojana
 4. Pradhan Mantri Jan Dhan Yojana
 5. Pradhan Mantri Vaya Vandana Yojana
 6. Pradhan Mantri Jeevan Jyoti Bima Yojana
 7. Life micro-insurance product having maximum amount of cover of Rs. 2,00,000



Category L – Services provided by specified bodies

1. Services by Employees' State Insurance Corporation to the governed persons
2. Services by Employees PF Organisation to the governed persons
3. Services by Coal Mines PF Organisation to the governed persons
4. Services by NPS Trust to its members against consideration (administrative fee)
5. Services by IRDAI to insurers under IRDAI Act, 1999
6. Services by SEBI by way of protecting the interests of investors in securities and to promote development of, and to regulate, securities market.



Category M – Pension scheme

1. Services by way of collection of contribution under Atal Pension Yojana
2. Services by way of collection of contribution under any pension scheme of SG



Category N – General Insurance Business Services

1. General insurance business services provided under following schemes
 - a. Hut Insurance Scheme;
 - b. Cattle Insurance under Swarnajayanti Gram Swarozgar Yojana²⁸;
 - c. Scheme for Insurance of Tribals;
 - d. Janata Personal Accident Policy and Gramin Accident Policy;
 - e. Group Personal Accident Policy for Self-Employed Women; Agricultural Pumpset and Failed Well Insurance;
 - f. premia collected on export credit insurance;
 - g. Restructured Weather Based Crop Insurance Scheme (RWICIS), approved by the Government of India and implemented by the Ministry of Agriculture;
 - h. Jan Arogya Bima Policy;
 - i. Pradhan Mantri Fasal Bima Yojana (PMFBY);
 - j. Pilot Scheme on Seed Crop Insurance;
 - k. Central Sector Scheme on Cattle Insurance;
 - l. Universal Health Insurance Scheme;
 - m. Rashtriya Swasthya Bima Yojana;
 - n. Coconut Palm Insurance Scheme;
 - o. Pradhan Mantri Suraksha Bima Yojana;
 - p. Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999.
 - q. Bangla Shasya Bima
2. Services by way of Reinsurance of insurance schemes specified above



Category N – General Insurance Business Services

1. Services by business facilitator/correspondent to banking company (w.r.t A/c in rural area)
2. Services by intermediary to business facilitator/correspondent w.r.t services mentioned above
3. Services by business facilitator/correspondent to insurance company in a rural area.



Category P – Leasing Services

1. Upfront amount (called as premium, salami, cost, price, development charges etc) payable for granting of long term lease of **30 years or more** of industrial plots or plots for development of infrastructure for financial business, provided by SG Industrial Development Corporations or by any other entity having **20% or more** ownership of CG, SG, UT to industrial units or developers in any industrial or financial business area

Note - GST exemption on 'upfront amount' is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

2. ~~Services of leasing of assets (wagons, coaches, locos) by IRFC to Indian Railways~~

Amendment

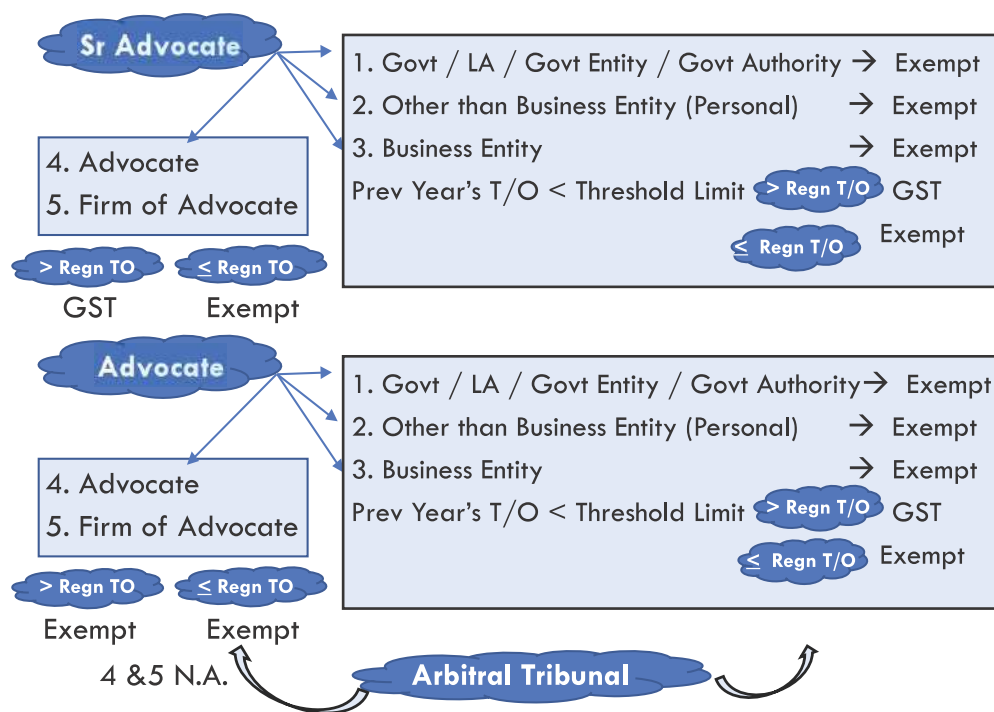
Location charges or preferential location charges (PLC) collected in addition to the lease premium for long term lease

Upfront amount is exempt from GST. Allowing choice of location of plot is integral part of supply of long-term lease of plot and therefore, location charge is nothing, but part of consideration charged for long term lease of plot. Being charged upfront along with the upfront amount for the lease, the same is exempt.

Accordingly, it is clarified that location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and thus eligible for exemption under Entry 4152



Category Q – Legal Services



Category R – Skill Development Service

Service BY	Service TO
1. National Skill Development Corporation	1. National Skill Development Programme implemented by NSDC
2. Sector Skill Council approved by NSDC	2. Vocational skill development course
3. Assessment agency approved by SSC/NSDC	3. Any other Scheme implemented by NSDC
4. Training partner approved by SSC/NSDC	



Category S – Sponsorship services

Services by sponsorship of sporting events organized by:

- (a) National Sports federation/its affiliated federations [District, State, zone or Country level];
- (b) Association of Indian Universities, Inter-University Sports Board, School Games Federation of India,
- (c) All India Sports Council Deaf, Paralympic Committee or Special Olympics Bharat;
- (d) Central Civil Services Cultural & Sports Board; Indian Olympic Association;
- (e) Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.



Category T – Performance by an Artist

- In Folk or Classical art forms of music/dance/theatre
- If consideration charged \leq Rs. 1,50,000.

NOTE

- Activities by an artist in other art forms (western music/dance, modern theatres, performance of actors in films/tv serials, artists in still art forms (painting, sculpture) → **GST applicable**
- Service provided by an artist as Brand Ambassador → GST applicable



Category U – Right to admission to various events

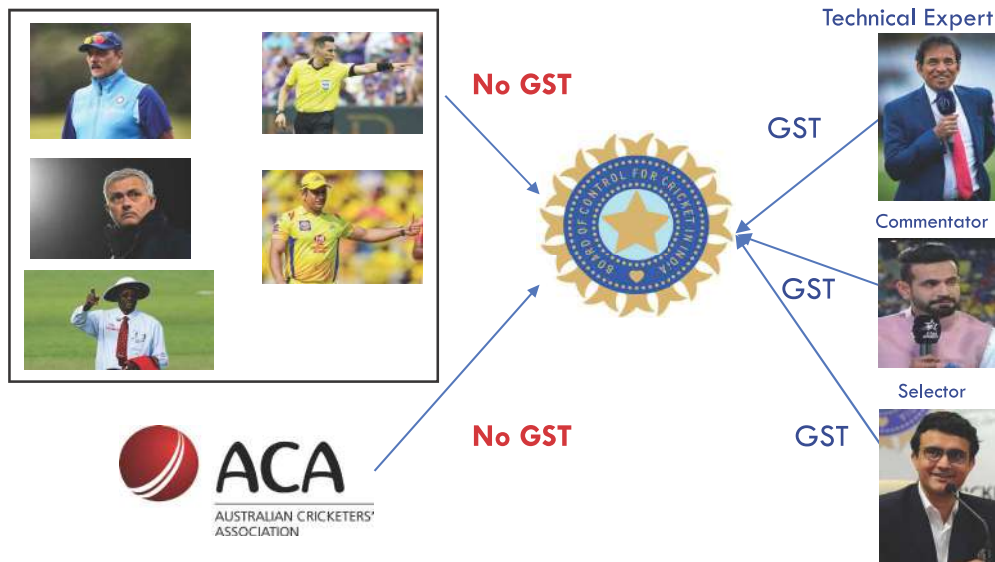
1. Admission to museum, national park, sanctuary, tiger reserve, zoo, protected monument (ANY AMOUNT)
2. By way of right to admission to
 1. Circus, Dance, or theatrical performance (including drama/ballet) Award function, Concert, Pageant, Musical performance, planetarium

If consideration is \leq Rs 500 per person
 2. Recognized sporting event Any sporting event (other than recognised sporting event)

Services provided to a Recognized Sports Body by

- (a) Player, referee, umpire, coach/manager for participation in sporting event organized by RSB
- (b) Another recognized sports body.

Note: Selectors, commentators, curators, technical experts - GST Applicable ; IPL - GST applicable



Category V – Services by co-operative society

1. Service by an unincorporated body or a non-profit entity registered under any law to its own members by way of reimbursement of charges or share of contribution:
 - (a) as a trade union;
 - (b) for the provision of carrying out any activity which is exempt from levy of GST;
 - (c) upto Rs. 7,500 per month per member for sourcing of G/S from third person for common use of its members in a housing society or a residential complex.

Note - If turnover of housing society > applicable threshold limit for registration, it needs to take registration under GST.

However, taking registration does not mean that housing society has to compulsorily charge GST in monthly maintenance bills raised on its members. If services provided by it are exempt, then it is not required to charge GST on the said services.

Remember: Statutory dues such as property tax, electricity charges etc. forming part of monthly maintenance bill raised by the society on its members would be excluded while computing aforesaid monthly limit of Rs. 7500.

2. Services provided by an unincorporated body or a non-profit entity engaged in:
 - (a) activities relating to welfare of industrial or agricultural labour or farmers; or
 - (b) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment to its own members against membership fee upto Rs. 1000/- per member per year.



Category W – Miscellaneous

1. **Transfer of a going concern** (running business), as a whole or independent part thereof.
Example: AM Hotel Group intends to sell its business as a going concern. It would not be required to pay GST on such sale of its business.
2. Supply of services associated with **transit cargo to Nepal & Bhutan** (landlocked countries).
3. Services by way of **Renting of residential dwelling for use as residence.**
4. Services by a **hotel, inn, guest house, club** or campsite for residential or lodging purposes, having Value of Supply of a unit of accommodation **< Rs. 1,000 per day** or equivalent.
Even if hotel charge < 1,000 – it is taxable – no exemption

5. Services by way of **giving on hire (IMP)**
 1. Motor vehicle (carrying > 12 passengers) to **state transport undertaking only**
 2. To the local authority, an **Electrically Operated Vehicle** meant to carry **>12 passengers**
 3. Means of transportation of Goods to **GTA.**
 4. Motor vehicle for transport of **Student, Staff and Faculty** to a person providing transportation services to **schools.**
6. Service by way of access to a road or a bridge on payment of toll charges. **Additional toll charges from NON FASTAG vehicles – EXEMPT**
7. Service by way of access to a road or a bridge on **payment of annuity.**
8. Transmission/distribution of electricity by an **electricity transmission/distribution utility.**
GST applicable
 1. Application fee for releasing connection of electricity; Rental Charges against metering equipment;
 2. Testing fee for meters/transformers, capacitors etc.;
 3. Labour charges from customers for shifting of meter or service line;
 4. Charges for duplicate bill.
9. Services provided by **incubatee upto total turnover of Rs. 50 lacs** in a FY subject to:
 1. Total turnover during preceding FY **≤ Rs. 50 lacs** &
 2. **3 years** has not elapsed from the date of entering into an agreement as an incubatee.

Incubatee: means an entrepreneur located in Technology Business Incubator (TBI)/ Science & Technology Entrepreneurship Park (STEP) recognised by NSTEDB.
10. Taxable services, provided by TBI/STEP or bio-incubators.
11. Licensing, registration & analysis or testing of Food Samples.
12. Services by way of Collecting or Providing News by an independent journalist, PTI or UNI.

13. Services by way of providing information under the RTI Act
14. Services of Public Libraries by way of lending of books, publications.
15. Services by organiser to any person in respect of a business exhibition held outside India.
16. Services by way of slaughtering of animals.
17. Services by a foreign diplomatic mission located in India.
NOTES
Service provided by Police to PSUs – GST Applicable
Housekeeping services undertaken by the school outside the school premises – GST Applicable

New Service introduced
Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States.
Foreign 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 are exempt However, value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less Further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

“foreign tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes

3 days in India, 2 days in Nepal; Consideration charged for the entire tour: Rs 1,00,000
Exemption: 40,000/- (=1,00,000 x 2/5) or, 50,000 (= 50% of 1,00,000/-) whichever is less, i.e., 40,000/-(i.e., Taxable value: 60,000/-)
2 days in India, 3 nights in Nepal; Consideration charged for the entire tour: 1,00,000/-
Exemption: 60,000 (= 1,00,000 x 3/5) or, 50,000 (= 50% of 1,00,000) whichever is less, i.e., 50,000(i.e., Taxable value: 50,000)
2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: 1,00,000/-
Exemption: 54,545 (= 1,00,000 x 3/5.5) or, 50,000 (= 50% of 1,00,000) whichever is less, i.e., 50,000/-(i.e., Taxable value: 50,000)

Clarification on rentals of dumper & tipper etc.
Usually in such cases the vehicles such as tippers, dumpers, loader, trucks etc. are given on hire to the mining lease operator. Expenses for fuel are generally borne by the recipient of service There services are ‘rental services of transport vehicles with operator.’ It is clarified that such renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles is not eligible for exemption under notification 12/2047

Clarification regarding applicability of on GST the activity of construction of road where considerations are received in deferred payment (annuity)

It is important to note that Entry 23A exempts the access to road or bridge on payment of annuity, but it does not cover construction of road services

Thus, it has been clarified that Entry 23A does not exempt GST on the annuity (deferred payments) paid for construction of roads

GST on honorarium paid to guest anchors

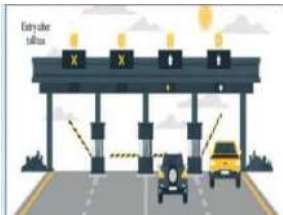
Services provided by the guest anchors in lieu of honorarium would attract GST liability

Liability would arise in case threshold exemption limit for services is crossed

Amendment

 **Clarification on access to roardi / bridge on payment of toil charges .**

(i) Ministry of Road Transport and Highways (MORTH) permitted the overloaded vehicles to ply on the national highways after payment of higher toll charges. It has been clarified that overloading charges at toll plazas would get the same treatment as given to toll charges.



(ii) MORTH⁵⁹ has directed to collect additional amount from the users of the road to the extent of two times of the fees applicable to that category of vehicle which is not having a valid functional Fastag.

Essentially, the additional amount collected from the users of the road not having a functional Fastag, is in the nature of toll charges and should be treated as additional toll charges. Therefore, it is clarified⁶⁰ that additional fee collected in the form of higher toll charges from vehicles not having Fastag is essentially payment of toll for allowing access to roads or bridges to such vehicles and may be given the same treatment as given to toll charges.

6

TIME OF SUPPLY

CA CS CMA – Inter / Executive

Remember TOS in 5 mins

Goods

FCM

RCM

Date of Invoice

Receipt of goods

Earlier

Last date of issuing Invoice

Date of Payment

Earlier

31

31st day from the date of issue of invoice by supplier

Movement

Non-Movement

Continuous

Goods sent on approval basis

Removal of goods for supply to recipient

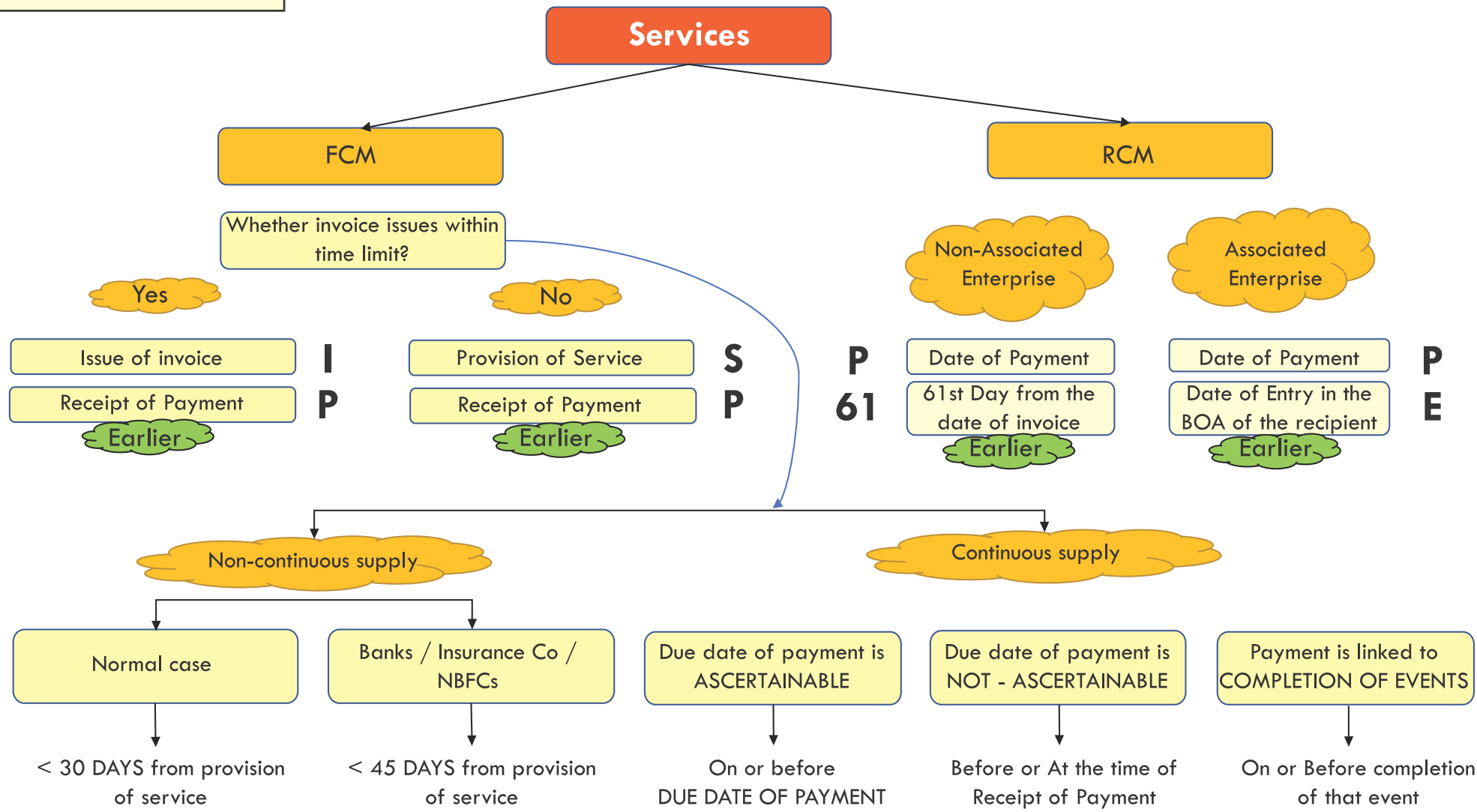
Delivery

Before or at the time of
- Each statement; OR
- Receipt of payment

- At the time of supply (When buyer gives his assent); OR
- 6 months from the date of removal

I Liked Raju Pandya when he was 31

Remember TOS in 5 mins



I Proposed Shaki Pandya when Pandya was 61 – when I saw him in Pakistan-England Match

Introduction

1. GST is payable on supply of **goods or services**.
2. **Question** - at what point of time in the aforesaid transaction, the GST becomes payable?
3. Time of supply indicates the **point in time when the liability to pay tax arises**.
4. To understand concept of time of supply, we must first know time period for issuance of Tax Invoice.

Time of issue of tax invoice for supply of goods [Sec 31]

1. Generally [Sec 31(1)] - Before or at the time of

Situation	Time of issue of invoice for goods
If supply involves Movement of Goods	Removal of goods for supply to the recipient
In other cases	Delivery of goods or making available to the recipient

Example

Amit Manufacturers, Maharashtra supplies goods to Mahajan Steel Center, Delhi. The goods were removed from its factory in Maharashtra on 23rd December. Amit Manufacturers needs to issue a tax invoice on or before 23rd December

2. **Continuous supply [Sec 31(4)] – Where Successive statements of A/Cs or Payments are involved**
Before or at the time each such statement is issued or each such payment is received

Example

Gas is supplied by a pipeline to the recipient. The supply is to be made for a period of one year. Monthly payments are to be made by the recipient as per the contract. The details of the payment made are:
July 5, August 5, September 5 - Payments of Rs 2 lakh made in each month
Determine TOS

A registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the earlier of date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received. Therefore, invoices should be issued for Rs 2 lakh each on or before July 5, August 5 and September 5, when monthly payments of Rs 2 lakh are received.

Thus, assuming that the invoice is issued on July 5, August 5 and September 5, the time of supply for the purpose of payment of tax will be July 5, August 5 and September 5 respectively for goods valued at Rs 2 lakh each.

3. Goods sent on approval [Sec 31(7)]

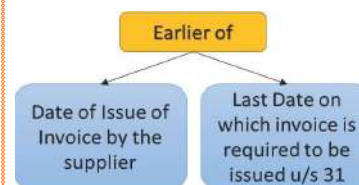
1. Date when Recipient **indicates** that he has accepted the supply of goods; (i.e at the time of supply)
 2. **Within 6 months** from the Date of **Removal**
- Whichever is **earlier**

I. Time of Supply of goods

Forward Charge [Section 12(2)]

Important points:

1. No GST is payable on advances received for supply of goods under Forward charge
2. Excess Payment Received upto Rs. 1,000: If Payment received > value of goods in Invoice (excess being) upto Rs. 1,000; Supplier can choose to take Date of Invoice issued w.r.t such excess amount as Time of Supply of goods for such excess value
3. Supply shall be deemed to have been made to the extent it is covered by the invoice/ payment



Questions for practice

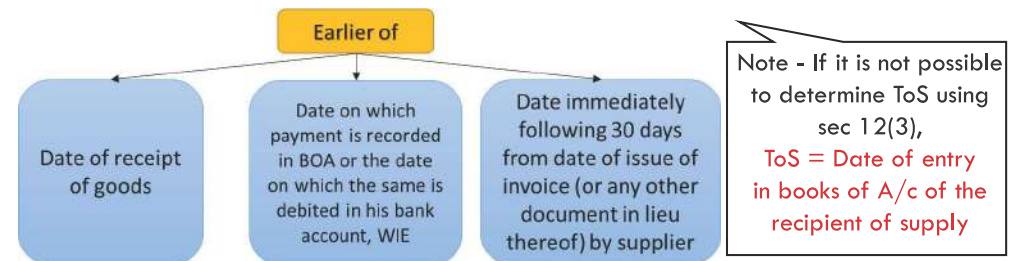
Determine TOS

Sr No	Date of removal	Date of invoice	Date when goods made available	Date of payment
1	1.02.2019	2.02.2019	3.02.2019	15.03.2019
2	3.02.2019	1.02.2019	4.02.2019	25.02.2019
3	4.03.2019	4.03.2019	6.03.2019	1.02.2019

Answer

Sr No	Date of removal	Date of invoice	Time of Supply	Reason
1	1.02.2019	2.02.2019	1.02.2019	Since invoice is not issued on/ before the date of removal, ToS is date of removal of goods
2	3.02.2019	1.02.2019	1.02.2019	Since invoice is issued prior to date of removal of goods, ToS is date of issuance of invoice
3	4.03.2019	4.03.2019	4.03.2019	Since invoice is issued prior to date of removal of goods, TOS is date of issue of invoice

Reverse Charge [Section 12(2)]



Example - Determine the time of supply from the given information.

May 4 – Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)

June 12 - Bridge & Co receives the goods

June 30 - Bridge & Co makes the payment

Answer: Here, June 4 will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3)].

Determine the TOS in the following cases

Sr No	Date of invoice	Date of receipt	Date of payment by recipient of goods
1	30.11.2022	2.12.2022	25.11.22 – Part Payment made 28.12.22 – Balance amount paid
2	1.11.2022	5.12.2022	Payment is entered in the books of accounts on 25.22.22 and Dr in recipient's Bank ac on 28.11.22
3	30.11.22	2.12.22	Payment is entered in the BOA on 25.11.22 and Dr in recipient's Bank Ac on 20.11.22

In case of RCM – TOS will be earlier of

- a. Date of receipt of goods
- b. Earlier of
 - i. Date on which payment entered in BOA of recipient
 - ii. Date on which payment is Debited from Bank A/c by Supplier
- c. Date immediately following 30 days from date of issue of invoice by supplier

Sr No	Date of invoice	31st day from date of invoice	Date of receipt	Date of payment by recipient of goods	TOS
1	30.11.22	31.12.22	2.12.22	25.11.22 – Part Payment made 28.12.22 – Balance amount paid	25.22.22 – Part payment 2.12.22 – Balance payment
2	1.11.22	2.12.22	5.12.22	Payment is entered in the books of accounts on 25.22.22 and Dr in recipient's Bank ac on 28.11.22	25.11.22
3	30.11.22	31.12.22	2.12.22	Payment is entered in the BOA on 25.11.22 and Dr in recipient's Bank Ac on 20.11.22	20.11.22

Interest, Late fee, Penalty for delayed payment of consideration

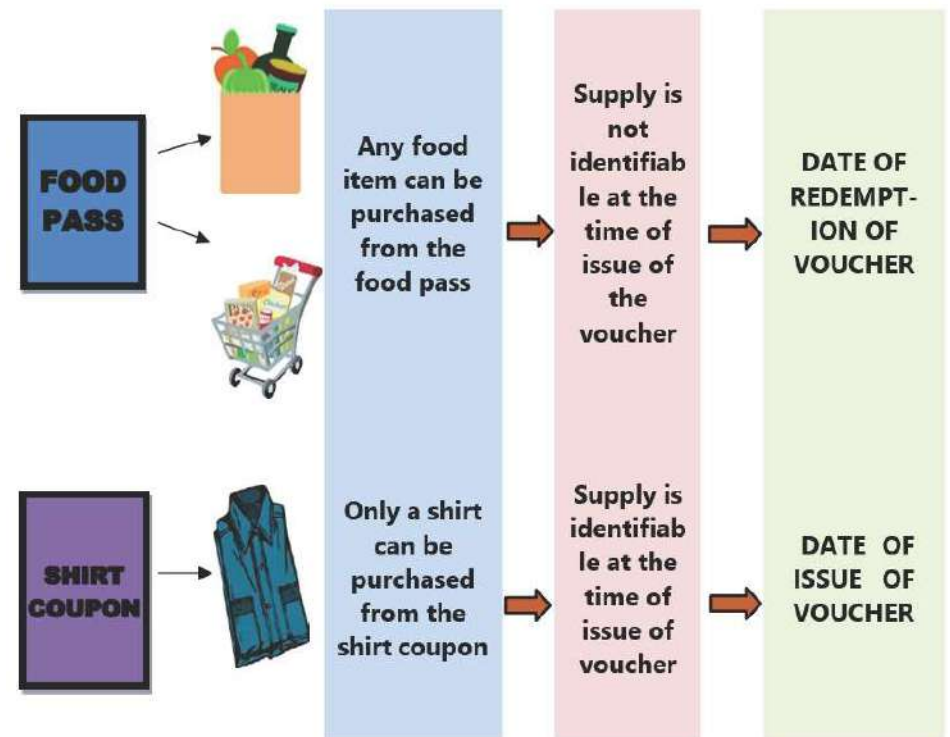
Time of Supply - Date of receipt of such amount by supplier

Mahajan Traders sold goods to Shyam Sales on 6th June with a condition that interest @ 2% per month will be charged if Shyam Sales failed to make payment within 15 days of delivery of the goods. Goods were delivered as also the invoice was issued on 6th June. Shyam Sales paid the consideration for the goods on 6th July along with interest.

ToS for the goods sold is the date of issue of invoice i.e., 6th June & ToS for addition in value by way of interest is date when such addition in value is received by Radha Traders i.e., 6th July.

TIME OF SUPPLY

Vouchers exchangeable for goods [Sec 12(4)]



Residual cases [Sec 12(5)]

If it is not possible to determine Time of Supply using 12(2), 12(3), 12(4)

If GST Periodical Return has to be filed	Date on which such return is to be filed
All other cases	Date on which GST is paid

II. Time of Supply of Services

Time of Issue of Tax Invoice for Supply of Services [Sec 31]

Generally – [Sec 31(2)]

Situation	Time of issue of invoice for services
Normal cases	Within 30 days from the date of provision of service
In case of Insurance, Banks and NBFC	Within 45 days from the date of provision of service

Continuous Supply [Sec 31(5)]

Situation	Time of issue of invoice for services
Due date of Payment is ascertainable from contract	On/before due date of payment
Due date of Payment is not ascertainable from contract	Before/at time of receipt of payment
Payment is linked to completion of an event	On/before completion of that event

Supply of services ceases before completion of supply (under a contract) [Sec 31(6)]

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

Example

Mr. X had a contract for supplying services for 365 days for Rs. 36,500. However, after 50 days, he has stopped supply of service. He has asked you for an advice as to whether he should raise an invoice or not?

Answer: Yes. Where a supply of service ceases before its completion, an invoice has to be issued at the time when the supply ceases, i.e., on 50th day. Invoice shall be issued to the extent of service provided before its cessation

Forward Charge [Section 13(2)]

Situation	Time of supply (Earlier of..)
If invoice is issued within Time limit	Date of (i) Issue of invoice or (ii) Receipt of Payment
If invoice is not issued within Time limit	Date of (i) Provision of service or (ii) Receipt of Payment

If ToS cannot be found out using above provisions



ToS = Date of receipt of services as shown in books of A/c of recipient

Supply shall be deemed to have been made to extent it is covered by invoice or payment

Excess Payment Received upto Rs. 1,000: Same as supply of goods.

Example - Determine the time of supply from the following particulars

6 May	Booking of convention hall, sum agreed ` 15000, advance of Rs 3000 received
15 Sept	Function held in convention hall
27 Oct	Invoice issued for Rs 15000, indicating balance of Rs 12000 payable
3 Nov	Balance payment of Rs 12,000 received

Answer: The tax invoice is to be issued < 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. In a case where the invoice is not issued within the prescribed time, the TOS of service is the date of provision of service or receipt of payment, whichever is earlier. Thus, TOS of service of Rs 3,000 is 6th May as the date of payment of ₹ 3000 is earlier than the date of provision of service. The TOS of the balance Rs 12,000 is 15th September.

Reverse Charge [Section 13(3)]

Earlier of	1. Date of receipt of payment
	2. 61st days from date of issue of invoice (or any other document in lieu thereof) by supplier

Import of services between associated enterprises

In the case of service received from an associated enterprise located outside India, the time of supply will be **EARLIER OF:**

- i. Date of entry of service in books of A/c of the recipient
- ii. Date of Payment

Note: If it is not possible to determine ToS using sec 12(3),

ToS = Date of Entry in books of A/c of Recipient of Supply

Vouchers exchangeable for services [Section 13(4)] – SAME AS GOODS

Example

Best Hospitality Services enters into agreement with Drive Marketing Ltd by which Drive Marketing Ltd. markets Best Hospitality Services' hotel rooms and sells coupons / vouchers redeemable for a discount against stay in the hotel.

Answer: As the supply against which the voucher will be redeemed is identifiable, the time of supply of the voucher will be its date of issue

Interest, Late Fee, Penalty – SAME AS GOODS

Second Proviso to Rule 47 [Inter – branch Transfer]

- Insurance/banking companies/FIs/NBFCs/Telecom companies/notified supplier of services
- making taxable supplies b/w distinct person u/s 25
- invoice may be issued
 - before or at time of recording such supply in books of A/c or
 - before expiry of quarter during which supply was made

Additional Notes

7

VALUE OF SUPPLY

CA CS CMA – Inter / Executive

Introduction

1. GST is a ad-valorem duty i.e. duty levied as a percentage of the value of supply of goods / services
2. Thus, it is **important to evaluate the value of supply** on which tax is to be paid
3. Section 15 of CGST Act supplemented with Chapter IV: Determination of Value of Supply of CGST Rules prescribes provisions for determining value of goods and services
4. When value cannot be determined u/s 15, same is determined using Valuation Rules [Chapter IV]

Transaction Value

VOS of goods /services = Transaction value (Price actually paid / payable) if

- i. Supplier & Recipient are **not Related** &
- ii. **Price is Sole Consideration** for supply

Example - Wholesale price for 1 MT of cement sold by X Ltd. in the ordinary course of business : Rs 7,000. Price of 1 MT of cement sold by X Ltd. to unrelated customer Y: Rs 6,700

Inclusions in value of supply [Sec 15(2)]

Taxes	Any taxes, duties, cess, fees & charges (if charged separately) Except GST & related Cess.
TCS	TCS (tax collected at source) should not be included in VoS

Payment to 3rd party by the Recipient on behalf of the supplier

1. Any amount paid/payable by recipient to 3rd party
2. Which supplier is liable to pay in relation to such supply &
3. Such payment is not included in price

Note: Amount paid by the recipient to 3rd party will be added to VoS only when the supplier is under contractual liability to make payment to such third parties & said payment is in relation to such supply

Example - Grand Biz contracts with ABC Co. to conduct a dealers' meet. In furtherance of this, Grand Biz contracts with vendors to deliver goods / services, like water, soft drinks, audio system, projector, catering, flowers etc. at the venue on the stipulated dates at the stipulated prices. Grand Biz is liable to make these payments as contracted.

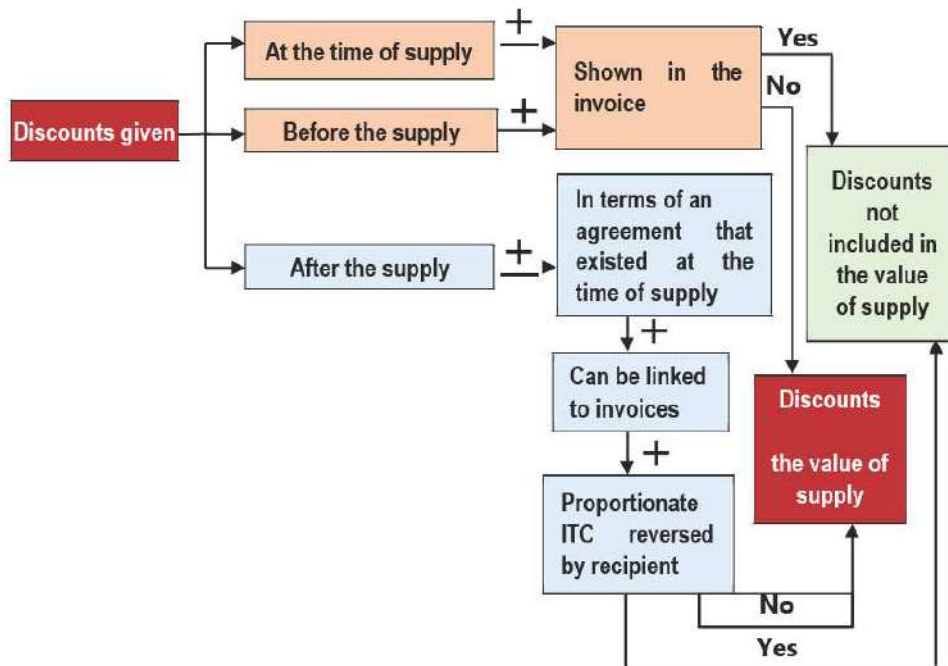
The soft drinks supplier wants payment upon delivery; ABC Co. agrees to pay the bill raised by the soft drinks vendor on Grand Biz, on receiving the crates of soft drinks. This amount is not billed by Grand Biz to ABC Co. However, it would be added to the value of supply provided by Grand Biz to ABC Co. for payment of GST.

Interest, late fee, Penalty	Interest, late fee, Penalty for delayed payment of any consideration for any supply. Example - A supply priced at Rs 2,000 is made, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable. The payment is received after the lapse of 2 months from the date of supply. The amount of interest @ 12% p.a. (i.e. 1% per month) on 2,000 for one month after the free credit period of one month, is ₹ 20. Such interest will be added to the value and thus, the value of supply will work out to be ₹ 2,020, assuming the interest to be exclusive of GST.						
Incidental expenses	Any amount charged for anything done by the supplier i.r.o supply of G/&S at time of, or before delivery/supply of G/S.						
	<table border="1"> <tr><td>1. Commission paid to agent & recovered from recipient</td></tr> <tr><td>2. Packing if charged by supplier to recipient.</td></tr> <tr><td>3. Inspection or certification charges if billed to recipient of supply</td></tr> <tr><td>4. Installation & testing charges [Since charged for something done at time of making supply]</td></tr> <tr><td>5. Weighment charges, loading & designing charges incurred before supply</td></tr> <tr><td>6. Outward freight, transit insurance</td></tr> </table>	1. Commission paid to agent & recovered from recipient	2. Packing if charged by supplier to recipient.	3. Inspection or certification charges if billed to recipient of supply	4. Installation & testing charges [Since charged for something done at time of making supply]	5. Weighment charges, loading & designing charges incurred before supply	6. Outward freight, transit insurance
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6. Outward freight, transit insurance							

	<ol style="list-style-type: none"> Delivery of goods at buyer's premises <ul style="list-style-type: none"> Goods + Delivery + Insurance = Composite supply Principal supply is "supply of goods" Thus, 'Outward freight & Insurance charges' becomes part of value of composite supply & GST is payable on outward freight & insurance charges at rate as applicable for goods Ex-factory basis contract - Outward freight will not be included in value of supply since buyer pays outward freight 	
Subsidies	Subsidies directly linked to the price [excluding subsidies provided by CG/SG]	
	Nature of subsidy	Treatment in value
	Received from CG/SG	Not added to the value of supply
	Received from others	Directly Linked to price of supply Added to value
		Not Linked to price of supply Not added to value

Exclusions in value of supply [Sec 15(2)]

Time of Giving Discount	Treatment
Before or at time of supply	If such discount has been recorded (shown) in invoice issued for such supply, it shall be excluded from VoS
Discount given after supply	<ul style="list-style-type: none"> - If such discount is given as per agreement which existed at time of such supply & specifically linked to relevant invoices & - Proportionate ITC has been reversed by recipient



Value in case of "Discounts"

Discounts including 'Buy more, Save more' offers

- Supplier offers staggered discount to his customers (increase in discount with increase in purchase)
- Such discounts are excluded to determine the value of supply.

Example

Get 10 % discount for purchases above Rs. 5,000; 20% discount for purchases above Rs. 10,000; & 30% discount for purchases above Rs. 20,000. Such discounts are shown on the invoice itself.

- Some suppliers offer periodic/year ending discounts to their stockists, etc.

Example

Get additional discount of 1% if you purchase 10,000 pieces in a year; get additional discount of 2% if you purchase 15,000 pieces in a year.

Note - Such discounts are established in terms of an agreement entered into at/before the time of supply though not shown on invoice as actual quantum of such discounts gets determined after the supply has been effected & generally at year end. In commercial parlance, such discounts are colloquially referred to as "volume discounts". Such discounts are passed on by supplier through credit notes

- Such Discounts offered by suppliers to the customers shall be excluded to determine VoS provided they satisfy the parameters laid down in sec 15(3) of CGST Act, including reversal of ITC by recipient of supply as is attributable to discount on the basis of documents issued by supplier

Secondary Discounts

- **These are the discounts which are not known at the time of supply or are offered after supply.**

Example

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

- Secondary discounts shall not be excluded while determining VoS as such discounts are not known at the time of supply & conditions in sec 15(3)(b) of CGST Act are not satisfied.
- There is no impact on availability or otherwise of ITC in the hands of supplier in this case.

Issue: Issue for consideration is that whether credit notes(s) u/s 34(1) of CGST Act can be issued in such cases even if conditions laid down in sec 15(3)(b) of CGST Act are not satisfied

Clarification: Financial/commercial credit notes can be issued by supplier even if conditions mentioned in sec 15(3)(b) of CGST Act are not satisfied

Examples

1. Parle gives a discount of 30% on list price to its distributors. In an invoice, list price is mentioned as Rs. 200, on which a discount of 30% is given. VoS = Rs. 140, as discount is allowed at time of supply & shown in invoice
2. Agreement of Raju Electrical Appliances with its dealers is that sale of rice cookers over 1000 pieces in Diwali month will entitle them to discount of 5% per cooker. Therefore, quantum of discount can be determined only at the end of Diwali month.

However, since the agreement relating to discount was in existence at the time of supply, & discount can be worked out for each invoice, such post supply discount will be allowed as a deduction from VoS. Raju Electrical Appliances can issue credit note for 5% of value of goods along with GST & claim adjustment of excess tax paid. Dealer must reverse the proportionate ITC on the relevant stock to bring it in line with reduced tax

3. Pink & Blue Pvt. Ltd. (PBPL) sold goods to Orange Pvt. Ltd. (OPL) on 15th January at Rs. 50,000 (exclusive of taxes & discounts) & charged Rs. 9,000 as IGST @ 18%. The terms of supply stipulated that discount @ 2% will be given to OPL if it makes the payment within one month of the supply. OPL avails the input tax credit of Rs. 9,000 in the month of January & makes the payment for the goods on 10th February. PBPL issues credit note for Rs. 1180 [Rs. 1,000 for value of discount & Rs. 180 for proportionate IGST leviable thereon] to OPL on 11th February. After receiving credit note, OPL reverses the input tax credit of Rs. 180 attributable to the discount given by the PBPL. PBPL can reduce its GST liability of the month of February by Rs. 180. OPL would have paid Rs. 57,820 (Rs. 50,000 + Rs. 9,000 - Rs. 1,000 - Rs. 180) to PBPL on 10th February
4. In the above example, if the terms of supply did not provide for discount @ 2% for payment within one month but PBPL offers such discount to OPL at the time of payment after negotiation, the discount will not be allowed as a deduction from the value. PBPL will issue a commercial credit note for only the value of discount, i.e. for Rs. 1,000. OPL will not reverse any input tax credit and PBPL will also not be able to reduce its GST liability for February. In this case, OPL would pay Rs. 58,000 (Rs. 50,000 + Rs. 9,000 - Rs. 1,000) to PBPL on 10th February

Reference to valuation rule [Sec 15(4)]

- If value of supply of G/&S cannot be determined u/s 15(1), it shall be determined in such manner as may be prescribed.
- Applicability:
 - Supplier & recipient are related party
 - Price is not sole consideration for supply.

Value to be adopted for computing GST on services of BFs/BCs to Banking Company

- Agreement of banks with BC specifically prohibits BC from directly charging any fee to customers for services rendered by them on behalf of the bank. However, banks are permitted to collect reasonable service charges from the customers for such service (of BC/BF) in a transparent manner.
- Banking company is the service provider in BF/BC model operated by banking company
- Thus, banking company is liable to pay GST on Entire Value of Service Charge or fee charged to customers (whether or not received via BF or BC)

Amendment

No Claim Bonus permissible as deduction under section 15(3) (a) for the purpose of calculation of value of supply of the insurance services provided by insurance company to insured

The issue which arose for clarification was whether 'No Claim Bonus' (NCB) provided by the 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 the insurance company to the insured.

The insurance companies make the disclosure of the fact of availability of discount in form of NCB, subject to certain conditions, to the insured in the insurance policy document itself and also provide the details of the NCB in the invoices also. The pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of NCB in the invoice is in consonance with the conditions laid down for deduction of discount from the value of supply under section 15(3) (a).

Since as per section 15(3) (a), value of supply shall not include any discount which is given before or at the time of supply if such discount has been duly recorded in the invoice issued in respect of such supply, it is, therefore, clarified that NCB is a permissible deduction under said section for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured.

Accordingly, where the deduction on account of NCB is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by the policy holders to the insurer, after deduction of NCB mentioned on the invoice⁴.

Eligibility & Conditions for ITC

Eligibility

1. Registration is mandatory for availing ITC
2. Goods / services purchased / availed should be used for business purpose

Conditions

1. Input tax credit can be taken on the basis of any of the following documents:
 - (i) Invoice issued under section 31
 - (ii) Debit note issued under section 34
 - (iii) Bill of entry
 - (iv) Invoice prepared in respect of reverse charge basis u/s 9(3) and 9(4)
 - (v) Document issued by ISD u/r 7(1) for distribution of credit referred
2. The registered person taking the ITC must have received the goods and / or services

'Bill to Ship to' Model

Under this model, the goods are delivered to a 3rd party - 'C' on the direction of the customer (registered person) - 'B' who purchases the goods from the vendor (supplier) - 'A'



Story to be discussed in the lecture

3. Tax leviable on supply actually **paid to Government** - Supplier should have actually paid the tax charged on the goods and/or services, for which ITC is being taken (Either by cash or availing ITC)

4. **Return filing** - a taxpayer should file GSTR-3B to avail ITC on eligible inward supplies



Goods received in **LOTS** (In Instalments)



ITC only in the receipt of **last instalment**

Payment for the invoice to be made within 180 days

1. **Can recipient avail the ITC without making a payment to the supplier? – YES**
2. **ONLY** to the extent of 180 days i.e. the Recipient should make a payment within **180 days FROM THE DATE OF INVOICE**
3. **What if he fails to pay?** – Whatever ITC availed by the recipient would be **reversed** and ADDED to outward tax liability + Interest
4. **Rate of Interest – 18% p.a.**
5. **From?** – the **date of availing the credit** (i.e. date of filing of GSTR-3B in which the ITC is availed)
6. **To** – The date on which the **recipient actually makes the payment** of wrongly availed credit (as outward tax liability)

Exceptions

1. **RCM** supplies
2. Deemed supply **without consideration**
3. Additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply as per section 15(2)(b)

A new clause (ba) to sub-section (2) of section 16 of the CGST Act is to be inserted to provide that ITC with respect to a supply can be availed only if such credit has not been restricted

Amendment

1. Details of ITC in respect of the said supply communicated to the registered person under section 38 not restricted [Section 16(2)(ba)]

Section 38 stipulates that the details of outward supplies furnished by the registered suppliers in GSTR-1/using IFF and an auto-generated statement containing the details of ITC is made available to the recipients of such supplies every month. This auto-generated statement is GSTR-2B.

GSTR-2B contains the details of inward supplies (i) on which ITC is available to the recipient as well as (ii) on which ITC cannot be availed, whether wholly or partly, by the recipient. Section 38 stipulates that ITC cannot be availed in case where the details of the outward supplies in GSTR-1/using IFF have been furnished by specified registered persons.

Accordingly, ITC will not be available in respect of inward supplies details of which have been furnished by a registered supplier:

- ❖ who is a new registrant. (Specified period from taking registration will be prescribed for this purpose.)
- ❖ who has defaulted in payment of tax for a prescribed period.
- ❖ whose output tax payable as per GSTR-1/IFF exceeds the output tax paid in GSTR-3B for a particular tax period by prescribed limit.
- ❖ who has availed ITC of an amount that exceeds the credit that can be availed by him as per GSTR-2B during prescribed period and by prescribed limit.
- ❖ who has defaulted in discharging his tax liability in accordance with the provisions of section 49(12) read with rule 86B, i.e. who has discharged more tax liability from electronic credit ledger than prescribed under rule 86B'.
- ❖ other specified classes of persons.

2. **Re-availment of reversed ITC:** Where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him.

Thus, where the said supplier subsequently furnishes the return in GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in GSTR-3B for a tax period thereafter.

If depreciation is claimed on the GST component – Sec 16(3)

If the person taking the ITC on capital goods has claimed depreciation on the GST component - ITC on the said tax component shall not be allowed

Example – Capital Goods purchased for Rs 10L + 1.8L of GST = 11.80L

Situation 1 – Under Income Tax – 11.80L is considered as Capital Assets and claimed depreciation on entire 11.80L – NO ITC – as depreciation is claimed on the GST component of 1.80L

Situation 2 - Under Income Tax – 10L is considered as Capital Assets and claimed depreciation only on 10L – ITC ALLOWED – as depreciation is NOT claimed on the GST component of 1.80L

ONLY 1 Benefit – Either in Income in the form of depreciation Or ITC under GST

Time limit for availing ITC – Sec 16(4)



The time limit u/s 16(4) does not apply to claim for re-availing of credit that had been reversed earlier

If any debit note has been issued in connection with any invoice, date of debit shall be taken into consideration for the purpose of determining the time limit and not the date of invoice to which it relates, eg. Invoice is issued on 12/02/2020 and debit note is issued on 28/05/2020 in this case ITC can be taken maximum upto 20/10/2021 or the date of filing annual return whichever is earlier.

Restriction of ITC

Inward Goods / Services for business purpose / ZRS = ITC allowed

Not for business = ITC is blocked

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

New rule 86B has been inserted in the CGST Rules to restrict the amount available in electronic credit ledger which a RP can use to discharge his output tax liability to **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 Rs 50 lakh.**

This rule overrides all other rules. In simple words – a RP will have to pay at least 1% of the outward tax liability even though he has sufficient balance in the ECL

Example - The total value of inter-State supply of Mahajan & Sons for the month of January 2022 is of Rs 100 lakh. Said supply is taxable @ 18% IGST. Thus, total output tax liability of Mahajan & Sons is Rs 18 lakh. Amount available in electronic credit ledger is Rs 20 lakh (IGST).

In terms of restriction imposed by rule 86B, Mahajan & Sons can discharge 99% of its output tax liability, i.e. Rs 17,82,000 (99% of Rs 18,00,000) from the amount available in electronic credit ledger. However, it has to mandatorily discharge the balance 1% of the output tax liability i.e. ₹ 18,000 (1% of Rs 18,00,000) through electronic cash ledger only

Exceptions

1. Where the said person/proprietor/karta/managing director/any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid **more than Rs 1 lakh** as income tax in each of the last 2 FYs
2. Where the registered person has received a **refund** of more than **Rs 1 lakh** in the preceding FY on account of unutilised ITC in case of
 1. ZRS made without payment of tax or
 2. Inverted duty structure.
3. Where the RP has discharged his liability towards output tax through the electronic cash ledger for an amount which is in **excess of 1%** of the total output tax liability, applied cumulatively, up to the said month in the current
4. **FY Where the registered person is:-**
 1. Government Department
 2. Public Sector Undertaking
 3. Local Authority
 4. Statutory BodyHowever, the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit

Section 17: Apportionment of Credit and Blocked credit

1. Where the goods or services or both are used by the RP partly for the purpose of any business and **partly for other purposes**, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business

2. Where the goods or services or both are used by the RP partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act, and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies
3. The value of exempt supply shall be computed as per **rule 42 and 43**. Exempt supplies shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and building. If Goods/Services have been supplied by a person and GST is to be paid by the recipient under reverse charge, it will be considered to be exempt supply for the supplier and tax credit is not allowed
4. **A banking company or a financial institution** including a NBFC, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse.



Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year.

Provided further that the restriction of 50% shall not apply to the tax paid on supplies made by one registered person to another registered person having the same PAN

5. **Blocked Credit – Section 17(5)**

1. Motor vehicles

A	ITC Blocked	Motor vehicles used for transportation of PERSONS with seating capacity ≤ 13 persons (including driver)
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B	ITC Allowed	When such motor vehicles are used for making following taxable supplies: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <ol style="list-style-type: none"> 1. Further supply of such motor vehicles (Sale); 2. Transportation of passengers (Taxi Business); 3. Imparting training on driving motor vehicles (Driving School)
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Important points

1. ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including driver) used for any purpose is allowed
2. ITC on any other motor vehicle used for any purpose is allowed. (Ex: motor vehicle used for transportation of goods, dumpers, tippers etc).

2. Vessels and Aircrafts


A	ITC Blocked	Other than specified below
B	ITC Allowed	Vessels & Aircraft when used for making following taxable supplies: <ol style="list-style-type: none"> 1. Further supply of such vessels or aircraft (Sale); 2. Transportation of passengers; 3. Imparting training on navigating/flying such vessels/aircraft; 4. Transportation of goods

Examples

1. ITC on aircraft purchased by a manufacturing company for official use of its CEO is blocked.
2. ITC on aircraft purchased by an Aviation School providing training on flying aircrafts, is allowed.

3. Insurance, Servicing, Repair and Maintenance

A	ITC Blocked	General insurance, servicing, repair & maintenance relating to: 1. Motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including driver); 2. Vessels & Aircraft
B	ITC Allowed	1. Such services relating to motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including driver) when used for purposes mentioned in (b) of Motor Vehicle above. 2. Such services relating to vessels or aircraft when used for purposes mentioned in (b) of Vessel & Aircraft above. 3. Such services when received by a taxable person engaged: (i) In manufacture of such motor vehicles, vessels or aircraft; or (ii) In supply of general insurance services i.r.o such motor vehicles, vessels or aircraft insured by him.
Important points		
ITC is not allowed on services of general insurance, servicing, repair & maintenance relating to motor vehicles, vessels or aircraft, ITC on which is not allowed.		
ITC is allowed on services of general insurance, servicing, repair & maintenance relating to motor vehicles, vessels or aircraft, ITC on which is allowed.		
4. Membership of Club, Health & Fitness Centre		
A	ITC Blocked	Membership of Club, Health & Fitness Centre
B	ITC Allowed	Such services are provided by employer to employees under statutory obligation

5. Travel Benefits		
A	ITC Blocked	Travel benefits extended to employees on vacation [Ex: Leave/home travel concession]
B	ITC Allowed	When such services are provided by employer to employees under statutory obligation
6. Others		
A	ITC Blocked	<ul style="list-style-type: none"> a. Food b. Beverages c. Outdoor catering d. Cosmetic surgery (Plastic surgery) e. Health services f. Life insurance and health insurance g. Leasing, renting or hiring of motor vehicles/vessels/aircraft on which ITC is blocked 
B	ITC Allowed	<ul style="list-style-type: none"> 1. Such goods and/or services when used by a registered person for making an outward taxable supply of the same category of goods and/or services (sub-contracting) or as an element of a taxable composite or mixed supply. 2. When such goods and/or services are provided by an employer to its employees under a statutory obligation

Works Contract

Works Contract services for construction of immovable property (other than P&M) Except where it is input service for further supply of works contract service.

ITC is allowed in the following cases:

- a. It is an input service for further supply of works contract service (sub-contracting). [i.e only a works contractor can avail ITC on works contract services received by him]
- b. Immovable property is Plant & Machinery. Thus ITC on works contract services used for construction of such plant and machinery is allowed.
- c. When the value of works contract service is not capitalized. In this case, ITC is allowed to all recipients irrespective of their line of business.

PLACE FOR POST-IT (Master Diagram to be given in the lecture)

Note: If re-construction, renovation, additions or alterations or repairs are not capitalized, it would not tantamount to construction under GST law.

Self construction

ITC is not available.

G/&S received by a taxable person for construction of immovable property (other than P&M) on his own account including when such G/S are used in course of business.

Note: ITC is available when the construction is not on own account; or is of P&M

Other Points

Composition Scheme: G/S on which tax has been paid u/s 10

G/&S received by **NRTP** Except on goods imported by him.

Note: ITC on goods imported by NRTP is allowed but ITC on services imported by him is blocked.

Personal Purpose: G/&S used for personal consumption

Goods lost, stolen, destroyed, written off; disposed of by way of gift/free samples

Any tax paid in accordance with the provisions of Sections 74, 129 & 130.

- 1. Sec 74: SCN issued in case of fraud, to recover the GST.
- 2. Sec 129: Tax is paid, when goods are under detention for further investigation.

- 3. Sec 130: Tax paid, when the goods or conveyance are being confiscated.
- Note: Sec 73: SCN issued in cases other than fraud to recover GST. Thus ITC available

Sec	Persons eligible to take credit	Goods entitled to ITC		Conditions
		Inputs held in stock or CG	As on	
18(1) (a)	Person who has applied for registration within 30 days from date on which he becomes liable to registration & has been granted such registration	Inputs held in stock & Inputs contained in semi finished /FG held in stock	Day immediately preceding date of grant of registration	ITC to be Availed within 1 year from the date of issue of invoice by supplier [Sec 18(2)]
18(1) (b)	Person who obtains Voluntary Registration	Inputs held in stock & Inputs contained in semi finished /FG held in stock	Day immediately preceding date of grant of registration	

Examples	
1.	Mr. Amit becomes liable to pay tax on 1st August and has obtained registration on 15th August. Mr. Amit is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 31st July. Mr. Amit cannot take ITC on capital goods.
2.	Mr. Mahajan applies for voluntary registration on 5th June & obtains registration on 22th June. Mr. Mahajan is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 21st June. Mr. Mahajan cannot take ITC on capital goods

<p>18(1) (c)</p>	<p>RP who ceases to pay tax u/s 10 [Composition tax] & switches to regular scheme</p>	<p>Inputs held in stock & Inputs contained in semi-finished/FG held in stock & Capital Goods</p>	<p>Day immediately preceding date from which he becomes liable to pay tax under regular scheme</p>	<p>ITC to be availed within 1 year from the date of issue of invoice by 18(2)]. ITC on CG will be reduced by 5% per quarter of a year or part from date of invoice</p>
<p>18(1) (d)</p>	<p>RP whose exempt supplies become Taxable supplies</p>	<p>Inputs held in stock & Inputs contained in semi-finished / FG held in stock relating to such exempt supply & capital goods exclusively used for such exempt supply</p>	<p>Day immediately preceding the date from which such supply becomes Taxable</p>	

<p>18(3)</p>	<p>Change in constitution of RP due to sale, merger, demerger, amalgamation, lease, transfer of business or death of sole proprietor with specific provision for transfer of liabilities, such RP shall be allowed to transfer unutilised ITC in his ECL to such sold, merged, demerged, amalgamated, leased or transferred business, successor.</p>
	<p style="text-align: center;">Example</p> <p>Mr. AmitMahajan a registered taxable person, was paying tax under composition scheme upto 30th July. However, w.e.f. 31st July, Mr. AmitMahajan becomes liable to pay tax under regular scheme. Mr. AmitMahajan will be eligible for ITC on inputs held in stock and inputs contained in semi-finished/FG held in stock and on capital goods as on 30th July. ITC on capital goods will be reduced by 5% per quarter from the date of the invoice</p>
<p>18(4)</p>	<p>If any RP who has availed ITC opts to pay tax u/s 10 or where G/&S supplied by him become wholly exempt,</p> <ol style="list-style-type: none"> 1. he shall pay an amount (by way of debit in ECL) or electronic cash ledger, 2. equivalent to ITC i.r.o inputs held in stock & inputs contained in semi-finished/FG held in stock and on capital goods as reduced by such percentage points as may be prescribed, 3. on the day immediately preceding date of exercising of such option or date of such exemption <p>Provided that after payment of such amount, balance ITC lying in his ECL shall lapse.</p>
	<p style="text-align: center;">Example</p> <p>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. ITC taken on such capital goods = C. ITC attributable to remaining useful life = $C \times \frac{5}{60}$</p>

18(6) Supply of Capital Goods/P&M on which ITC has been taken RP shall pay an amount:

- (i) ITC taken on such capital goods/P&M as reduced by 5% per quarter of a year or part
- (ii) Tax on the transaction value of such capital goods or P&M determined u/s 15. (Higher)

Note: If refractory bricks, moulds & dies, jigs & fixtures as scrap are supplied, taxable person may pay tax on transaction value of such goods determined u/s 15.

Self construction

1. ITC of IGST shall first be utilised towards payment of IGST & amount remaining (if any) may be utilised towards the payment of CGST & SGST in that order.
2. ITC of CGST shall first be utilised towards payment of CGST & amount remaining (if any) may be utilised towards the payment of IGST;
3. ITC of SGST / UTGST shall first be utilised towards payment of SGST / UTGST & amount remaining (if any) may be utilised towards payment of IGST; Note: ITC of SGST shall be utilised towards payment of IGST only where the balance of ITC of CGST is not available for payment of IGST;
4. CGST shall not be utilised towards payment of SGST or UTGST &
5. SGST or UTGST shall not be utilised towards payment of CGST.



Memory trick to be discussed in the lecture

ITC w.r.t. sales promotion schemes

1. **Free Samples & Gifts:**
 - ITC shall not be available to the supplier on the inputs, IS & capital goods to the extent they are used in relation to the gifts or free

samples distributed without any consideration.

- However, where the activity of distribution of gifts or free samples falls within the scope of “supply” on account of the provisions contained in Schedule I, ITC shall be available
2. **Buy one get one free offer:** ITC shall be available to the supplier for the inputs, input services & capital goods used in relation to supply of goods or services or both as part of such offers
 3. **Discounts including ‘Buy more, save more’ offers:** ITC shall be available to the supplier for such inputs, input services & capital goods used in relation to the supply of G/&S on such discounts
 4. **Secondary discounts [Such discounts shall not be excluded VoS]**
These are the discounts which are not known at the time of supply. ITC shall be available to supplier.

For CS & CMA students

Rule 42 and Rule 43 – To be discussed in the lecture separately

Eligibility & Conditions for ITC

Supplier	Registration Requirement																
Exclusive Supply of Service Or Supply Of Notified Goods Or Supply Both Goods & Services	Shall be liable to be registered in the State / Union Territory if his aggregate turnover in a financial year exceeds Rs. 20,00,000. However for following specified states, threshold limit is Rs. 10,00,000.																
Exclusive Supply Of Goods Except Notified Goods: 1. Ice-cream and other edible ice 2. Pan Masala 3. Tobacco and manufactured tobacco substitutes 4. Fly ash bricks or fly ash aggregate with 90 % or more fly ash content, Fly ash blocks 5. Bricks of fossil meals or similar siliceous earths 6. Building bricks 7. Earthen or roofing tiles	Registration shall be required if turnover has exceeded Rs. 40,00,000. <table border="1"> <thead> <tr> <th>Limit Shall Be Rs. 20,00,000 In Following States:</th> <th>Limit Shall Be Rs. 10,00,000 In Following States:</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Arunachal Pradesh Telangana Uttarakhand Meghalaya Puducherry Sikkim </td> <td> <ul style="list-style-type: none"> Manipur Mizoram Nagaland Tripura </td> </tr> </tbody> </table> <p style="text-align: center;">Aggregate Turnover [Sec 2(6)]</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Value of all taxable outward supplies(FCM/RCM)</td> <td>xx</td> </tr> <tr> <td>exempt supplies</td> <td>xx</td> </tr> <tr> <td>exports of goods or services or both</td> <td>xx</td> </tr> <tr> <td>inter-State supplies of persons having the same Permanent Account Number</td> <td>xx</td> </tr> <tr> <td>Total</td> <td>xx</td> </tr> </tbody> </table>	Limit Shall Be Rs. 20,00,000 In Following States:	Limit Shall Be Rs. 10,00,000 In Following States:	<ul style="list-style-type: none"> Arunachal Pradesh Telangana Uttarakhand Meghalaya Puducherry Sikkim 	<ul style="list-style-type: none"> Manipur Mizoram Nagaland Tripura 	Particulars	Amount	Value of all taxable outward supplies(FCM/RCM)	xx	exempt supplies	xx	exports of goods or services or both	xx	inter-State supplies of persons having the same Permanent Account Number	xx	Total	xx
Limit Shall Be Rs. 20,00,000 In Following States:	Limit Shall Be Rs. 10,00,000 In Following States:																
<ul style="list-style-type: none"> Arunachal Pradesh Telangana Uttarakhand Meghalaya Puducherry Sikkim 	<ul style="list-style-type: none"> Manipur Mizoram Nagaland Tripura 																
Particulars	Amount																
Value of all taxable outward supplies(FCM/RCM)	xx																
exempt supplies	xx																
exports of goods or services or both	xx																
inter-State supplies of persons having the same Permanent Account Number	xx																
Total	xx																

Exclusions:

- Central tax, State tax, Union territory tax, integrated tax and cess.
- Value of inward supplies on which tax is payable by a person on reverse charge basis

- Aggregate turnover shall include all supplies made by the taxable person whether on his own account or on behalf of all his principals.
- If a business is carried by a taxable person who is registered under this Act has transferred his business to any other person, the transferee shall obtain fresh registration from the date of transfer of business provided transferee is not a registered entity

Person not liable for registration – Sec 23

The following persons shall not be liable to registration, namely: —

- any person engaged exclusively in the business of supplying goods or services or both that are **not liable to tax** or **wholly exempt** from tax under this Act or under the IGST;
- an agriculturist, to the extent of supply of produce out of cultivation of land.

Compulsory Registration

Notwithstanding anything contained in section 22, following persons must take registration irrespective of their turnover

- Persons making any **inter-State taxable supply of goods** except Inter State supply of handicrafts goods (section 22 shall be applicable) provided supplier has to obtain PAN and also e-way bill has to be generated.
- Casual taxable persons** making taxable supply
- Persons who are required to pay tax under **RCM**
- Non-resident taxable persons** making taxable supply

5. Persons who make if Prince → Regd → Agent HAS TO take the regⁿ taxable supply of goods / services on behalf of other taxable persons whether as an agent or otherwise.
6. Persons who are required to pay tax under
Every **electronic commerce operator section 9(5) Eco**
Persons supplying goods through **electronic commerce operator** shall also be required to take registration

Procedure For Registration Section 25

1. **Apply for registration** - Every person liable to be registered - shall apply for registration in **every such State/UT** in which he is so liable < 30 days from the date on which he becomes liable for registration.
2. **Voluntary registration possible** - However, any person can take voluntary registration and procedure for registration shall be same.
3. **Aadhar authentication** - Every RP to undergo authentication/furnish proof of possession of Aadhar number
4. Every individual and Karta, Managing Director, Whole Time Director, partners of firm etc. respectively, should undergo authentication/furnish proof of possession of Aadhar number in prescribed manner.
Such authentication is mandatory to be eligible for grant of registration
5. Section 25(6D) provides that the above provisions **shall not apply** to notified person/class of persons/any notified State/UT/part thereof Following persons have been exempted from aadhaar authentication
 - (i) A person who is not a citizen of India
 - (ii) Department or establishment of State Government or Central Govt
 - (iii) Local authority
 - (iv) Statutory body
 - (v) Public Sector Undertaking
 - (vi) A person applying for Unique Identity Number

6. Where an applicant, other than a person notified under Sec 25(6D), opts for authentication of Aadhaar number, he shall, while submitting the application undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be
Date of authentication of the Aadhaar number,
or
15 days from the submission of the application in Part B of FORM GST REG-01, whichever is EARLIER

Rule 8

Every person applying for registration shall declare his Permanent account number, mobile number, e-mail address, State or Union territory in Part A of form GST REG-01 and it is to be applied on the common portal. The particulars so given shall be verified by the GST Authority and a temporary reference number (TRN) shall be generated simultaneously

Using the TRN the applicant shall submit Part – B of REG-01 alongwith specified documents. On receipt of application an acknowledgement shall be given in REG-02.

Rule 9 - GST authority shall forward the application to the proper officer and if it is in order, a registration certificate shall be issued **< 7 working days** from the date of submission of application (Part-B). If the application is not complete in every aspect, he will issue a notice to the applicant in REG-03 **< 7 working days** from the date of submission and applicant shall furnish clarification in REG-04 within a period of 7 working days and if proper officer is satisfied he shall issue registration certificate in REG-06 **within 7 working days** from the date of receipt of clarification. If no clarification is submitted or the proper officer is not satisfied, the proper officer shall reject the application by issuing REG-05
If proper officer fails to take action within 7 working days from the date of submission of application or within 7 working days from the date of receipt of clarification, registration shall be deemed to have been approved

Proviso To Rule 9(1)

Where a person, other than those notified under section 25(6D), fails to undergo authentication of Aadhaar number, then the registration shall be granted only after physical verification of the principal place of business in the presence of the said person, **not later than 30 days** from the date of application. A site survey (Physical verification) will be done and identification documents will be verified.

Mega Chart to be discussed in the lecture

The verification report along with the other documents, including photographs, shall be uploaded in prescribed form on the common portal within a period of **15 working days** following the date of such verification. In such cases, deemed approval of registration application [as provided in rule 9(5)] will not be applicable.]

Provided that where a person, other than a person notified under Sec 25(6D), fails to undergo Aadhar authentication rule 8 / does not opt for authentication, the notice in FORM GST REG-03 may be issued not later than 30 days from the date of submission of the application

If the proper officer fails to take any action, -

- a. **within a period of 7 working days** from the date of submission of the application in cases where a person successfully undergoes authentication of Aadhaar number or is notified under subsection (6D) of section 25; or
- b. within the time period prescribed above (**30 days**), in cases where a person, other than a person notified under sub section (6D) of section 25, fails to undergo authentication of Aadhaar number; or
- c. **within a period of 30 days** from the date of submission of the application in cases where a person does not opt for authentication of Aadhaar number; or
- d. **within a period of 7 working days** from the date of the receipt of the clarification, information or documents furnished by the applicant, the application for grant of registration shall be deemed to have been approved

As per Rule 10, Certificate of registration shall be granted in form no. REG-06 and if supplier has more than one branch in a State or Union Territory, he will get one registration certificate and all the places of the supplier shall be mentioned in the certificate. The supplier shall be allotted goods and service tax identification number and it will consist of

- a. 2 characters for the State code.
- b. 10 characters for the Permanent Account Number or the Tax Deduction and Collection Account Number.
- c. 2 characters for the entity code and
- d. 1 check sum character

Effective Date of Registration

1. Mandatory Registration

If applicant has submitted application within a period of 30 days, he will be considered to be registered from the date on which he becomes liable to registration and if application is given after 30 days, effective date of registration shall be the date of granting registration.

2. Voluntary Registration

In this case, effective date of registration shall be the date of granting registration.

Rule 10A, a registered person has an option to give his bank account details after obtaining registration, **< 45 days** from the date of grant of registration or the due date of furnishing return, whichever is earlier.

This option is not available for those who have been granted registration as TDS deductor/ TCS collector or who have obtained suo-motu registration. However, if a person violates the provisions of rule 10A, his GST registration is liable to be cancelled [Rule 21].

Registration of casual taxable person and Non-Resident taxable person

Section 24, Every casual taxable person and Non-Resident taxable person

shall also be required to take registration irrespective of the turnover and procedure shall be same.

Section 25, they should apply for registration **atleast 5 days prior to commencement of business**. Also, along with registration application they have to deposit GST in advance by estimating their tax liability.

Section 27, Certificate shall be valid for the specified period but **maximum 90 days** however proper officer may extend it further but for **maximum 90 days**. Such person shall make advance deposit of GST as estimated by him for the extended period as well along with extension application

Rule 13, A **non-resident taxable person** shall electronically submit an application, along with a self attested copy of his valid passport. In the case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its **tax identification number or unique number** on the basis of which the entity is identified by the Government of that country or its PAN, if available

Extension in period of operation by Casual taxable person and Non-Resident taxable person

As per Rule 15, Where a registered casual taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted by such person before **the end of the validity of registration granted to him**

Amendment of Registration Section 28/ Rule 19

If any person has taken registration, subsequent amendment is allowed with regard to the following:

Core areas (Amendment is allowed only after approval of proper officer)

1. Name of business
2. Address of the business

3. Addition/deletion of partners/directors of business which does not warrant cancellation of registration

Non-core areas

(Approval of proper officer not required however, e-verification shall be done)

Change in mobile number or e-mail address of the authorised signatory.

Procedure for Amendment in core areas

1. **Apply -** Every registered person shall apply online for amendment in core areas in form no. REG – 14 **within 15 days** of any change along with the documents relating to such change
2. **PO approves -** The proper officer approves the amendment in core areas **within 15 working days** from the date of receipt of application and issue an order in form REG-15 and such amendment shall take effect from the date of such change. Further such amendment shall be applicable for all the registration with same PAN.
3. **Incomplete / Incorrect application -** If the proper officer is of the opinion that the document is incomplete or incorrect, PO shall serve a show cause notice why application for amendment is not to be rejected in REG-03 within 15 working days from the date of receipt of application. And the RP shall furnish a reply in REG-04 within 7 working days from the date of service of notice.
4. **Reply is satisfactory / Not satisfactory -** Where reply furnished is satisfactory then Proper officer shall allow the amendment on the other hand if reply is not satisfactory or where no reply is furnished, the proper officer shall reject the application and pass an order in REG-05.

Where a change in constitution of any business results in change of the PAN, certificate shall be cancelled, and the person shall apply for fresh registration in REG-01.

NEW SECTION - AADHAR AUTHENTICATION FOR REGISTERED PERSON – SECTION 10B

The registered person, other than a person notified under sub-section (6D) of section 25, who has been issued a certificate of registration under rule 10 shall, undergo authentication of the Aadhaar number of the:

Entity	Person needed to undergo Aadhar authentication
Proprietorship firm	Proprietor
Partnership firm	Partner
Hindu undivided family	Karta
A company	Managing Director or any whole time Director
An AOP / BOI / Society,	Any of the Members of the Managing Committee
Trust	Trustee in the Board of Trustees; authorized signatory

In order to be eligible for the purposes as specified in column (2) of the Table below:

1	For filing of application for revocation of cancellation of registration in FORM GST REG-21 under Rule 23
2	For filing of refund application in FORM RFD-01 under rule 89
3	For refund u/r 96 of the integrated tax paid on goods exported out of India

Provided that if Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: –

a.	her/his Aadhaar Enrolment ID slip; and						
b.	<table border="0"> <tr> <td>i</td> <td>Bank passbook with photograph; or</td> </tr> <tr> <td>iii</td> <td>Voter identity card issued by the Election Commission of India; or</td> </tr> <tr> <td>iii</td> <td>Passport; or</td> </tr> </table>	i	Bank passbook with photograph; or	iii	Voter identity card issued by the Election Commission of India; or	iii	Passport; or
i	Bank passbook with photograph; or						
iii	Voter identity card issued by the Election Commission of India; or						
iii	Passport; or						

	iv	Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988
--	----	--

Provided further that such person shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number

Cancellation of Registration Section 29 / Rule 20 to 22

1. Cancellation at the request of the applicant

In the following cases a registered person or successor shall file an application for cancellation of registration

1. the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or transferred as going concern.
2. there is any change in the constitution of the business.
3. the taxable person is no longer liable to be registered u/s 22 or 24.

2. Cancellation by GST officer own his own motion

The Registration certificate can be cancelled by proper officer on his own motion in the following cases

- a. a registered person **does not conduct** any business from the declared place of business.
- b. a registered person issues invoice or bill without supply of goods or services in **violation of the Act**.
- c. Violation of conditions of taking ITC as prescribe u/s 16, **mismatch of GSTR-1 and GSTR- 3B**, or violation of rule 86B
- d. a registered person **violates the provisions** of section 17 of the Act i.e. if rate of GST has been decreased, benefit should be given to the customer.
- e. a person paying tax under **composition scheme** has not furnished returns for **3 consecutive tax periods a financial year beyond 3 months from the due date of furnishing the said return**

- f. any registered person (**monthly return filer**) has not furnished returns for a continuous period of 6 months.
- g. any person who has taken voluntary registration and has **not commenced business within 6 months** from the date of registration.
- h. registration has been obtained by means of **fraud**, wilful misstatement or suppression of facts
- i. Any RP (Quarterly Return Filer) has not furnished Returns for a continuous period of 2 tax periods.

Suspension of registration Rule 21A

1. Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended **from the date of submission of the application** or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration
2. Where the proper officer has reasons to believe on his own that the registration of a person is liable to be cancelled, he may, without affording the said person a reasonable opportunity of being heard, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

(2A) Where, a comparison of the returns furnished by a registered person under section 39 with:

 - a) the details of outward supplies furnished in Form GSTR-1; or
 - b) the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their Form GSTR-1, or such other analysis show that there are significant differences indicating contravention of the provisions leading to cancellation of registration of the said person, his registration shall be suspended.

Intimation to be given - Said person shall be intimated in prescribed form by sending a communication to his e-mail address provided at the time of registration or as amended from time to time.

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

3. A registered person, whose registration has been suspended, **shall not make any taxable** supply during the period of suspension and shall not be required to furnish any return under section 39. It means that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the period of suspension
4. **If cancellation is initiated by the Dept** and registration is suspended – such person shall not be granted any refund during the period of suspension
5. The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect.
6. Proviso, The suspension of registration may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit
7. Where any order having the effect of revocation of suspension of registration has been passed, the provisions of section 31(3)(a) [revised tax invoices] and section 40 [first return] in respect of the supplies made during the period of suspension and the procedure specified therein shall apply

8. **Amendment** → Further, the suspension of registration shall be deemed to be revoked upon furnishing of pending GST returns, where GST registration was suspended due to non-filing of GST return for a financial year beyond 3 months from the due date of furnishing the said return by a composition taxpayer or returns for such continuous tax period as may be prescribed by registered persons (other than composition taxpayer) **subject to the condition that the registration has not been cancelled by the proper officer under rule 22.**

Amount payable on cancellation of registration

The cancellation of registration shall be effective from a date to be determined by the proper officer and mentioned in the cancellation order. He will direct the taxable person to pay arrears of any tax, interest or penalty including the amount liable to be paid under section 29(5)

A registered person whose registration is cancelled will have to debit the electronic credit or cash ledger by an amount equivalent to

- a. input tax credit (ITC) in respect of
 - a. stock of inputs and inputs contained in semi-finished/finished goods' stock or
 - b. capital goods or plant and machinery on the day immediately preceding the date of cancellation,
- b. the output tax payable on such goods

Whichever is higher

Amount of credit to be reversed in respect of INPUTS:

- a. ITC on inputs computed proportionately on the basis of corresponding invoices on which credit had been availed on such inputs, Or

- b. Output tax payable on such goods
Whichever is higher

Amount of credit to be reversed in respect of CAPITAL GOODS OR PLANT & MACHINERY

- a. As per Rule 44, ITC involved in the remaining useful life in months of the capital goods computed on pro-rata basis, taking the useful life as 5 years, or
- b. Tax on the transaction value of such capital goods or plant and machinery under section 15, **whichever is higher.**

Imp points

1. The cancellation of registration **will not affect liability of registered person** to pay tax and other dues under the Act for any period prior to the date of cancellation [Section 29(3)]
2. The cancellation of registration under either SGST Act/UTGST Act shall be deemed to be a cancellation of registration under CGST Act [Section 29(4)].
3. Once registration is cancelled by the tax authority, the taxpayer will be intimated about the same via sms and email. Order for cancellation of registration will be issued and intimated to the primary authorized signatory by email and SMS.
4. Taxpayer **would not be allowed to file return** for the period after date of cancellation mentioned in the cancellation order. However, he can submit returns of the earlier period (i.e. for the period before date of cancellation mentioned in the cancellation order for which registration was active).

Revocation of cancellation of registration Section 30/Rule 23

1. Where the registration of a person is cancelled suo-motu by the proper officer, RP may apply for revocation of the cancellation to such proper officer **< 30 days** from the date of service of the order of cancellation of

registration or **within such time period as extended by the AC or JC or the Commissioner, as the case may be**

2. If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order **< 30 days** of receipt of application
3. Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification **within 7 working days** of service of SCN. The proper officer shall dispose the application (accept/reject the same) within 30 days of receipt of clarification

Points to be noted

- UIN Holders (i.e. UN Bodies, Embassies and Other Notified Persons), GST Practitioner cannot apply for revocation of cancelled registration.
- In case the registration is cancelled on the request of the taxpayer or his legal heir, one cannot apply for revocation of cancelled registration.
- The revocation of cancellation of registration under the SGST Act/ UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under CGST Act

Amendment

Risk-based biometric-based aadhaar authentication of registration applicants - Pilot project in Gujarat [Sub-rules (4A), (4B) and (5) amended]

In order to improve the registration process, biometric based aadhaar authentication of the high-risk applicants who opt for authentication of Aadhaar number has been introduced on a pilot basis in the State of Gujarat.

An applicant who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric- based Aadhaar authentication and taking photograph:

- (i) of the applicant where the applicant is an individual or
- (ii) of such individuals where the applicant is not an individual

along with the verification of the original copy of the documents uploaded with the application in Form GST REG- 01 at one of the notified Facilitation Centres.

The application shall be deemed to be complete only after completion of the process laid down hereunder.

An acknowledgement shall be issued to the applicant only after completion of biometric-based authentication.

10

TAX INVOICE / DEBIT & CREDIT NOTE / E-WAY BILL

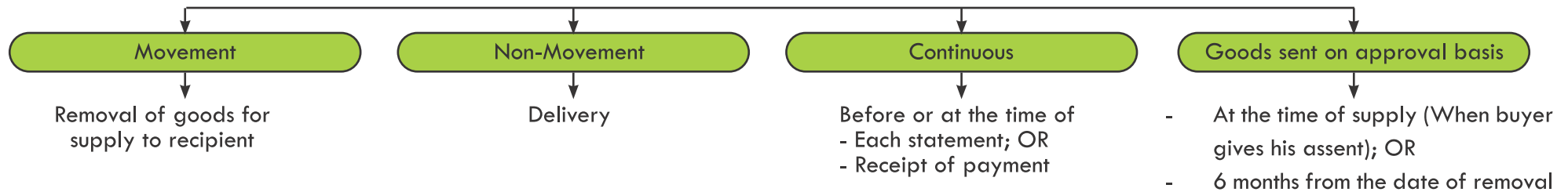
CA CS CMA – Inter / Executive

Tax invoice issued by a supplier of taxable goods/ taxable services

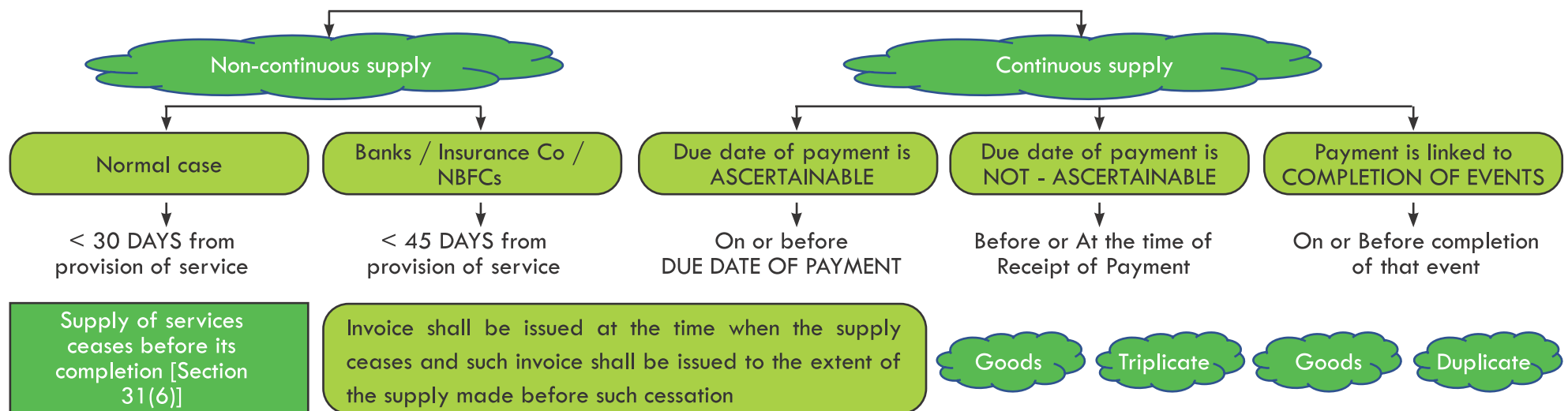
Time limit for issuance of invoice [Sections 31(1), (2), (4) & (5) read with rule 47]

In Case Of Goods

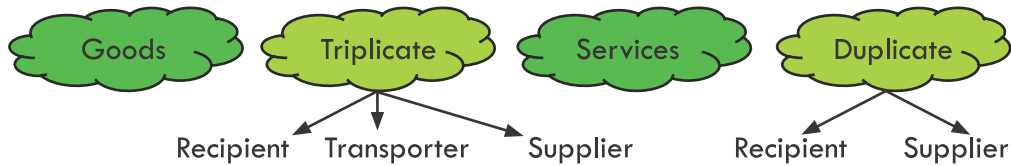
Time limit for issuance of invoice [Sections 31(1), (2), (4) & (5) read with rule 47]



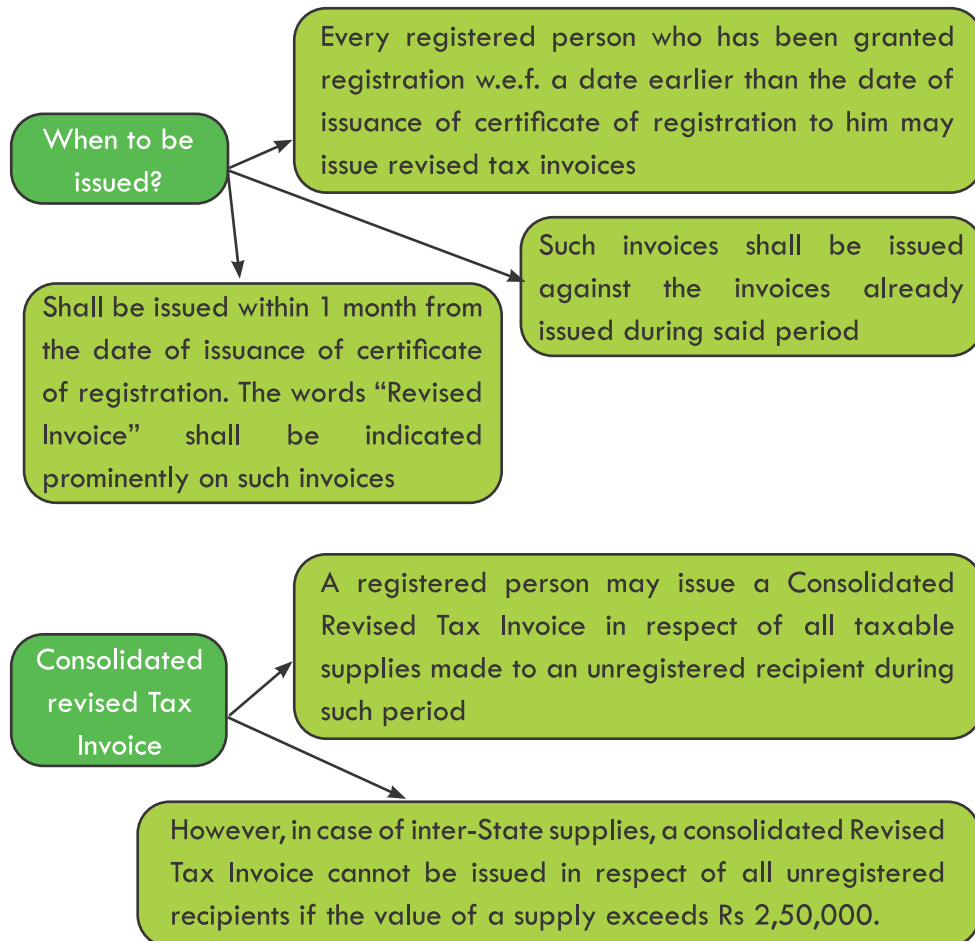
In case of services



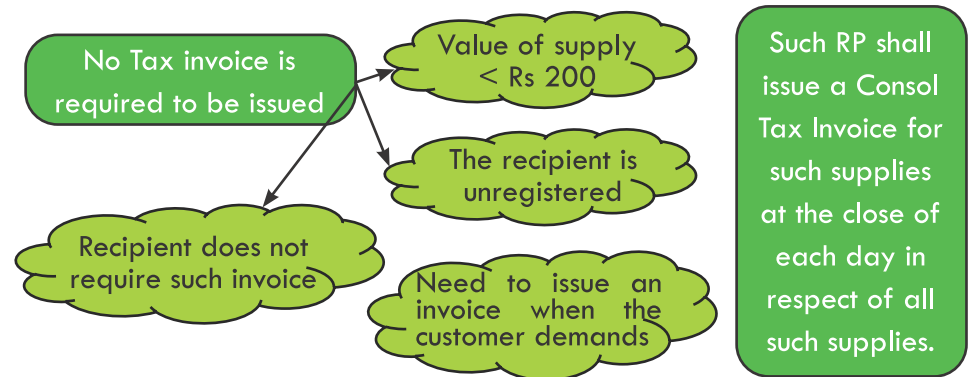
Tax invoice issued by a supplier of taxable goods/ taxable services



Revised Tax Invoice [Section 31(3)(a) read with rule 53]



The serial number of invoices issued during a month / quarter shall be furnished electronically in FORM GSTR-1.



Exception

As per proviso to rule 46, Section 31(3)(b) is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens

Rule 54(4A)

A registered person who is supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket. The said electronic ticket is deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46

Bill of Supply [Section 31(3)(c) read with rule 49]

Who is required to issue Bill of Supply

RP supplying exempted goods or services or both

RP paying tax under composition levy (or Sec 10(2A))

Note - Any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as bill of supply for the purposes of the Act

Receipt Voucher [Section 31(3)(d) read with rule 50]

A RP shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a Receipt Voucher evidencing receipt of such payment.

Where at the time of receipt of advance, rate of tax and/or nature of supply is not determinable

Where at the time of receipt of advance	Applicable
rate of tax is not determinable	18%
nature of supply is not determinable	inter-State supply

Refund Voucher [Section 31(3)(e) read with rule 51]

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 no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.

Invoice and Payment Voucher

A registered person who is liable to pay tax under reverse charge [under section 9(3)/ 9(4) of the CGST Act] shall issue an Invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both

Besides, a RP who is liable to pay tax under RCM [under section 9(3)/9(4) of the CGST Act] shall issue a Payment Voucher at the time of making payment to the supplier

Banking / Financial Institution	Where the supplier is an Insurer or a Banking Company or a Financial Institution, the said supplier may issue a consolidated tax invoice or any other document in lieu thereof, by whatever name called for the supply of services made during a month at the end of the month, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service
GTA	Where the supplier of taxable service is a GTA, the said supplier may issue a tax invoice or any other document in lieu thereof, by whatever name called, containing <ul style="list-style-type: none"> • The gross weight of the consignment, • Name of the consigner and the consignee, • Registration number of goods carriage in which the goods are transported, • Details of goods transported, • Details of place of origin and destination, • GST Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport Agency

Passenger Transportation Service	Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of service.
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DELIVERY CHALLAN [RULE 55]

Rule 55 gives the cases goods may be removed on delivery challan & invoice may be issued after delivery

Nature of Supply	Delivery challan to be Issued	Particulars of delivery challan
1. Supply of liquid gas where quantity at time of removal from PoB of supplier is not known,	Serially numbered not exceeding 16 characters in one or multiple series at the time of removal of goods for transportation.	• Date & number of delivery challan
2. Transportation of goods for job work,		• Name, address & GSTIN of consigner.
3. Transportation of goods for reasons other than by way of supply,		• Name, address & GSTIN of consignee
4. Other Notified supplies		• HSN code & description of goods,
		• Q u a n t i t y (provisional, where the exact quantity being supplied is not known)
		• Taxable value
		• Rate & amount of GST where transportation is for supply to consignee
		• PoS in case of inter-state movement
		• Signature

Prohibition of unauthorised collection of tax [section 32]

A person who is not a RP shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act

No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder

Amount of tax to be indicated in tax invoice and other documents [section 33]

Where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

Credit Note

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice
- The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value

Debit Note

There can be situations when after the invoice has been issued:

1. The supplier has erroneously declared a value which is less than the actual value of the goods or services or both provided.
2. The supplier has erroneously declared a lower tax rate than what is applicable for the kind of the goods or services or both supplied.
3. The quantity received by the recipient is more than what has been declared in the tax invoice.
4. Any other similar reasons.

The debit note/supplementary invoice is a convenient and legal method by which the value of the goods and/or services in the original tax invoice can be enhanced. The issuance of the debit note allows the supplier to pay his enhanced tax liability in his returns without requiring him to undertake any other tedious process.

Amendment

Additional point in delivery challan

Goods sent in semi/completely knocked down condition / in Batenes / lots.

1. Issue invoice → Before dispatch of 1st lot
2. Issue delivery challan → in subseq. lots.
3. Delivery Challan to accompany the invoice copy, which is certified.
4. original invoice with → the last lot.

E-way bill

Meaning of e-way bill and why is it required?

E-way bill is an electronic document generated on the GST portal evidencing movement of goods.

In order to monitor the movement of goods for controlling any tax evasion, e-way bill system has been introduced

Benefits of E-Way Bill

1. Physical interface to pave way for digital interface resulting in elimination of state boundary check-posts
2. It will facilitate faster movement of goods
3. It will improve the turnaround time of trucks and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs

When is it required to be generated?

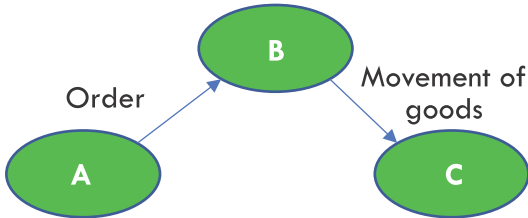
Whenever there is a movement of goods of consignment value exceeding **Rs 50,000**


Meaning of consignment value of Goods

- value declared in the invoice
 - CGST/SGST/UTGST/IGST
- will NOT include Exempt supply

1. in relation to a supply; or
2. for reasons other than supply; or
3. due to inward supply from an unregistered person

RP who causes such movement of goods shall furnish the information relating to the said goods as specified in **Part A** of Form GST EWB-01 **before commencement** of such movement

Who causes movement of goods?	<p>If supplier is RP - undertakes to transport the goods, movement of goods is caused by the supplier.</p> <p>If Recipient arranges transport, movement is caused by him.</p> <p>If goods are supplied by an URP to RP, movement shall said to be caused by such recipient.</p>
Special situations where e-way bill needs to be issued even if the value of the consignment is less than Rs 50,000	<ol style="list-style-type: none"> Inter-State transfer of goods by principal to job-worker Inter-State transfer of handicraft goods by a person exempted from obtaining registration
E-way Bill in case of 'Bill To Ship To' Model	<p>Only one e-Way Bill is required to be generated (Either the original customer or the second customer)</p>  <pre> graph TD A((A)) -- Order --> B((B)) B -- Movement of goods --> C((C)) </pre>
Information to be furnished in e-way bill	<p>Part A To be furnished by the RP who is causing movement of goods of consignment value exceeding Rs 50,000</p> <p>Part B – Transport details To be furnished by the person who is transporting the goods</p>

	<p>NOTE - information in Part-A may be furnished</p> <ul style="list-style-type: none"> by the transporter by the e-commerce operator/courier agency, where the goods are supplied through them
	<p>Once the consignor/consignee enters all the details in Part-A of e-way bill, a Part-A slip is generated which contains a temporary number.</p>  <p>This slip can be shared with the transporter or used by the supplier himself later to enter the details in Part-B of e-way bill and generate the e-way bill</p>
Who is mandatorily required to generate e-way bill?	<p>If transportation is being done by own / railways / air - Should be generated by Consignor or Consignee</p> <p>If the goods are handed over to a transporter for transportation by road – Should be generated by the Transporter</p> <p>If Consignor or Consignee does not generate the e-way bill & value is more than Rs 50,000 – Transporter should generate it</p>
If goods transported by a RP Whether as consignor / recipient as consignee	Such RP needs to issue E-Way Bill


Where the e-way bill is not generated by the RP and the goods are handed over to the transporter, for transportation of goods by road	RP to furnish the information in Part B E-way bill shall be generated by the Transporter
Where the goods are transported by railways or by air or by vessel	RP to issue E-Way Bill
Where the goods are transported by railways:	No requirement to carry e-way bill Carry invoice or delivery challan or bill of supply
Can E-Way Bill be generated even though the value is < Rs 50,000	Yes
Movement is caused by URP (Either own/through transporter)	Either URP / Transporter can issue the E-Way Bill
Movement by URP to RP	Such recipient to issue E-Way Bill

When is it not mandatory to furnish the details of conveyance in Part-B?

E-way bill is valid for movement of goods by road only when the information in Part-B is furnished

Exceptions:

However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory

	<ul style="list-style-type: none"> - From the place of business of the consignor to the place of business of the transporter for further transportation - From the place of business of the transporter finally to the place of business of the consignee
Unique e-way bill number (EBN)	Once e-way bill is generated, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal
Transfer of goods from one conveyance to another	Where the goods are transferred from one conveyance to another, the Consignor or the Recipient, who has provided information in Part A, or the Transporter shall  Update the details of conveyance in Part B of the e-way bill on the common portal, before such transfer and further movement of goods.
Consolidated E-way bill	Consolidated e-way bill is a document containing the multiple e-way bills for multiple consignments being carried in one conveyance
Information submitted for e-way bill can be used for filing GST Returns	The information furnished in Part A of the e-way bill shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in Form GSTR-1
Cancellation of e-way bill < 24 hours of generation	<ol style="list-style-type: none"> 1. Goods are either not transported or 2. Not transported as per the details furnished in the e-way bill

Validity period of e-way bill/consolidated e-way bill

Shipment	Validity period from Relevant Date
Normal Cargo	One day for every 200 km or part thereof
Over Dimensional Cargo	One day for every 20 km or part thereof
Multimodal shipment in which at least one leg involves transport by Ship	One day for every 20 km or part Thereof

*Relevant date means the date on which the e-way bill has been generated and the period of validity shall be counted from

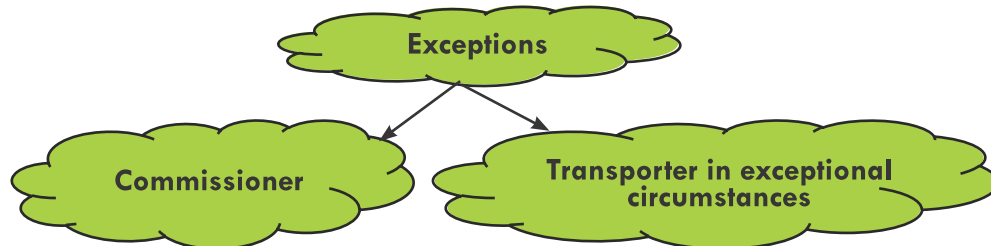


the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.

1. Suppose an e-way bill is generated at 00:04 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on
2. Suppose an e-way bill is generated at 23:58 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on

Extension of validity period

If validity of the e-way bill expires, the goods are not supposed to be moved



Acceptance of E-way Bill

The details of the e-way bill generated shall be made available to the –

- a. Supplier, if registered, where the information in Part A has been furnished by the recipient / transporter; or
- b. Recipient, if registered, where the information in Part A has been furnished by the supplier / transporter,

on the common portal, and the supplier/ recipient shall communicate his acceptance or rejection

In case the same is not communicated – deemed acceptance

Time limit

1. **72 hours** of the details being made available to him on the common portal or
2. **Time of delivery** of goods, **Earlier**

Documents and devices to be carried by a person-in-charge of a conveyance

1. the invoice or bill of supply or delivery challan, as the case may be;
2. a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a RFID embedded on to the conveyance

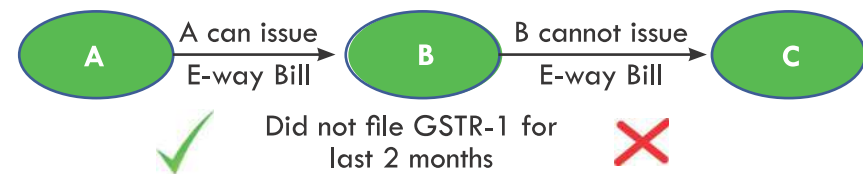
Verification of documents and conveyances

Commissioner or an officer empowered by him may authorize the PO to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.

The Commissioner shall get RFID readers installed at places

Inspection and verification of goods	A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of said form shall be recorded within 3 days of such inspection
Is physical verification possible twice in one city?	No Unless a specific information relating to evasion of tax is made available subsequently
Facility for uploading information regarding detention of vehicle	Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in specified form on the common portal
Blocking of e-waybill generation facility	<ol style="list-style-type: none"> 1. A person paying tax under composition scheme has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters 2. A person paying tax under regular scheme has not furnished the returns for a consecutive period of 2 tax periods 3. A person paying tax under regular scheme has not furnished GSTR-1 (Statement of outward supplies) for any 2 months or quarters, as the case may be 4. A person whose registration has been suspended under the provisions of rule 21A of the CGST Rules.

E-way bill generation facility to be blocked only in respect of outward movement of goods, by the defaulting registered person [Rule 138E]	Blocking of GSTIN for e-way bill generation facility is only in respect of any outward movement of goods of the registered person who is ineligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies received by said registered person.
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E- Invoicing (Detailed version)

The transportation of goods from one place to another is facilitated by the filing of 'e-Way Bills' on the common GST portal. Similarly, in its 35th meeting, the GST Council had decided to implement a system of e-Invoicing, which will apply to specific categories of persons. e-Invoicing does not imply the generation of invoices on the GST portal. That would be a myth.

Instead, e-invoicing involves the submission of an already generated standard invoice on a common e-invoice portal. Thus, it automates multi-purpose reporting with a one-time input of invoice details.

What is e-invoicing under GST?

'e-Invoicing' or 'electronic invoicing' is a system in which B2B invoices are authenticated electronically by GSTN for further use on the common GST portal. Under the electronic invoicing system, an identification number will be issued against

every invoice by the Invoice Registration Portal (IRP), managed by the GST Network (GSTN).

All invoice information will be transferred from this portal to both the GST portal and e-way bill portal in real-time. Therefore, it will eliminate the need for manual data entry while filing GSTR-1 returns and generation of part-A of the e-way bills, as the information is passed directly by the IRP to the GST portal

To whom is e-invoicing applicable? **Amendment**

Taxpayers with an aggregate turnover exceeding **Rs.10 crore** in any financial year from 2017-18 onwards. the aggregate turnover will include the turnover of all GSTINs under a single PAN across India.

If the invoice is issued by notified person is in respect of supplies covered under RCM, e-invoicing is applicable.

Exceptions

e-Invoicing shall not be applicable to the following categories of registered persons irrespective of their turnovers:

1. An insurer or a banking company or a financial institution, including an NBFC
2. A Goods Transport Agency (GTA)
3. A registered person supplying passenger transportation services
4. A registered person supplying services by way of admission to the exhibition of cinematographic films in multiplex services
5. An SEZ unit (SEZ developer gets covered under e-invoicing provisions)
6. A government department and Local authority Process of getting an e-invoice

Cancellation of Reported Invoice

Wherever needed, the seller can cancel the IRN for an e-invoice already generated within the specified time. Amendment of e-invoices already uploaded on IRP will be done on GST Portal, there is no option to amend e-invoice on IRP Portal

Dynamic QR Code required to be provided on invoice issued to a person having a UIN

All B2C invoices issued by a RP whose aggregate turnover in any preceding FY from 2017-18 onwards exceeds **Rs 500 crores** are mandatorily required to have a Dynamic QR code from December 1, 2020

Any person, who has obtained a Unique Identity Number (UIN), is not a “registered person” as per the definition of ‘registered person’ provided under section 2(94).

Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a **B2C supply** and shall be required to comply with the requirement of **Dynamic QR Code**

Amendment

Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a declaration as below:-

“I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub- rule.”

11

ACCOUNTS AND RECORDS

CA CS CMA – Inter / Executive

Accounts And Other Records (Sec. 35)

- Every registered person shall keep and maintain at his **Principal Place of Business** as mentioned in the certificate of registration a true and correct account of :
 - a) production or manufacture of goods
 - b) inward and outward supply of goods or services or both
 - c) stock of goods
 - d) input tax credit availed
 - e) output tax paid and payable
 - f) such other particulars as may be prescribed
- Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business

WHO IS REQUIRED TO MAINTAIN BOOKS OF ACCOUNTS ?

- Every registered person
- At his principal place of business and at respective additional place of business
- Unless otherwise proved, documents or any BOA found at any other place other than mentioned in the certificate of registration our deemed to be the books of accounts of the registered person.

Clarification and respect of maintenance of books of accounts relating to the additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber, etc.

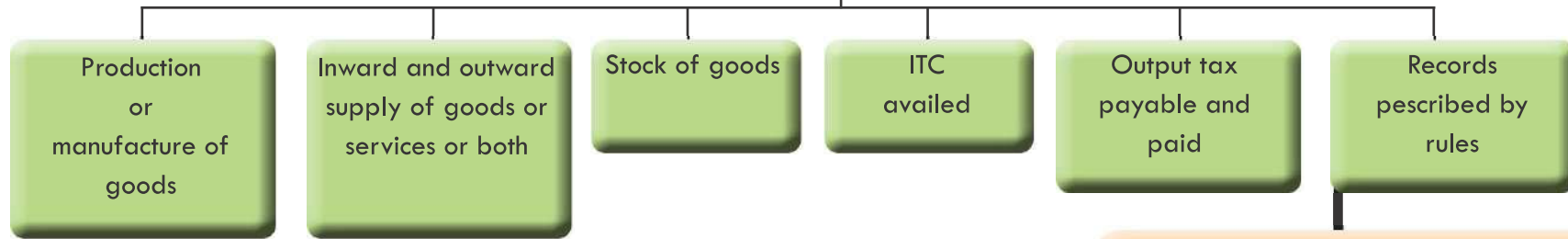
Where the auctioneer claims ITC in respect of the supply made to him by the principle before the auction of such goods and the said goods are supplied only through auction,

THEN

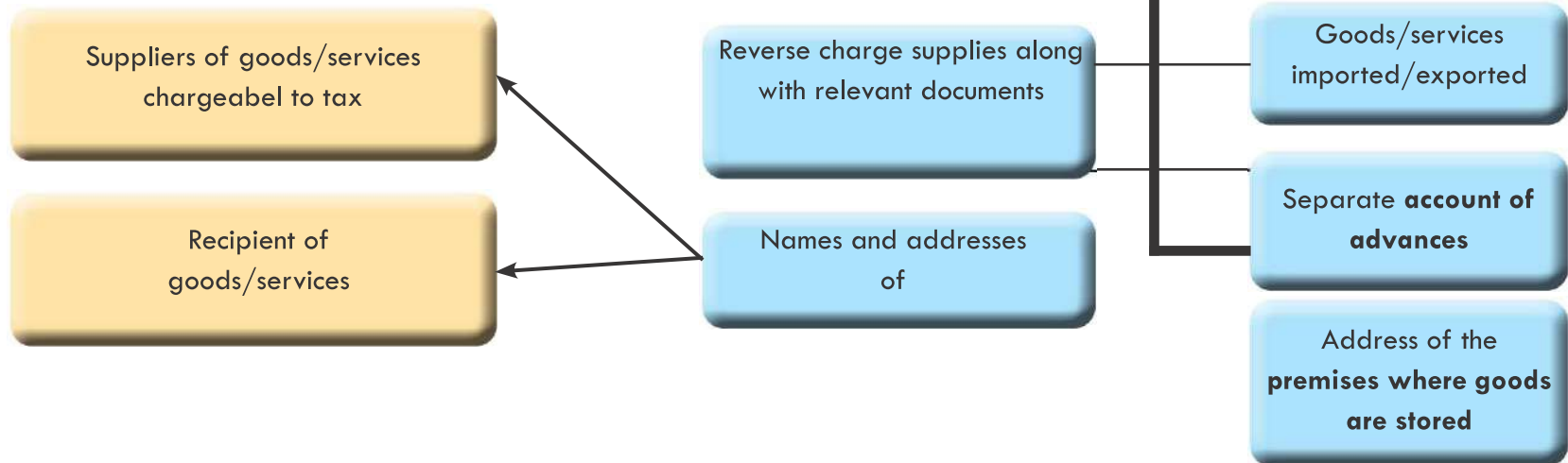
such principle and auctioneer are allowed to maintain the books of account relating to additional place of business (i.e. common warehouse where auction takes place) at their principal place of business



A true and correct account of following is to be maintained:



A true and correct account of:



Composition Person Not To Maintain The Following Records And Documents

- Commodity wise stock of goods and
- Details of tax payable and paid, ITC, register of invoice, credit notes debit notes, delivery challan.

ACCOUNTS TO BE MAINTAINED BY SPECIFIC PERSONS

Agent



- Particulars of authorisation received by the agent from each principle to receiver supply such goods on behalf of such principal separately
- Particulars – description, value quantity of goods or service **received on behalf of every principal**
- Particulars – description, value quantity of the goods or **services supplied on behalf of every principal**
- Details of accounts furnished to every principle
- Tax paid on receipt or on supply of goods/services affected on behalf of every supplier

Manufacturer



- Monthly production account showing quantitative details of the raw materials or services used in manufacturing
- Quantitative returns of the goods so manufactured including waste and by product

Supplier



- Account showing quantitative details of goods used in the provision of services and details of input services utilised and the services supplied

Custodian / Clearing & Forwarding Agent



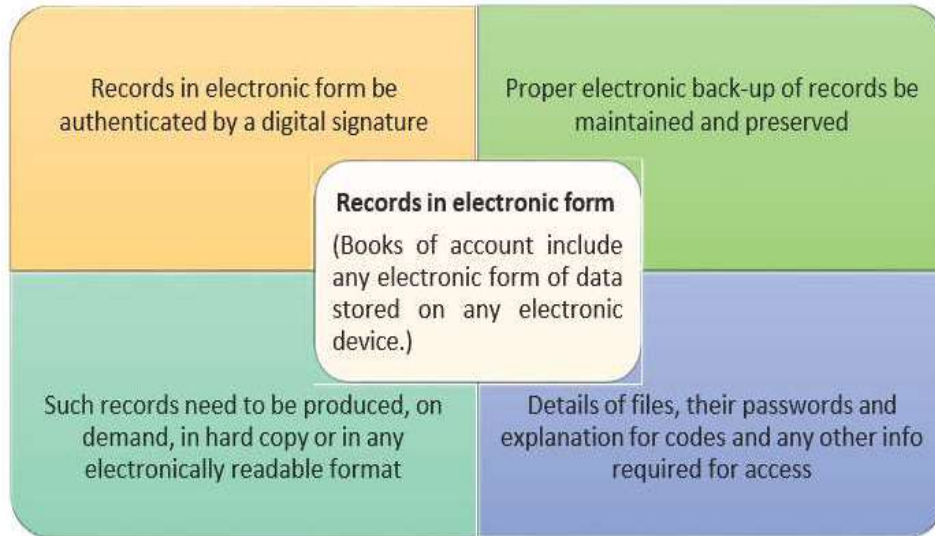
- Maintain true and correct records in respect of goods handled by him on behalf of the registered person and shall produce the details thereof as and when required by the proper officer hey

Works Contractor



- the name and addresses of the person whose behalf the works contract is executed
- description value quantity of goods or services received for the execution of works contract
- description value quantity of gurjar services utilised in the execution of works contract the details of payment received in respect of each work contract the names and addresses of suppliers from whom he receives a good car services

HOW THE ACCOUNTS AND RECORDS WILL BE MAINTAINED?



Failure to maintain the accounts

- Proper Officer shall determine the tax payable on the unaccounted goods and/or services, as if the same had been supplied by such person
- Provisions of section 73/74 shall, *mutatis mutandis*, apply for determination of such tax

No entry to be erased/overwritten

Incorrect entries, other than those of clerical nature, be scored out under attestation and there after correct entry be recorded.

In case electronic records being maintained, a log of every entry edited or deleted shall be maintained.

Books of account maintained manually be serially numbered

Books of accounts, are required to be produced, on demand.

AUDIT OF ACCOUNTS

Section 35(5) – OMITTED

Remarks - Sub-section (5) of section 35 of the CGST Act is being omitted so as to remove the mandatory requirement of getting annual accounts audited and reconciliation statement submitted by specified professional.


OTHER IMPORTANT POINTS

PERIOD OF RETENTION



72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records

Where an appeal/revision/ any other proceedings before any Appellate/ Revisional Authority or Appellate Tribunal or Court, or an investigation is going on



1 year after final disposal of such appeal/revision/proceedings/investigation
or
72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
whichever is later

ITEM WISE STOCK ACCOUNT

- Registered person under a regular scheme shall maintain the account of stock in respect of goods received and supplied by him and such account shall contain opening balance, receipt, supply, goods stolen, loss, destroyed, return of or disposed of by way of gift or free sample and the balance of the stock including raw materials finished goods scrap and wastage thereof.

DETAILS OF ITC CLAIMED

- Every registered person under the regular scheme shall keep and maintain an account containing the details of tax payable, tax collected and paid, input tax, input tax credit claimed together with the register of tax invoice, credit and debit notes, delivery challan issued or received during any tax period

VARIOUS PAYMENTS REQUIRED TO BE MADE UNDER GST

Nature of supply	Taxes to be paid	Credited to
Intra-state supply	CGST + SGST/UTGST	CGST → CG; SGST → Concerned SG.
Inter-state supply	IGST	Component of both CGST & SGST.

Note: Once a taxpayer is registered on common portal (GSTN), two E-Ledgers (Cash & Credit ledger) & Electronic tax liability register will be automatically opened & displayed on his dash board

ELECTRONIC CASH LEDGER [SECTION 49(1) & 49(3) r/w RULE 87]

Amount credited to E-Cash Ledger	Amount utilized for
<ul style="list-style-type: none"> Every deposit made towards tax, interest, penalty, late fee etc by a person by internet banking or by using credit/debit cards; NEFT; RTGS or by other mode including IMPS & UPI shall be credited to his E-cash ledger. [Sec 49(1)] 	<ul style="list-style-type: none"> Making any payment towards <ul style="list-style-type: none"> Tax, Interest, penalty, fees or any other amount which is payable. [Sec 49(3)]
<ul style="list-style-type: none"> E-Cash Ledger contains a summary of all the deposits/payments made by a taxpayer. Payment of challan \leq Rs. 10,000 can be done over the counter with cash/cheques/DD through authorised banks; Payments $>$ Rs. 10,000 can be made through digital mode only 	

Note: Restriction for deposit of upto Rs. 10,000 per challan in case of Over the Counter payment shall not apply to deposit to be made by Government Departments

- PO or any other officer authorised to recover outstanding dues from any person;
- PO or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit:
- E-Cash ledger shall be maintained in FORM GST PMT-05 on common portal for crediting amount deposited & debiting payments towards tax, interest, penalty, fees etc. [Rule 87(1)]
- Person depositing the amount in E-Cash ledger shall generate a challan in FORM GST PMT-06 on common portal & enter the details of the amount to be deposited by him towards tax, interest, penalty, fees etc.
- Such challan 14-digit unique Common Portal Identification Number (CPIN) & shall be valid 15 days.
- There is single Challan prescribed for all taxes, fees, penalty, interest & other payments under GST.
- Unregistered person shall make payment on the basis of a temporary identification number.
- If a person has claimed refund of any amount from E-Cash ledger, such amount shall be debited to E-Cash ledger. Manner of utilization of amount reflected in Electronic Cash Ledger
- Ledger is displayed major head-wise [IGST, CGST, SGST/UTGST, and CESS].
- Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.
- Information is kept minor head-wise for each major head.

Sec 49(5) Students are advised to Refer Section 49(5) in Chapter “INPUT TAX CREDIT”

Sec 49(6) Balance in electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable may be refunded as per sec 54.

ELECTRONIC CREDIT LEDGER [SEC 49(2),(4) & (5), 49A, 49B r/w RULE 86 & 88A]

- ITC as self-assessed in the return of a RP shall be credited to his electronic credit ledger [Sec 49(2)]
- Credit in this ledger can be used to make payment of ONLY TAX & not other amounts such as interest, penalty, fees etc [Sec 49(4)].
- ITC cannot be utilised for tax payable under reverse charge mechanism.
- E-Credit ledger shall be maintained in FORM GST PMT-02 for each RP eligible for ITC on the common portal and every claim of ITC shall be credited to the said ledger.
- E-Credit ledger shall be debited to the extent of discharge of any liability as per section 49/49A/49B.
- Where a registered person has claimed refund of any unutilized amount from E-Credit ledger as per section 54, such amount (to the extent of the claim) shall be debited in the said ledger.

ELECTRONIC LIABILITY LEDGER [SEC 49(7),(8) & (9), 49A, 49B r/w RULE 85]

- All liabilities of taxable person under GST shall be recorded & maintained in this ledger [Sec 49(7)].
 - ORDER OF ADJUSTMENT IN SETTLING TAX LIABILITY
1. First self-assessed tax; & other dues related to returns of previous tax periods
 2. Self-assessed tax, and other dues related to the return of the current tax period;
 3. Any other amount payable under this Act including the demand determined u/s 73/74.

Note: ‘Tax dues’ means the tax payable under this Act and does not include interest, fee and penalty; ‘Other dues’ means interest, penalty, fee or any other amount payable under this Act or rules made

- It shall be maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee etc. on the common portal and all amounts payable by him shall be debited to the said register.
- E-Liability register of the person shall be debited by:
- Tax, interest, late fee etc. payable as per the return furnished by the said person;
- Tax, interest, penalty etc. payable as determined by PO in pursuance of any proceedings
- Tax & interest payable as a result of mismatch u/s 42/43/50;
- Interest that may accrue from time to time.
- Payment of every liability by a registered person as per his return shall be made by debiting E-Credit ledger or E-Cash ledger & E-Liability register shall be credited accordingly.

Note: Amount deducted u/s 51; amount collected u/s 52; amount payable on RCM basis; amount payable u/s 10; amount payable towards interest, penalty, fee etc. shall be paid by debiting E-Cash ledger & E-Liability register shall be credited accordingly.

- Every person who has paid the tax on G/S shall be deemed to have passed on full incidence of such tax to the recipient of such G/S [Sec 49(9)].

X Ltd. has following tax liabilities under the provisions of Act

SN	Particulars	Amount
1	Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2018	1,00,000
2	Interest & Penalty on delayed payment and filing of returns belonging to August 2018	20,000
3	Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2018	1,20,000
4	Interest & Penalty on delayed payment & filing of returns belonging to September 2018	20,000
5	Demand raised u/s 73/74 under CGST Act, 2017 belonging to July 2018	8,00,000
6	Demand raised as per the old provisions of Indirect Taxes	1,00,000

X Ltd. has Rs. 5,00,000 in Electronic cash ledger. Suggest X Ltd. in discharging the tax liability.

INTEREST ON DELAYED PAYMENT OF TAX BY TAX PAYER [SECTION 50]

Section	Case	Rate
50(1)	Delayed payment of tax	18% p.a

Points to Remember:

1. Interest u/s 50(1) shall be calculated from next day of due date of payment of tax.
2. Interest payable for actual period of delay, not for whole month.
3. Interest is payable even if duty is paid before issue of show cause notice.

TRANSFER OF INPUT TAX CREDIT [SEC 53 OF CGST ACT & SEC 18 OF IGST ACT]

- If the amount of CGST is utilised towards dues of IGST then, in terms of section 53 of the CGST Act, there shall be reduction in the amount of CGST, equal to the credit so utilized & CG shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.
- Similarly, if the amount of IGST is utilised towards dues of CGST/UTGST then, in terms of section 18 of IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized & CG shall transfer such amount equivalent to the amount so reduced in IGST account to CGST/UTGST account.
- However, if amount of IGST is utilised towards dues of SGST then, in terms of section 18 of IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, & will be apportioned to appropriate SG & CG shall transfer the amount so apportioned to the account of respective SG.

Levy of interest on ITC wrongly availed and utilized [Section 50]

With effect from 05.07.2022, following amendments have been carried out by the Finance Act, 2022 in section 50

Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding 24% as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed. Notified rate is 18%.

Transfer of amount reflected in Electronic Cash Ledger

Sub-sections (10) and (11) of section 49 of the CGST Act, 2017 facilitates a **registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person, provided there is no unpaid liability in his electronic liability register.**

The amount available in the electronic cash ledger can be utilised for payment of any liability for the major and minor heads. For instance, if the registered person has made a deposit of tax erroneously i.e. by virtue of human error, under a particular head instead of a specific head, the same can be transferred to the respective intended head vide Form GST PMT-09.

Further, a registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger to the electronic cash ledger for central tax or integrated tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in Form GST PMT-09.

However, no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

This Form can be used either for -

- (i) transfer of erroneous deposits under any minor head of a major head to any other minor head of same or other major heads or
- (ii) transfer of any of the amounts already lying unutilised under any of the minor heads in Electronic Cash ledger or
- (iii) **transfer of any amount lying in the electronic cash ledger to the electronic cash ledger for CGST/IGST of a distinct person**

Conditions of use of amount available in electronic credit ledger [Rule 86A]

In case the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has **reasons to believe** that ITC available in the electronic credit ledger has been fraudulently availed or is ineligible, he may, after recording reasons in writing, prohibit use of ITC for discharge of any liability under section 49 or for claim of any refund of any unutilised amount. [Such provisions have already been discussed in detail in Chapter 8: Input Tax Credit.]

CBIC has provided clarifications³ regarding utilization of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities:-

Issue 1:

Whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws?

Clarification:

In terms of section 49(4), the amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, subject to the provisions relating to the order of utilisation of ITC as laid down in section 49B read with rule 88A.

Rule 86(2) provides for debiting of the electronic credit ledger to the extent of discharge of any liability in accordance with the provisions of section 49/49A/49B.

Further, output tax in relation to a taxable person (i.e. a person who is registered or liable to be registered under section 22 or section 24) is defined in section 2(82) as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

Issue 2:

Whether the amount available in the electronic credit ledger can be used for making payment of any liability other than tax under the GST laws?

Clarification:

As per section 49(4), the electronic credit ledger can be used for making payment of output tax only under the CGST Act or the IGST Act. It cannot be used for making payment of any interest, penalty, fees or any other amount payable under the said Acts. Similarly, electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash.

Issue 3:

Whether the amount available in the electronic cash ledger can be used for making payment of any liability under the GST laws?

Clarification:

As per section 49(3), the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the GST laws.

Manner of calculating interest on delayed payment of tax [Rule 88B]

In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under section 50(1).

In all other cases, where interest is payable under section 50(1), the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid at the rate specified under section 50(1).

Where interest is payable on the amount of ITC wrongly availed and utilised in accordance with section 50(3), the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount at the rate specified under section 50(3).

The explanation to the rule lays down that-

- (i) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.
- (ii) the date of utilisation of such input tax credit shall be taken to be-
 - (a) the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or
 - (b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

**Other relevant points relating to interest**

- ✓ The term "tax" here means the tax payable under the Act or Rules made thereunder.
- ✓ The payment of interest in case of belated payment of tax should be made voluntarily i.e. even without a demand.
- ✓ The interest payable under this section shall be debited to the Electronic Liability Register.
- ✓ The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger **but not with balance in electronic credit ledger.**

Example

ABC Ltd., have filed their GSTR3B for the month of July, 2022 within the due date prescribed under Section 39 i.e. 20.08.2022. Post filing of the return, the registered person has noticed during September 2022 that tax dues of ₹40,000 for the month of July, 2022 have not been paid. ABC Ltd., has paid the above amount of ₹40,000, through GSTR-3B of September 2022, filed on 20.10.2022 [payment through Cash ledger ₹30,000 and Credit ledger ₹10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 2022 has been filed belatedly on 20.10.2022 and the self-assessed tax of ₹40,000/- has been paid on 20.10.2022 [payment through electronic cash ledger - ₹30,000 and electronic credit ledger ₹10,000]

Notes:

- No other supply has been made nor tax payable for the month of July, 2022 other than ₹40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case.

Notes



Tax Deduction at Source and Tax Collection at Source

Tax Deduction at Source = TDS Section 51

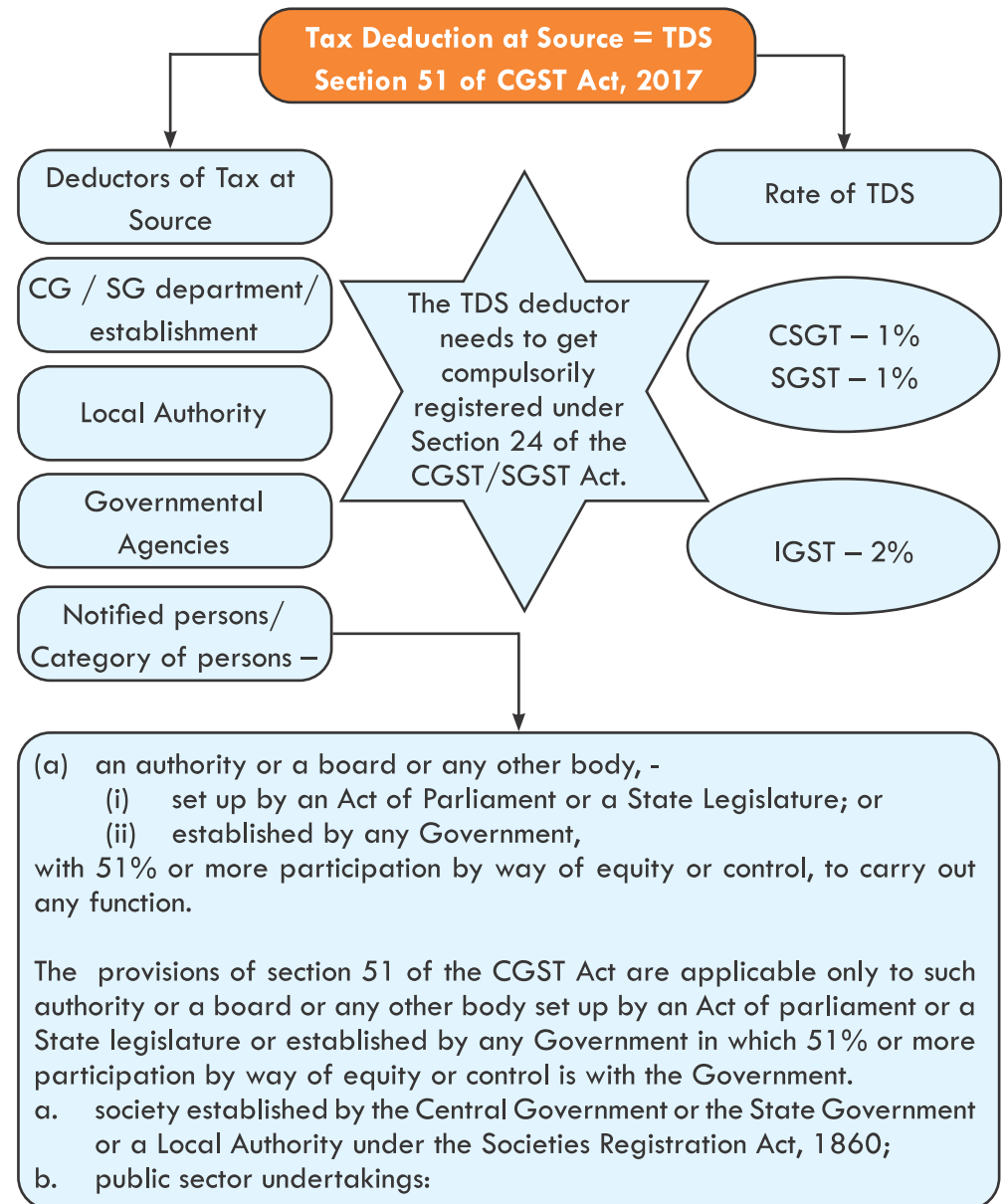
- TDS is one of the modes/ methods to collect tax, under which, certain % of amount is deducted by a recipient at the time of making payment to the supplier.
- It facilitates sharing of responsibility of tax collection between the deductor and the tax administrator. TDS refers to the tax which is deducted when the recipient of goods or services make payment or credits a supplier's account under a contract etc.

Tax Collection at Source = TCS Section 52

- TDS has similarities with TDS, as well as a few distinctive features.
- TCS refers to the tax which is collected by the ECO, when a supplier supplies some goods or services through its portal and the payment for that supply is collected by the ECO.

The amount of tax deducted/collected is reflected in the Electronic Cash Ledger of the dedcutee /supplier respectively.

Provisions of TDS and TCS under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.



Categories of persons not liable to deduct TDS

1. When goods and/or services are supplied from a PSU to another PSU, whether or not a distinct person.
2. When supply of goods and/or services takes place between one person to another person specified of section 51

Threshold limit

Total value of supply of taxable goods and/or services under a contract **exceeds Rs.2,50,000/- exclusive of tax & cess as per the invoice.**

Deposit of TDS with the Government

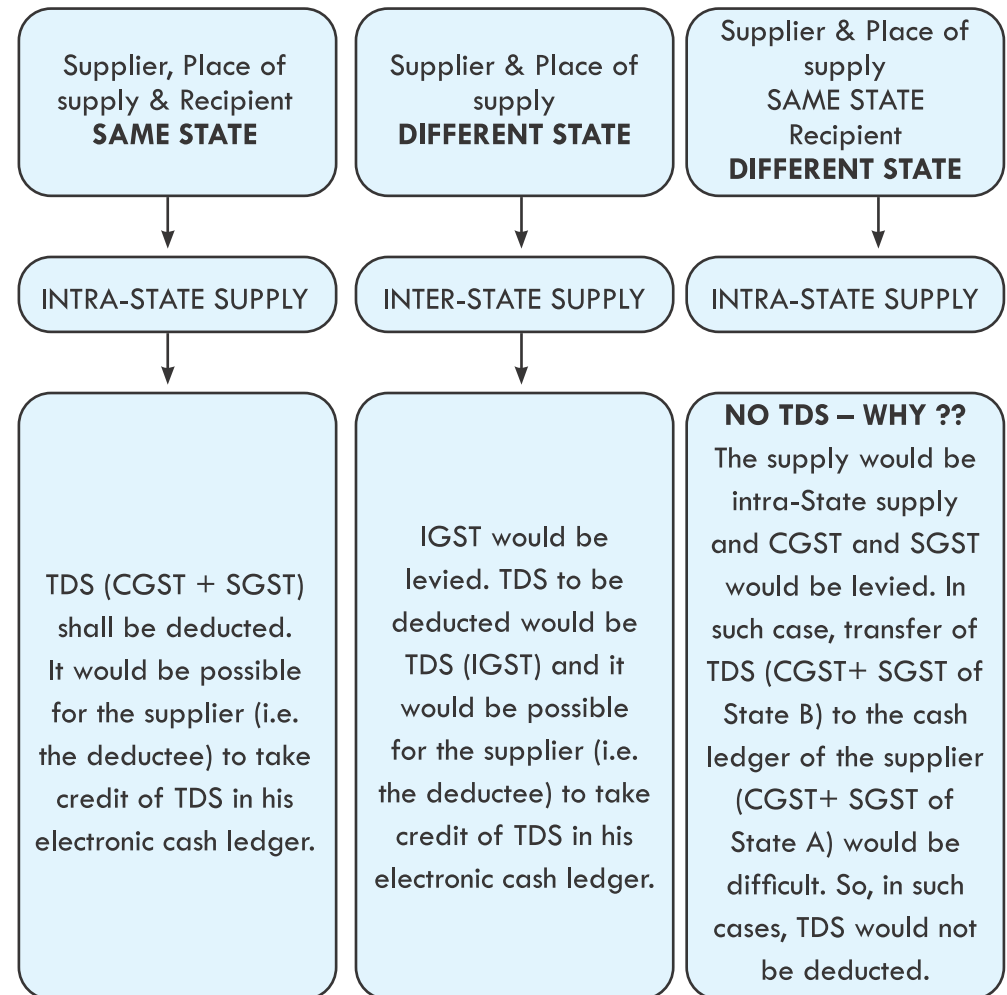
1. The amount of tax deducted at source should be deposited to the Government account by deductor by 10th of the succeeding month.
2. The amount deposited as TDS will be reflected in the electronic cash ledger of the supplier

TDS Certificate

A TDS certificate is required to be issued by deductor (the person who is deducting tax) in prescribed form to the deductee (the supplier from whose payment TDS is deducted).

Form GSTR 7A
(TDS Certificate)

Applicability of TDS Situations





Example on Applicability of TDS Situations

Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51
Maharashtra	Maharashtra	Maharashtra	Yes
Maharashtra	Maharashtra	Goa	No
Maharashtra	Goa	Goa	Yes
Daman and Diu	Daman and Diu	Daman and Diu	Yes
Daman and Diu	Chandigarh	Chandigarh	Yes
Daman and Diu	Daman and Diu	Chandigarh	No

Non- remittance by the deductor

If the deductor has not remitted the amount deducted as TDS to the Government within the prescribed time limit, he is liable to pay penal interest under Section 50 in addition to the amount of tax deducted.

Reflection of amount of TDS

The amount of tax deducted is reflected in

- Electronic Cash Ledger of deductee.
- Return filed by deductor under section 39(3).[GSTR-7]

Refund on excess/erroneous deduction

- The deductor or the deductee can claim refund of excess deduction or erroneous deduction.
- The provisions of section 54 relating to refunds would apply.
- However, if the deducted amount is already credited to the electronic cash ledger of the supplier, the same shall not be refunded



Consequences Of Not Complying With TDS Provisions

Sr.No.	Event	Consequence
1	TDS not deducted	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
2	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
3	Late filing of TDS returns	Late fee of Rs. 100/- for every day during which such failure continues, subject to a maximum amount of Rs. 5,000/-



Tax Collected at Source = TCS Section 52 of CGST Act, 2017

Person liable to collect Tax at Source

TCS refers to the tax which is collected by the **ECO** when a supplier supplies taxable goods or services through its portal and the payment for that supply is collected by the **ECO**, not being an agent, has been mandated to collect TCS on the **net value of taxable supplies** [supplies net of returns if any] made through it by suppliers, where the **ECO** collects the consideration on behalf of the supplier for such supplies.

Net Value of Taxable Supplies

Aggregate value of taxable supplies of goods and / or services (**other than notified services under section 9(5) by all registered persons through operator**)

Less : taxable supplies returned to suppliers

Rate of Deduction

CSGT – 0.5%
SGST – 0.5%

IGST – Not exceeding 1%

Services notified vide Notification No. 17/2017 CT (R) as below:

- (i) Transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;
- (ii) Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through ECO is liable for registration under Sec 22(1)
- (iii) House - keeping, such as plumbing, carpentering etc, except where the person supplying such service through ECO is liable for registration under Sec 22(1)
- (iv) Supply of restaurant service other than the services supplied by the restaurant, eating joints etc located at specified premises

Deposit of TCS by ECO to Government

The TCS amount collected by the **ECO** has to be remitted to the Government Treasury within 10 days after the end of the month in which the collection was made

Example - If the TCS has been collected in the month of July, the amount has to be remitted into the Government Treasury on or before 10th August.

Filing of Monthly & Annual Statements by ECO

1. An electronic statement has to be filed by the ECO containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the **month within 10 days after the end of the each month in which supplies are made**.
2. Additionally, the ECO is also mandated to file **an Annual Statement on or before 31st day of December following the end of the financial year**
3. The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement .

Deposit of TDS with the Government

1. An officer not below the rank of Deputy Commissioner can issue notice to an operator, asking him to furnish details relating to volume of the goods/services supplied, stock of goods lying in warehouses/godowns, etc
2. The operator is required to furnish such details **within 15 working days**
3. In case of **failure** to furnish the information, besides being liable for penal action under section 122 and also liable for penalty up to Rs. 25,000/-

Additional Points

1. Ever ECO is required to collect tax on behalf of actual supplier the consideration with respect to the supply is being collected by the ecommerce operator
2. The ECO should make the collection during the period in which the supply was made.

Example 1

Mr. X is a supplier selling his own products through a web site hosted by him. Does he fall under the definition of an “electronic commerce operator”? Whether he is required to collect TCS on such supplies

Solution

Mr. X will come under the definition of an “electronic commerce operator”.

- However, according to Section 52 of the Act, TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by the ECO.
- In cases, where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section.
- These transactions will be liable to GST at the prevailing rates

Example 2

If Mr. A purchase goods from different vendors and in turn Mr. A, is selling them on his own website under his own billing, Is TCS required to be collected on such supplies

Solution:

- No. TCS is required to be collected on the net value of taxable supplies made through ECO by other suppliers where the consideration is to be collected by the ECO.
- In this case, there are two transactions - Mr. A purchase the goods from the vendors, and those goods are sold through his own website.
- For the first transaction, GST is leviable, and will need to be paid to vendor, on which credit is available to Mr. A.
- The second transaction is a supply on own account of Mr. A, and not by other suppliers and there is no requirement to collect tax at source.
- The transaction will attract GST at the prevailing rates

GSTR-1

Person Liable to furnish details of outward supply	Every RP including casual registered person except the following: <ul style="list-style-type: none"> input service distributor (ISD) non-resident taxable person person paying tax under composition scheme person deducting tax at source person collecting tax at source i.e., e-commerce operator (ECO) a supplier of online information and database access or retrieval services (OIDAR)
Due Date	GSTR-1 of a month can be filed any time between 1st and 10th day of the succeeding month. However, The RP having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year, as the class of registered persons shall furnish the details of outward supply of goods or services or both in FORM GSTR-1 for every quarter under proviso to sub-section (1) of section 39 of the said Act, shall be extended till the 13th day of the month succeeding such tax period
NIL GSTR-1	A Nil GSTR-1 can be filed through an SMS using the registered mobile number of the taxpayer. GSTR-1 submitted through SMS is verified by registered mobile number-based OTP facility.
Extension	The due date of filing GSTR-1 may be extended by the Commissioner/Commissioner of State GST/Commissioner of UTGST for a class of taxable persons by way of a notification.

Kind of details of outward supplies	Invoice-wise details	Consolidated details	Debit and credit notes
		Inter-State and Intra- State supplies made to registered persons	Intra-State supplies made to unregistered persons for each rate of tax
	inter-State supplies made to unregistered persons with invoice value exceeding Rs. 2,50,000	Inter-State supplies made to unregistered persons with invoice value upto Rs. 2,50,000 for each rate of tax separately for each State	
	<ul style="list-style-type: none"> Invoices can be uploaded any time during the tax period and not just at the time of filing of GSTR-1. Invoices can be modified/deleted any number of times till the submission of GSTR-1 of a tax period. The uploaded invoice details are in a draft version till the GSTR-1 is submitted and can be changed irrespective of due date. 		
Indication of HSN details	The minimum number of digits of HSN code that a filer has to upload depends on his turnover in the last year. Notification No. 12/2017, which has been issued in this regard, provides that		
	Annual turnover in the preceding FY	Number of Digits of HSN Code	
	Upto Rs. 5 crore	B2B – 4	
		B2C – 4 (Optional)	
	More than Rs. 5 crores	4	

Communication of details of GSTR-1 to the recipient of supply	The details of outward supplies for a month furnished by the supplier are communicated and made available electronically (auto populated) to the respective recipient(s) in Part A of Form GSTR- 2A/ Form GSTR-4A (in case of registered person opting for composition levy through the common portal after the 10th day of the succeeding month (due date of filing of GSTR-1).
Rectification of errors	<p>If the supplier discovers any error or omission, he shall rectify the same in the tax period during which such error or omission is noticed, and pay the tax and interest, if any, in case there is short payment, in the return to be furnished for such tax period.</p> <p>However, the maximum time limit within which such amendments or rectification are permissible is earlier of the following dates:</p> <p>a. 30th day of November of the following financial year or</p> <p>b. Date of filing of the relevant annual return</p>
Other Points	<ul style="list-style-type: none"> GSTR-1 needs to be filed even if there is no business activity (Nil Return) in the tax period. Taxpayer opting for voluntary cancellation of GSTIN has to file GSTR-1 for active period. In cases where a taxpayer has been converted from a normal taxpayer to composition taxpayer, GSTR-1 will be available for filing only for the period during which the taxpayer was registered as normal taxpayer. The GSTR-1 for the said period, even if filed with delay would accept invoices for the period prior to conversion

GSTR-3B

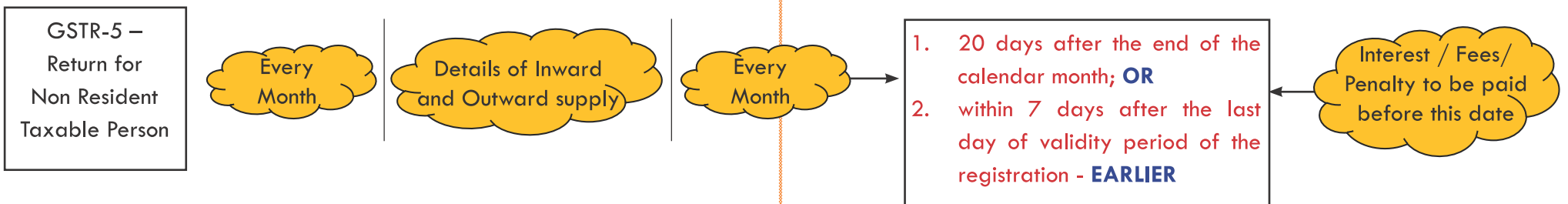
1	Section 39(1) prescribes a monthly return in Form GSTR-3 for every registered person, other than an input service distributor or a nonresident taxable person or a composition tax payer, a person deducting tax at source, an electronic commerce operator and supplier of OIDAR services.
2	<p>Due date 20th day of the month succeeding the relevant calendar month or part thereof.</p> <p>Filing of GSTR-3 – has been deferred. Person who is filing the return under GSTR-3B – is not required to file GSTR-3</p>
3	<p>What is GSTR-3B? Summary of outward supply, inward supplies liable to reverse charge, eligible ITC, payment of tax etc Invoice wise details – NOT REQUIRED</p>
4	NIL GSTR-3B – can be filed – through an SMS using the registered mobile number of the taxpayer and is verified by OTP facility

Basic Details	Other details relating to supply
<ul style="list-style-type: none"> GSTIN Legal name of the registered person Tax period 	<ul style="list-style-type: none"> Summarized details of outward supplies and inward supplies liable to reverse charge Summarized details of interstate supplies made to unregistered persons, composition taxable persons and UIN holders Eligible ITC Values of exempt, nil-rated and non-GST inward supplies Payment of tax TDS/TCS credit

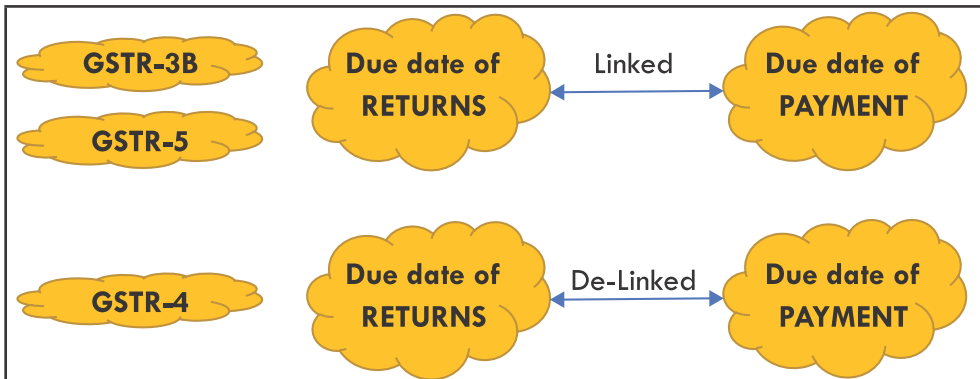
GSTR-4 – Return for composition supplier and person paying tax under Sec 10(2A)

1	<p>Person Required to file GSTR-4</p> <ol style="list-style-type: none"> Every RP paying tax under section 10 i.e. a composition supplier; or Every RP paying tax by availing the benefit of Sec 10(2A)
2	<p>Quarterly statement for payment of self-assessed tax</p> <p>The persons required to file GSTR-4 are also required to furnish a statement in the FORM GST CMP-08 containing details of payment of self assessed tax, for every quarter (or part of the quarter), by 18th day of the month succeeding such quarter</p>
3	<p>Due date for filing GSTR-4</p> <p>30th April of the succeeding financial year</p>
4	<p>Consolidated details of outward supplies</p> <ol style="list-style-type: none"> Composition taxpayers and persons paying tax under Sec 10(2A) are neither entitled for any ITC nor entitled to pass on any ITC to their customers (registered / unregistered). Therefore, composition taxpayers and persons paying tax under Sec 10(2A) are required to provide consolidated details of outward supplies in GSTR-4 and not invoice-wise details. However, details of inter-State and intra-State inward supplies received from registered and un-registered persons are to be provided invoice wise

5	<p>Statements/return for the period prior to opting for composition scheme</p> <p>If a RP opts to pay tax under composition scheme/ Sec 10(2A) from the beginning of a FY, he will, where required, furnish statements/ return relating to the period prior to paying tax under composition scheme/ Sec 10(2A)</p> <ol style="list-style-type: none"> the due date of furnishing the return for the month of September of the succeeding financial year, or furnishing of annual return of the preceding financial year, whichever is earlier
6	<p>A registered person opting to withdraw from the composition scheme at his own motion or where option is withdrawn at the instance of the proper officer and a registered person who ceases to pay tax under Sec 10(2A) will, where required, furnish-</p> <ol style="list-style-type: none"> GST CMP-08 relating to the period prior to his exiting from composition scheme/ceasing to pay tax under Sec 10(2A) till 18th of the month succeeding the quarter in which the date of withdrawal/cessation falls GSTR-4 relating to the period prior to his exiting from composition scheme/ceasing to pay tax under Sec 10(2A) 30th April following the end of the financial year during which such withdrawal/cessation falls
7	<p>NIL CMP-08</p> <p>A Nil GST CMP-08 can be filed through an SMS using the registered mobile number of the taxpayer and is verified by OTP facility.</p>



Due date of payment of Tax



Provided that every registered person furnishing return under the proviso to sub-section (1) [QRMP Scheme] shall pay to the Government, the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed

Rectification of errors/omissions [Section 39(9)]

Omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the tax period during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. However, rectification is not allowed where error or omission discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities.

TIME LIMIT FOR RECTIFICATION

- 30th day of November following the end of the financial year to which such details pertain** ~~Due-date-of-filing-of-return-for-the-month-of September following the end of the financial year [i.e., 20th October of next financial year]~~ or
- Actual date of filing of the relevant annual return**

First Return [Section 40]

- When a person becomes liable to registration, he may apply for registration within 30 days of so becoming liable. Thus, there might be a time lag between a person becoming liable to registration and grant of registration certificate.
- During the pendency of registration, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration.
- Section 40 provides that registered person shall declare his outward supplies made during said period in the first return furnished by him after grant of registration

Annual Return [Section 44 read with rule 80 of the CGST Rules]

1	Who is required to furnish annual return All registered persons are required to file an annual return. However, following persons are not required to file the annual return <ul style="list-style-type: none"> Casual taxable persons. Non- resident taxable person Input service distributors and Persons authorized to deduct/collect tax at source under section 51/52 Person supplying OIDAR services from a place outside India to a person in India
2	Due date - The annual return for a financial year needs to be filed by 31st December of the next financial year
3	Regular Supplier – GSTR 9 Composition supplier – GSTR 9A
4	Every registered person who is required to get his accounts audited under section 35(5) shall also furnish: <ol style="list-style-type: none"> electronically a copy of audited annual accounts and; a self-certified reconciliation statement in the prescribed form along with the annual return.

Provided further that nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India, or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force

Person	Regular taxable Person	Composition Taxable person	CG/SG/Local Authority (covered in proviso 2)
Form	GSTR-9	GSTR-9A	-
Due date	31st Dec of the next F. Y. (commissioner can extent time limit for furnishing annual return).		

Final Return

Who is required to furnish final return	Every registered person who is required to furnish return u/s 39(1) and whose registration has been surrendered or cancelled is required to file a final return electronically in Form GSTR-10 through the common portal.
Time-limit for furnishing final return	The final return has to be filed within 3 months of the: (i) date of cancellation or (ii) date of order of cancellation Whichever is later

GSTR 11 - Details of inward supplies of persons having UIN

When UIN is issued for claiming refund of taxes paid on inward supplies	Such person shall furnish the details of the inward supplies of taxable goods and/or services on which refund of taxes has been claimed, in Form GSTR-11, along with application for such refund claim
UIN is issued for purposes other than refund	Such person shall furnish the details of inward supplies of taxable goods and/or services as may be required by the proper officer in Form GSTR-11.

DEFAULT/DELAY IN FURNISHING RETURN [SECTIONS 46 & 47]

Notice to return defaulters [Section 46 read with rule 68 of the CGST Rules]	A notice in prescribed form shall be issued, electronically, to a registered person who fails to furnish return under section 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return] or section 52 [TCS Statement]. The notice would require the registered person to furnish the return within 15 days.
Time-limit for furnishing final return	The final return has to be filed within 3 months of the: (i) date of cancellation or (ii) date of order of cancellation Whichever is later

Late fees levied for delay in filing return [Section 47]

For Delayed Filing Of GSTR-1 And/Or GSTR-3B (Returns By A Regular Supplier)

Registered Persons Who Have Nil Outward Supplies In The Tax Period; Or Registered Persons Whose Total Amount Of Tax Payable As Per GSTR-3B Is Nil	Lower Of the Following Two: <ul style="list-style-type: none"> Rs 200 (Rs100 under each act) for every day during which such failure continues; or 500 (Rs 250 under each act)
Other Cases:	
Aggregate Turnover Of Preceding Financial Year Doesn't Exceed Rs 1.5 Cr	Lower Of the Following Two: <ul style="list-style-type: none"> Rs 200 (Rs100 under each act) for every day during which such failure continues; or Rs 2,000 (Rs 1,000 each under each act)

Aggregate Turnover Of Preceding Financial Year Exceeds Rs 1.5 Cr But Doesn't Exceed Rs 5 Cr	<p>Lower Of the Following Two:</p> <ul style="list-style-type: none"> • Rs 200 (Rs100 under each act) for every day during which such failure continues; or • Rs 5000 (Rs 2,500 each under each act)
Aggregate Turnover Of Preceding Financial Year Exceeds Rs 5 Cr	<p>Lower Of the Following Two:</p> <ul style="list-style-type: none"> • Rs 200 (Rs100 under each act) for every day during which such failure continues; or • Rs 10,000 (Rs5000 under each act)

For Delayed Filing Of GSTR-4 (Return By A Composition Supplier)

Total Tax Payable as Per GSTR-4 Is Nil	<p>Lower Of the Following Two:</p> <ul style="list-style-type: none"> - Rs 200 (Rs 100 under each act) for every day during which such failure continues; or - Rs 500 (Rs 250 under each act)
Total Tax Payable as Per GSTR-4 Is NOT Nil	<p>Lower of</p> <ul style="list-style-type: none"> - Rs 200 (Rs 100 under each act) for every day during which such failure continues; or - Rs 2,000 (Rs 1000 under each act)

For Delayed Filing Of GSTR-5 (Returns By A NRTP) And GSTR-10 (Final Return):

In case of delayed filing of GSTR-5/GSTR-10, LOWER of the following two amounts is required to be paid as late fee u/s 47 of the CGST Act:

- Rs 100 for every day during which such failure continues; or
- Rs 5,000

For Delayed Filing Of GSTR-9 (Annual Return)

A registered person who fails to furnish the annual return u/s 44 by the due date is required to pay LOWER of the following two amounts as late fee u/s 47 of the CGST Act:

- Rs 100 for every day during which such failure continues; or
- 0.25% of turnover of registered person in the State/Union Territory.

Note: An equal amount of late fee would be payable by such person under the respective SGST/UTGST Act as well.

Student Notes

QRMP Scheme

1. QRMP Scheme is an optional return filing scheme, introduced for small taxpayers having aggregate annual turnover (PAN based) of upto ₹ 5 crore in the current and preceding financial year to furnish their Form GSTR-1 and Form GSTR-3B on a quarterly basis while paying their tax on a monthly basis through a simple challan.
2. Opting of QRMP scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one or more GSTINs. It implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme
3. Conditions and restrictions:
 - a) Registered persons under QRMP scheme must have furnished the return for the preceding month, as due on the date of exercising such option. A registered person shall not be eligible to opt for QRMP scheme if he has not furnished the last return due on the date of exercising such option.

Eg. If a registered person intending to avail of QRMP scheme for the quarter 'July to September' is exercising his option on 27th July for the said quarter, he must have furnished the return for the month of June.

Registered persons under QRMP scheme are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.
 - b) A registered person intending to opt for QRMP scheme for any quarter shall indicate his preference for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised.

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

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

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

Option of QRMP scheme to lapse

In case where a registered person's aggregate turnover crosses ₹ 5 crore during a quarter in a financial year, he shall not be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter. He shall opt for furnishing of return on a monthly basis, electronically, on the common portal, from the first month of the quarter, succeeding the quarter during which his aggregate turnover exceeds ₹ 5 crore.

The facility for opting out of the scheme for a quarter will be available from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter.

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

- a) Taxpayers opting for QRMP scheme may furnish the details of such outward supplies to a registered person, as he may consider necessary, for the 1st and 2nd months of a quarter, using invoice furnishing facility (hereafter referred to as the "IFF").

Invoices pertaining to last month of a quarter are to be uploaded in GSTR-1 only.

- b) The facility of furnishing details of invoices in IFF has been provided

so as to allow details of such supplies to be duly reflected in the Form GSTR-2A and Form GSTR-2B of the concerned recipient. In case where a buyer has made purchases from a person opting for QRMP scheme, he could not have claimed full ITC but due to introduction of IFF, such delay will not occur as the details submitted using IFF will be reflected in the GSTR-2A, GSTR-2B, GSTR-4A or GSTR-6A of the recipients, as the case may be.

- c) The IFF is not mandatory, but an optional facility made available to the registered persons under the QRMP scheme.
- d) Taxpayers using IFF can upload the invoice details upto a cumulative value of ₹ 50 lakh in each of the first 2 months of the quarter.
- e) The invoices are to be furnished in IFF between the 1st day of the succeeding month till the 13th day of the succeeding month. After 13th of the month, this facility for furnishing IFF for previous month would not be available.
- f) The details of invoices furnished using IFF in the first 2 months of the quarter are not required to be furnished again in GSTR-1 for the said quarter.

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

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

- g) In the IFF, the taxpayer has to submit the B2B (business to business) invoice details of both inter-State and intra-State supply transactions

along with debit and credit notes of the B2B invoices issued during the month. The details of outward supplies furnished using IFF shall include the -

- i. invoice wise details of inter-State and intra-State supplies made to the registered persons;
 - ii. debit and credit notes, if any, issued during the month for such invoices issued previously.
- h)** However, if a registered person does not opt to upload invoices using IFF, then he has to upload invoice details for all the 3 months of the quarter in Form GSTR-1
- i)** The details of outward supplies of goods and/or services furnished in Form GSTR-1 shall include the-

Invoice-wise details	Consolidated details	Debit and credit notes
Inter-State and Intra-State supplies made to registered persons	Intra-State supplies made to unregistered persons for each rate of tax	Issued during the month for invoices issued previously
inter-State supplies made to unregistered persons with invoice value exceeding Rs. 2,50,000	Inter-State supplies made to unregistered persons with invoice value upto Rs. 2,50,000 for each rate of tax separately for each State	

5. Form and manner of filing return - GSTR-3B [Rule 61 substituted with a new rule]

- 1. Every registered person, other than an input service distributor or a non-resident taxable person or a composition taxpayer, a person deducting tax at source, a person collecting tax at source, i.e. an electronic commerce operator and supplier of OIDAR services located in non-taxable territory providing such services to non-taxable

online recipient, is required to furnish a return in Form GSTR-3B, electronically.

2. Due date for filing return

In case of a taxpayer opting for QRMP scheme - Quarterly GSTR-3B on or before 22nd or 24th of the month succeeding the quarter for which return is furnished.

22nd day

Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman & Diu & Dadra & Nagar Haveli, Puduchery, Andaman and Nicobar Islands or Lakshadweep.

24th day

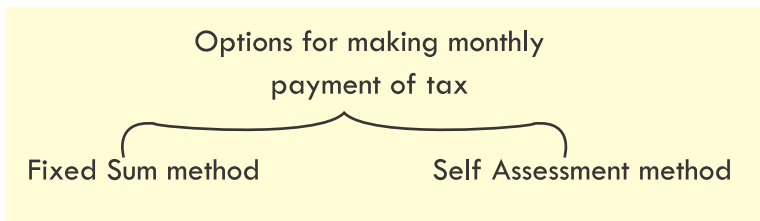
Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi

In case of other taxpayers - Monthly GSTR-3B on or before 20th & the month succeeding the month for which return is furnished.

6. Monthly payment of tax

The registered person under the QRMP Scheme would be required to pay the tax due in 1st month or 2nd month or both the months of the quarter by depositing the tax due in Form GST PMT-06. The payment is to be made by 25th day of the month succeeding such month.

While generating the challan, taxpayers should select "Monthly payment for quarterly taxpayer" as reason for generating the challan. The said person can use any of the following two options provided below for monthly payment of tax during the first 2 months -



Fixed sum method: If a taxpayer chooses this option, a facility is available on the GST portal for generating an auto-generated/pre-filled challan in Form GST PMT-06. The challan amount is calculated by the system which cannot be edited. The amount is equal to:

- a) 35% of the tax paid in cash in the return for the preceding quarter where the return was furnished quarterly; or 100% of tax liability paid in cash in the return for the last month of the immediately preceding quarter where the return was furnished monthly. However, no such amount may be required to be deposited-
 - for the 1st month of the quarter, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the tax liability for the said month or where there is nil tax liability;
 - for the 2nd month of the quarter, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the cumulative tax liability for the 1st and the 2nd month of the quarter or where there is nil tax liability
- b) Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month. A complete tax period means a tax period in which the person is registered from the first day of the tax period till the last day of the tax period.

Self-Assessment Method: The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward

supplies and the input tax credit available, in Form GST PMT-06. In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in Form GSTR-2B, for every month.

7. Applicability of interest

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

No interest would be payable in case the tax due is paid in the first 2 months of the quarter by way of depositing auto-calculated fixed sum amount by the due date.

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

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

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

In his return for the quarter, it is found that total liability for the quarter net of available credit was 125, but he files the return on 30th April. Interest would be payable at applicable rate on ₹ 55 [Rs 125 - Rs 70

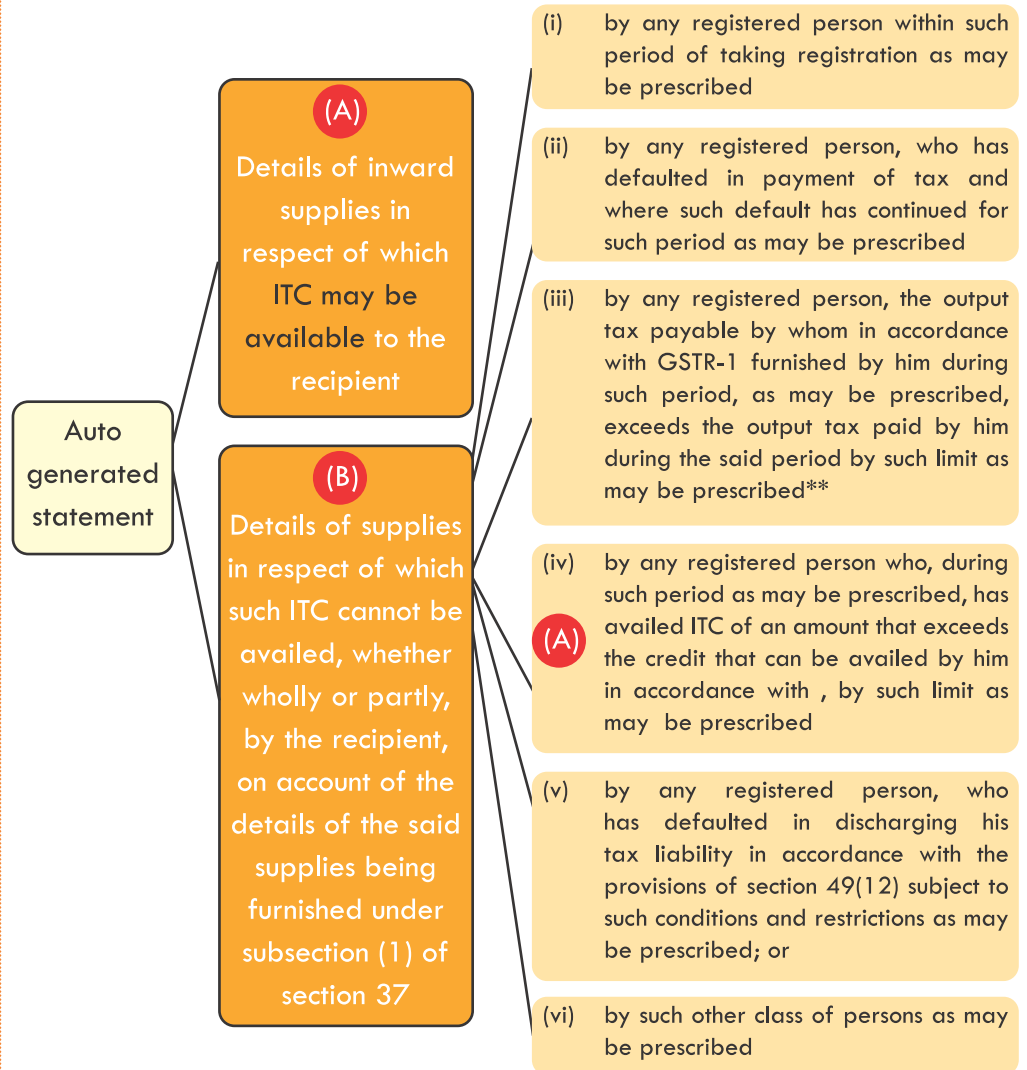
(deposit made in cash ledger in first and second month)] for the period between due date of quarterly GSTR 3B and 30thApril

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

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

COMMUNICATION OF DETAILS OF INWARD SUPPLIES AND INPUT TAX CREDIT [SECTION 38 READ WITH RULE 60]

The details of outward supplies furnished by the registered persons under section 37(1) and of such other supplies as may be prescribed, and an **Auto-Generated Statement** containing the details of ITC shall be made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.



****Rule 88C provides the mechanism for dealing with difference in liability reported in statement of outward supplies between Form GSTR-1 and Form GSTR-**

3B. Accordingly, where the tax liability as per Form GSTR-1 for a tax period exceeds the tax liability as per Form GSTR-3B for that period by more than a specified extent, the registered person would be intimated on the portal of such difference and be directed to either (i) pay the differential tax liability along with interest, or (ii) explain the difference, within 7 days' period.

Unless the taxpayer either deposits the amount specified in the said intimation or furnishes a reply explaining the reasons for any amount remaining unpaid, such a person should not be allowed to file Form GSTR-1/ IFF for the subsequent tax period.

Rule 88C reads as follows:

Where the tax payable by a registered person, in accordance with the statement of outward supplies furnished by him in Form GSTR-1 or using the IFF in respect of a tax period, exceeds the amount of tax payable by such person in accordance with the return for that period furnished by him in Form GSTR-3B, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference.

Such registered person shall be intimated in prescribed form, electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address*. In said intimation, the said difference between GSTR-1 and GSTR-3B will be highlighted and he will be directed to:

- (a) pay the differential tax liability, along with interest under section 50, through prescribed form; or
- (b) explain the aforesaid difference in tax payable on the common portal, within a period of 7 days.

*email address which registered person has provided at the time of registration or as amended from time to time Such registered person shall, upon receipt of the aforesaid intimation, either:

- (a) pay the amount of the differential tax liability, as specified in intimation, fully or partially, along with interest under section 50, and furnish the details thereof electronically on the common portal; or
- (b) furnish a reply electronically on the common portal, incorporating reasons in respect of that part of the differential tax liability that has remained unpaid, if any, within the period of 7 days.

Where any amount specified in the said intimation remains unpaid within 7 days' period and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be recoverable in accordance with the provisions of section 79^o.

Students Speaks

“ @zuharahman2568 · 1 day ago
if looking for tax faculties, on coming to know about Amit sir at first you might hesitate since he's new in this field, and since majority of people decide based on "experience". but once you get enrolled in it and you start doing the lectures, you'd never doubt your decision ever. best best and best.

1

”

“ @raginipandey23 · 1 day ago
Sir's teaching is very good, the way of covering the concepts is also excellent.....I will tell everyone to take it, it is just amazing.....

”

“ Hlw sir!
Sir aapke teaching style to ek no he koye aapka haat nhi pakd sakta, but jitna achha aap padhate Ho n vesehi aap is new generation ko humare culture ki imp bhi batate Ho Humare generation bahat coolness me jiti he but aap Hume sikhate Ho the imp of our culture the sanskar. Jo is generation me kaam dikhta he - Humare isme ek shlok he Guru Hai Param Brahma Oh bhagwan aap me dikhte he sir.
Word bhi kam he sir how best you are. I'm really glad ke me aapke students Ho. Love you sir!
Aapke jyse guru Ho na India ki generation kabhi bighad nhi sakti. Miss you sir. Aap ko kabhi bhi jaroort Ho sir to aapke students he sir. Aap kabhi batate nhi aap kine problem Ho us hasi ke piche chupa dete Ho but whenever u need us your students is there for u sir!

Akshat Jain - CA INTER student

”

“ @jasvindarsingh3617 · 7 minutes ago
@CrackTaxWithAmit Tnku sir
You are one of the best teacher of dt maina boht teacher se class li aj tk dt samaj nii aya ab apka YouTube lec se padh rha you r the best
Aisa lagta apna koi frnd hi padha rha sidha dimag me ghus jata
Tnku soo much sir

”

“ 60 marks in 5-6 hours
@satyamkumar-te9ik · 16 hours ago
he is a boon for us students directly from God, the one of the most awesome sir anyone can get. From the start I was very afraid of taxation, How can I do taxation, but the way he teaches, gives effort and every guidelines he gives to us is a boon, till now I have studied from him capital gain, salary, house property and as people say these are the most hardest chapter, but trust me I'm still thinking where is the hard part, it's so simple with CA AMIT MAHAJAN sir, sir ji for sure ye champ aapka naam roushan krega

”

“ October 23
Bhaiya, can't thank you enough for today's session Tax automatically becomes easy and interesting, when learning from you it really helped me in revising the whole IDT in detail You are a real gem and not exaggerating, A TAX GURU We need more teachers like you You need to be appreciated for the efforts you put in for all of us Charts you use for revision is just amazing It was infact a comprehensive revision of full syllabus of GST, rather than just super 60 even the smallest and the most ignored sections were covered Thank you once again bhaiya I'm indebted to you, forever

”

Contact Details

9969842303 profmahajan07@gmail.com

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