



GST NOTES

HANDWRITTEN

September, 2024

CA Inter

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Table of Contents

Chapter No.	Chapter Name	Page Number
	GST	
1.	Introduction to GST	001-007
2.	Supply under GST	008-024
3.	Charge of GST	025-043
4.	Composition Scheme	044-052
5.	Place of supply	053-066
6.	Time of Supply	067-076
7.	Value of Supply	077-084
8.	Input Tax Credit (incl. payment of tax through ITC)	085-105
9.	Registration under GST	106-121
10.	Documentation under GST (do it in detail from Chart attached at end)	122-127
11.	Accounts and Records	128-128
12.	Returns under GST	129-134
13.	Payment of Tax, TDS, TCS	135-138
14.	Exemptions	139-145
	Documentation extra pdf	146-149

GST - An Introduction

PAGE No.

DATE

Tax : "Compulsory contribution by individual/
Business to government for welfare of the state.

Income Tax → Central Government
(Union List)

Difference between Direct Tax & Indirect Tax

Direct Tax

- a. Impact → payer and incidence → who will bear the burden is on a single person.

- b. Progressive in nature
(ie. more the income, higher the rate of tax)

- c. Lower Tax Base

- d. Levied on income and profits

Indirect Tax

- Impact is on supplier and Incidence is on consumer.

- Regressive in nature

Income 1L 1CR
 (GST) 60K 60K
 18% on the price of goods purchased

- Higher Tax Base

- Levied on supply of goods / services.

Chain of Indirect Taxes

	Mfg.	Wholesale	Retailer	Consumer
Cost	100	110	121	COST
+ Profit	10	11	12.1	
S.P	110	121	133.1	
GST	13.2	14.52	15.972	
Invoice value	123.2	135.52	149.072	
		14.52	15.972	
Tax		(13.2)	(14.52)	
Benefit		1.32	1.452	

1. GST is a destination based consumption tax
2. GST is a value added tax

Deficiencies of Pre-Tax Regime :

1. Multiple "Taxable Event" -

(a) Excise Duty "Manufacturing the goods" → Central Govt.

(Tatra) (b) Value Added Tax (VAT) "Sales of goods" → State Govt.

(Inter) (c) CST (Sales Tax) "Sales of goods" → State Govt.

(d) Service Tax: Provision of services → Central Govt.

"Supply"

2. Multiple Tax Law: In previous regime there were multiple VAT laws and were different from each other accordingly it created differences, in procedures, rate of tax, etc. However in GST all the SGST Acts are identical due to which ease of compliance is achieved.

CGST = SGST UTGST IGST → Intra-state :
 Act Act Act Act supplies (collected
 2017 2017 2017 2017 by Central Govt.
 "centre" "no. of "no. of and apportioned
 states" union to place of
 territory" supply state 50%)

- IGST Law is formed by Central Govt.
- Few provisions are extra in IGST Act and rest provisions are taken from CGST Act.

3. Classification of Good/Services [Schedule II]

Restaurant		Works Contract	
G	S	G	S
(SG) 40%	(CG) 60%	30%	70%
VAT	ST		

4. Cascading effect : Cascading effect means (Tax on Tax) In pre-GST regime VAT was levied on excise which is detailed in below example.

Mfg:	10000	WS:	15000
(+) Profit	(1000)	(+) VAT	(750)
	11000	5% × 11000	15750
(+) ED (CG)	1320	+	
	12320	5% × 12320 (ED-CG)	
(+) VAT (SG)	(616)	{ Tax on Tax }	
	<u>12936</u>		

In pre GST regime no credit of excise was given to traders.

Therefore excise duty was forming part of cost
 No credit of value added tax was given to service providers

5. Origin Based Taxation v/s. Destination based consumption Tax

	A (MH)	B (MH)	C (TG)	D TG (Consumer)
SP	10000	20000	30000	
+CGST	900	+IGST 3600	+2700	
+SGST	900	23600	+2700	
	11800		35400	

C	S	IGST 3600	C	S
900	900	(-)CGST 900	2700	2700
-	-	(-)SGST 900	(2700)	(900)
900	900	IGST 1800		1800
	-900		+ CG will trf. to	900
	<u>D</u>	+MH Govt.	TG	<u>2700</u>
		will give		
		to CG		900
				<u>36 00</u>

IMPORTANT QUESTIONS -

1. Deficiency of pre - GST regime
2. Benefits of GST
3. Article No. 246A , 269A , 366 (12A)
4. Matters discussed in GST council

Constitutional validity of GST

Article 246 → 7th Schedule → 3 Lists

Union List



CG has the power to make law
eg. Excise Duty
Service Tax

State list



SG has the power to make law
eg. VAT, CST
Profession Tax
Entertainment
Entry Tax

Concurrent List



Boths Governments are having power to make laws
eg. Education

Article 246A (Clause 1)

Intra state supplies, power to make law would be with union (CG) and state legislature.

Article 254 → SG law \neq CG Law Prevail

Whenever state Govt. Act differs from CG Act
CG Act will prevail

SGST = CGST
Law Law

Inter state supplies, power to make with Parliament (CG)

Article 269A - Tax on Inter state supplies would be levied and collected by CG.

It shall be apportioned to states in the manner as may be prescribed.

Article 366(12A) - Definition of GST

GST is a tax on "supply" of goods or services or both except alcoholic liquor for human consumption

- GST will be charged on alcohol used for Industrial use (ie. Manufacturing sanitiser)

Notes :-

1. Supply ✓ :- Rate of GST, Supplier Turnover ≤ 201
Supply X :- GST X
2. Goods :- (+) Movable property
(+) Actionable Claims
(only few actionable claims are liable to GST)
(-) Money, securities
Loan ←
(50L) Processing Fee :- services
3. Services :- Anything other than goods, money, securities

Explanation to Article 246A. -

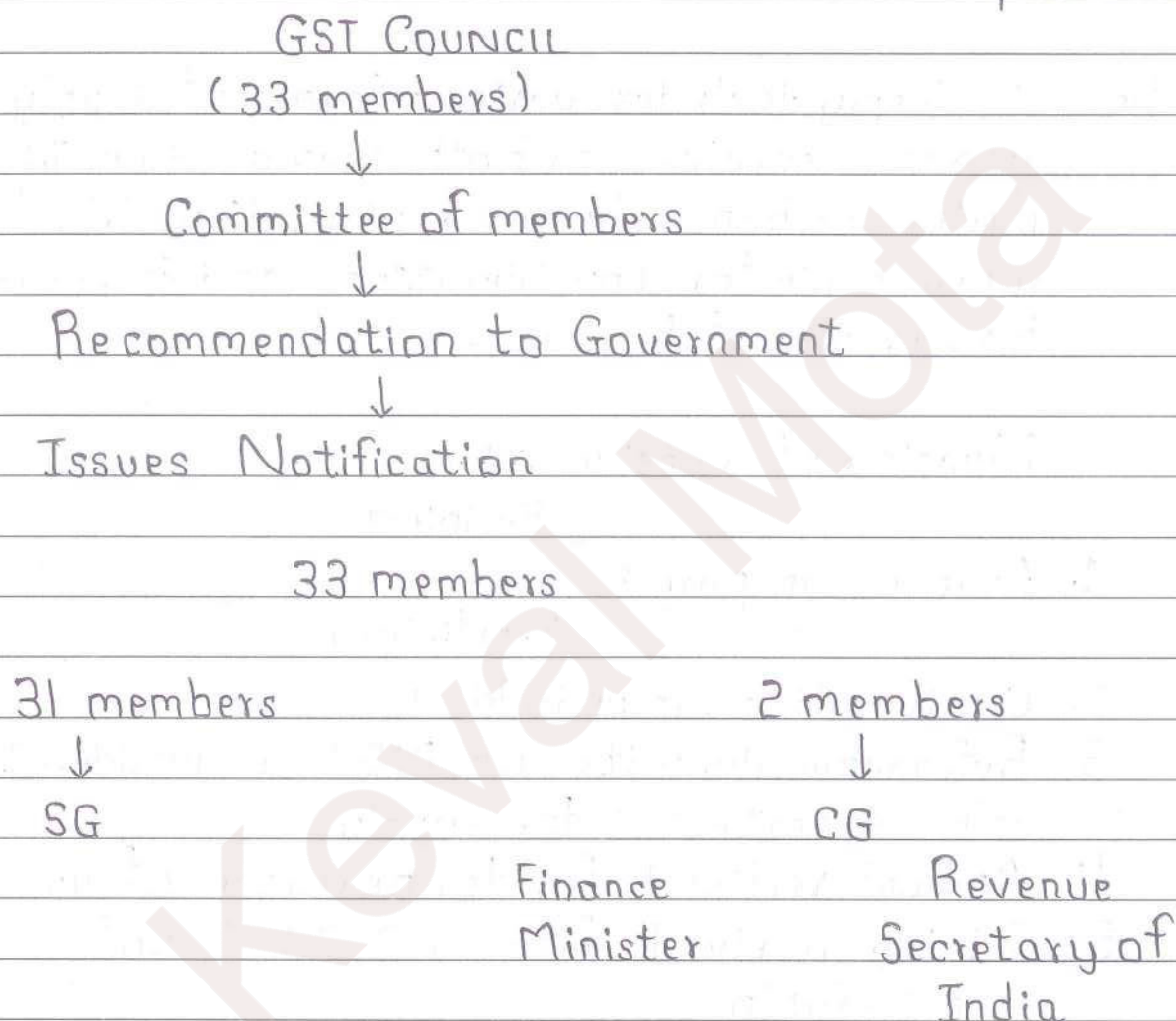
Article 279A(5) :- Product \Rightarrow NO GST

GST Council	}	1. Petroleum crude
Petroleum		2. Natural Gas
Product		3. Aviation Turbine Fuel
		4. High Speed Diesel Oil
		5. Motor Spirit

- * Unless the GST council says otherwise
- * GST would be levied at date notified later by GST council.

Article 286 - Restrictions on state to Impose Taxes on:-

1. Transactions taking place outside the state } Only CG
2. Import / Export } has the
power.



Meeting :-

1. Quorum - Minimum no. of members to be present in a meeting :
 - ① 50% of Total members
 - ② 17 minimum members
2. State Government present $\times \frac{2^{\text{rd}}}{3} \Rightarrow$ Favour
3. CG $\times \frac{1^{\text{rd}}}{3} \Rightarrow$ Favour
4. Total votes in Favour = $\frac{3^{\text{th}}}{4}$ of Total votes.

2. Supply Under GST

[Section 7, 8]

Taxable event in GST → "Supply"

inclusive

example

तरीका

Section 7 :- Supply "includes" various "forms of supply" of goods or services or both "such as" sale, transfer, barter, exchange, lease, rental, disposal, licence, when made for "consideration" and in course or furtherance of Business. ↓ quid-pro-quo

Meaning of Consideration :-

1. Anyone can pay ↙ Recipient
↘ Beneficiary
2. Consideration can be in kind
3. Refundable deposits are NOT a consideration unless apportioned for supply
4. Amount received for forbearance of an act
5. Subsidy received from CG/SG is not consideration.

Business

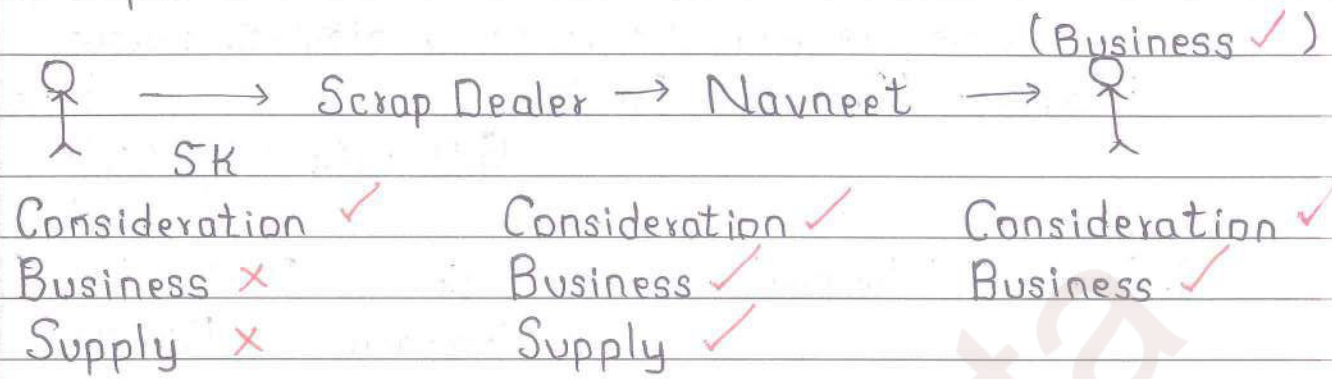
Incourse of
BusinessFurtherance of
Business

Ancillary

Core Business
Activities

PAGE NO.	
DATE	/ /

Example :



Consideration + Business Purpose

Schedule I : Entry 1

Activities to be treated as "supply" even if there is no consideration.

1. Permanent transfer or disposal of Business Asset where ITC has been availed.

		Lectures		
		Shesh	→	100000
Projector	40000	Classes		× 18%
	+ 7200			18000/-
	47200	Free → GST	(-)	(9180)
Camera	5000	(Purchase)	(sale)	8820
	+ 900	ITC	Consideration	Supply
	5900	✓	✓	✓
		x	x	x
Mic	6000	✓	x	✓
	+ 1080	x	✓	✓
	7080			

No Consideration
 ↳ No Supply

PAGE No. _____
 DATE / /

Schedule I : Entry 2 :

Supply between related persons or distinct person

Exception (Proviso) : Employer → Employee

Gift upto ₹50000/-

1. Examples of Related Person :
- 1. A Co. → B Co. share-holding >25%
 - 2. Company → Directors
 - 3. Employer → Employee

2. Meaning of Distinct person :

Entity code

27 AWPXM4108Q 17 1

Same PAN
 ≠
 Different
 GSTIN

State
 code

PAN

↳ Surname initial

↳ Type of Person

Check some
 character

A & Co.

MH

Principle Place of Business (POB) ← → Additional POB

In a single state we can obtain maximum registrations depending on the number of place of business. However, we must obtain 1 registration.

In case a single registration is obtained, any one place shall be called as principle place of business, other places would be treated as Additional Place of Business.

However, if we have businesses in 2 different states then separate registration shall be obtained mandatorily.

Exception :-

Employer → Employee

Gift

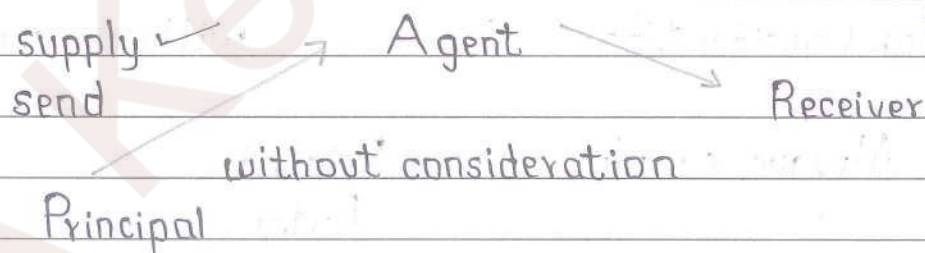
Bonus

≤ 50000/- No Supply - No ITC Available

> 50000/- Supply - ITC Available

Entry No. 3 : Sp Supply between Principal and Agent

If invoice is issued in name of agent then transaction between principal and agent would be treated as supply.



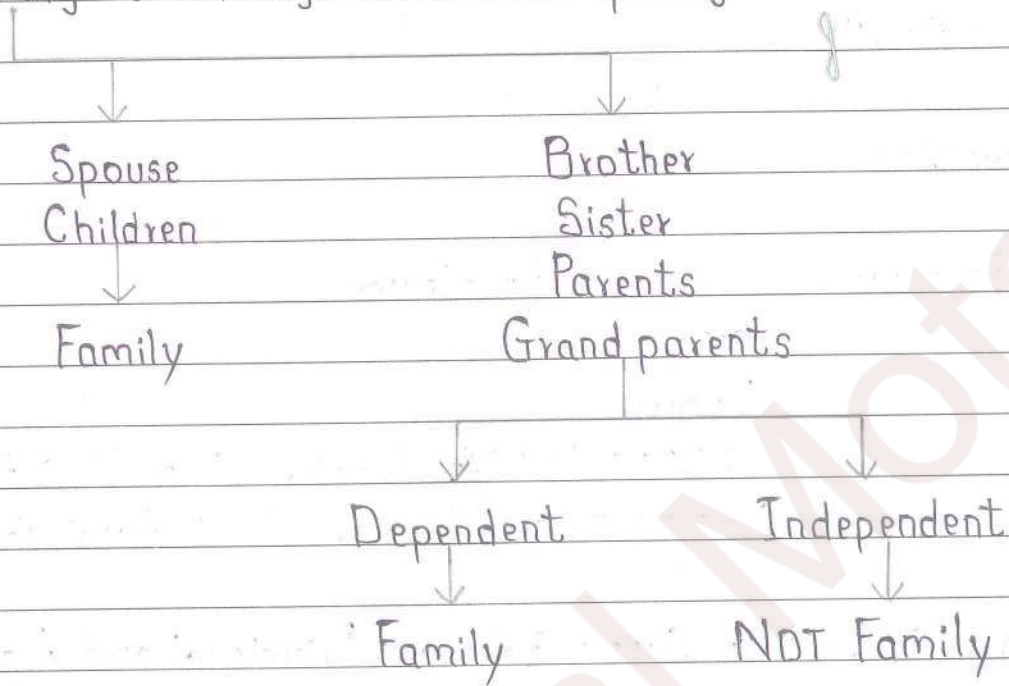
Entry No. 4 : Import of service without consideration from related party for furtherance of Business.

Outside India

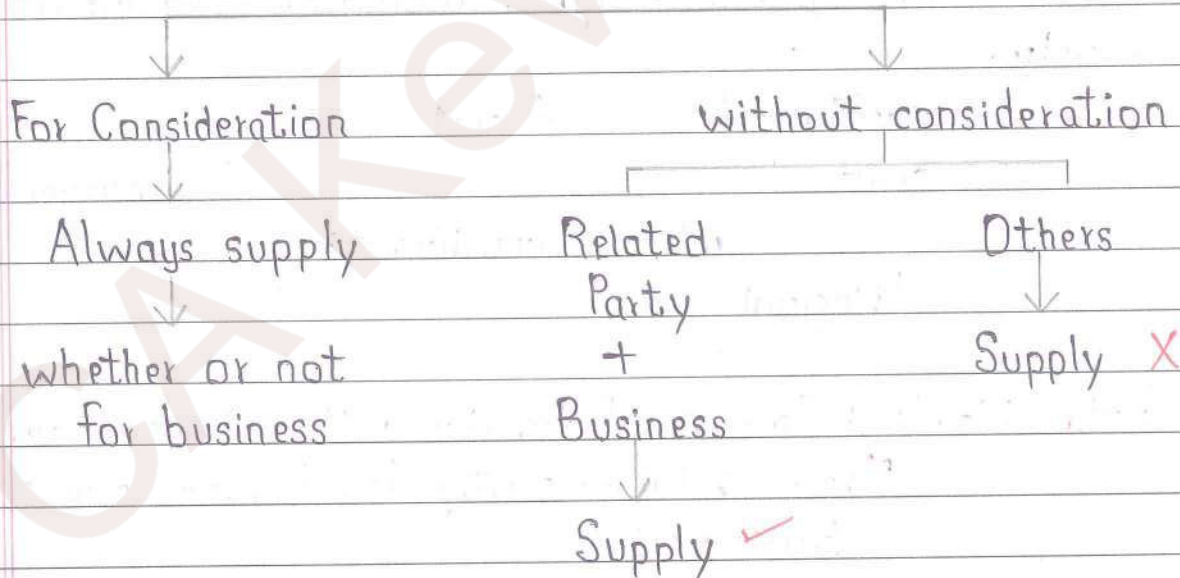
Conditions -

- Supplier should be outside INDIA
- Recipient should be in INDIA
- Place of supply - INDIA

* Family is always a related party.



IMPORT of Services



1. A and Co. import services from B and Co.
(Unrelated + Business)

Consideration ✓

Consideration X

2. Mr. X imports services from Brother (well settled in London) for family disputes

→ Consideration X Related Person X Business X

3. Mr. X imports services from Brother (NOT settled in London) for family disputes

→ Consideration X

4. Mr. X imports services from Brother (NOT settled in London) for Business disputes

→ Consideration X

Section 7(1A) : Schedule II :

Activities / Transaction to be treated as supply of goods or services.

1. Transfer of title in goods → Goods
2. Transfer of right to use goods → service
3. Hire-purchase → Goods
4. Restaurant → service
5. Works Contract → service
6. Treatment or process → service
7. Renting of Immovable property → service
8. Lease, Tenancy rights, easement → service
9. Development, designing of software → service

* Ceasing to be a taxable person :
[> 20 L]

If we are ceasing to be a taxable person, then stock will be treated as supplied to own :

Exceptions -

- Transfer of business as going concern
- Business carried on by personal representative

500 calculator × ₹ 1000

= 500000 × 18% 100 → ITC Available

100 200 100 stock

Registered Unregistered 100 × 1000 × 18%
= 90000 = 18K pay

Selling Price = 1500

400 × 1500 = 600000

× 18%

108000

108000

(90000)

Pay 18000

100 → stock

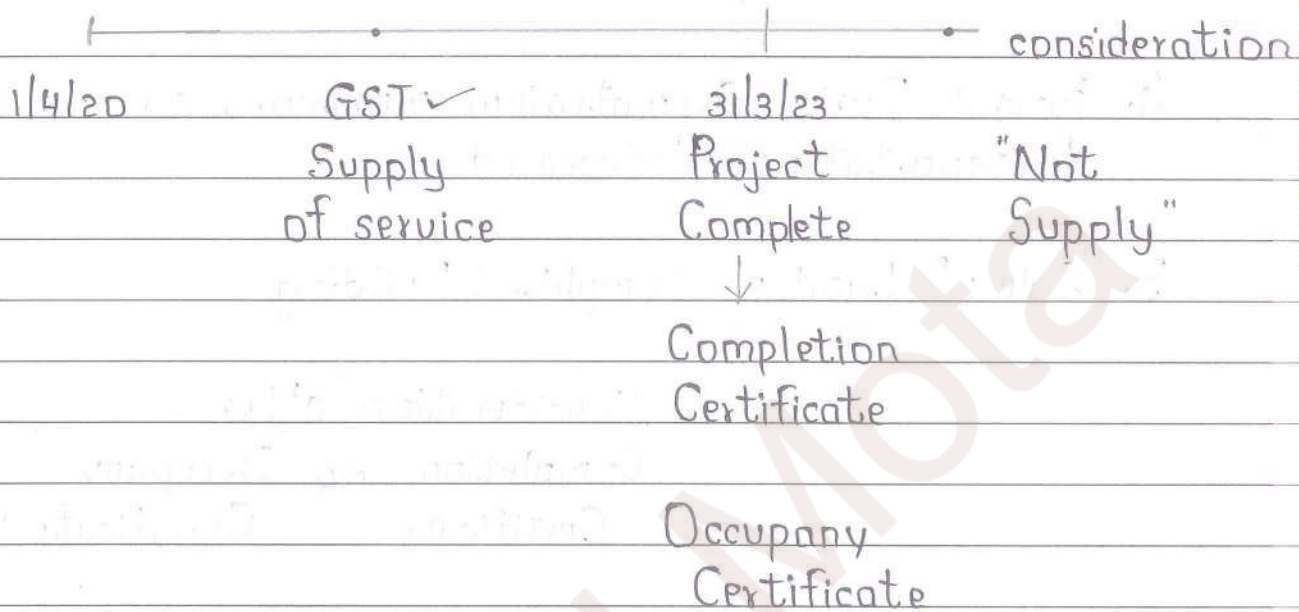
100 × 1500

× 18%

27000

PAGE No.	
DATE	/ /

* Under - Construction Property :
consideration



Schedule III : Activities to be treated as Neither Supply of goods nor supply of services.

1. Services provided by employee to employer under Employment Contract.

- Salary
- Perquisites (added benefits) Provided by employer to employee
- Wages
- Contract Employee
- Principal to Principal - GST ✓

2. Services provided by court or Tribunal

- High court
- Supreme court
- District court
- National Company Law Tribunal
- or any other Tribunal

→ Consumer Protection Act, 1986

→ Consumer Dispute redressal Commission

{ circular }

Not a supply

3. Services provided by MP, MIA \Rightarrow No GST
 \rightarrow Chairmen, President, Vice President, Member

4. Funeral, Burial, Crematorium, mortuary or transportation of deceased.

5. Sale of Land or Completed Building

↓
 Consideration after
 Completion OR Occupancy
 Certificate Certificate

6. Actionable Claims other than "specified Actionable Claim"

Goods - (+) Movable Property	Supply
(-) Money	(-) Actionable Claims
(-) Securities	(-) Specified
(+) Actionable Claims	Actionable Claims
(+) Growing Crops	

* Specified Actionable Claims are supply

Lottery

Betting

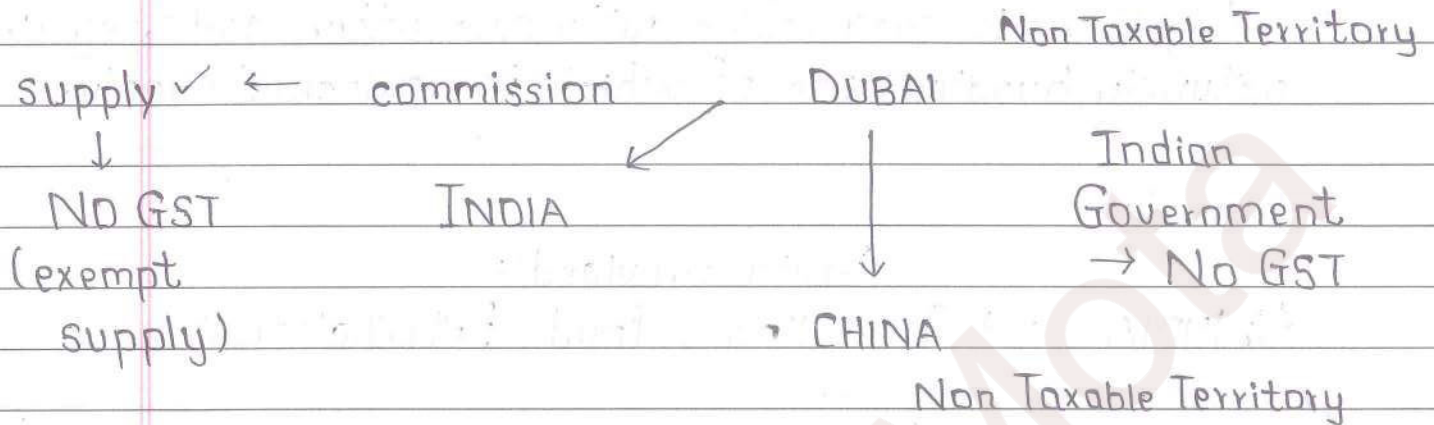
Gambling

Horse Racing

Casino

Online money gaming

7. Supply from Non-Taxable Territory to Non Taxable Territory without goods entering into INDIA



Schedule III :-

Notification → "NOT a Supply"

Twelfth Schedule

1. Services provided in accordance with A. 243G / 243W in which Govt. dept. acts as public authority. "Sovereign Function"
2. Services provided by way of Grant of Alcoholic Liquor license.

Business → Govt. = Not a supply
₹ 15000

Reverse
Charge
Mechanism

* Section 8: Composite and mixed supplies

Composite supplies : Two or more supplies, supplied together in conjunction with each other and they are naturally bundled, one of which is principal supply.

Example :

Service provided :
Air INDIA → Travelling, Food, Entertainment
↓
Principal Ancillary

Mixed Supply : Two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single person for a single price where such supply does not constitute composite supply.

PAGE No.	
DATE	/ /

Notification

Circular

1. Amends the law

1. Does not amend law, just clarifies

2. Binding on Tax Authorities as well as Tax payer

2. Only binding on Tax Authorities.

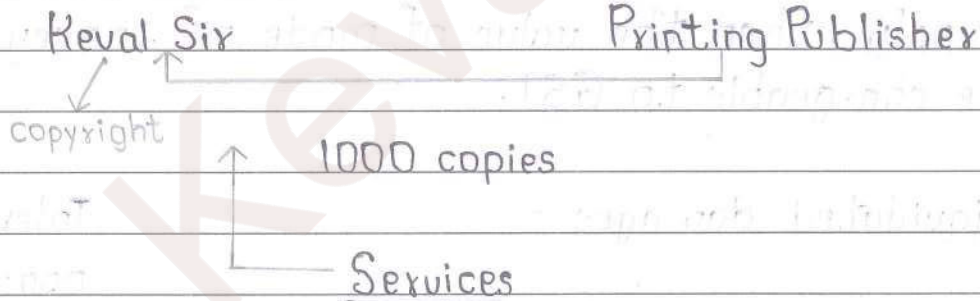
★ Circulars -

(1.) Printing of books, Letterhead, visiting card, envelopes, etc. - (Goods / Services - ?)

pdf

Goods → Tangible

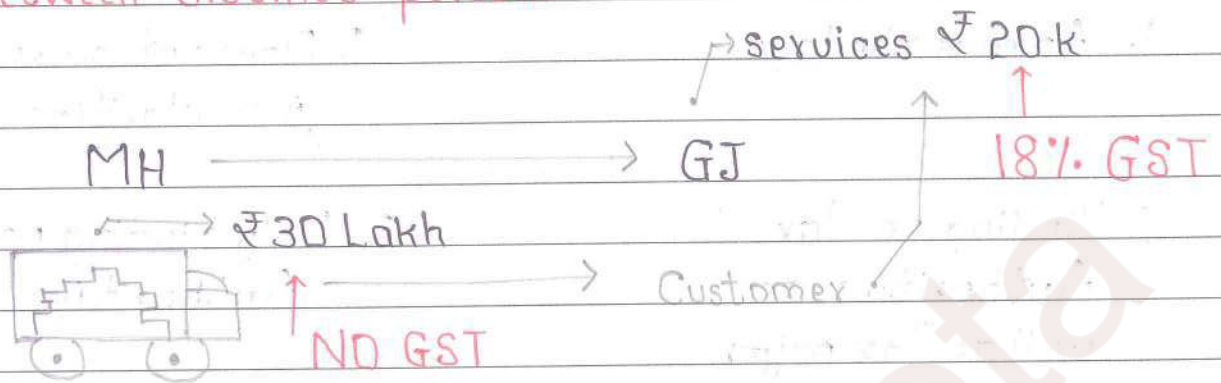
Example :



- (i) Content owned by Author } supply of service
- (ii) Intangible } Service

• When the focus is upon the quality of inputs (ie. paper used) then it would be supply of goods.

(2.) Inter-state transport of mode of conveyance between distinct persons -

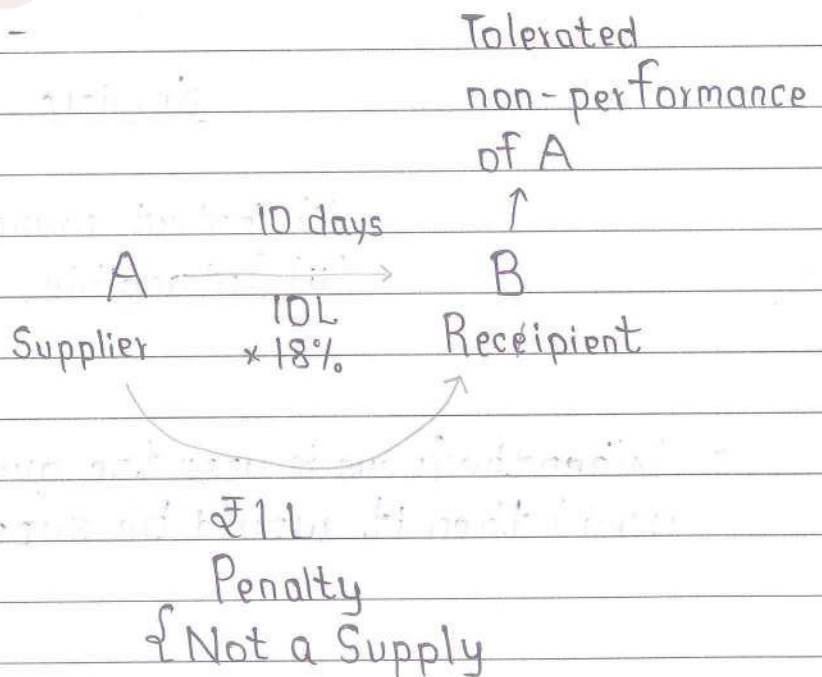


When the mode of conveyance is sent to distinct person for repairs and maintenance or for carrying passengers then the value of mode of conveyance shall not be treated as supply.

However, if the mode of conveyance is sent for further supply, then the value of mode of conveyance shall be chargeable to GST.

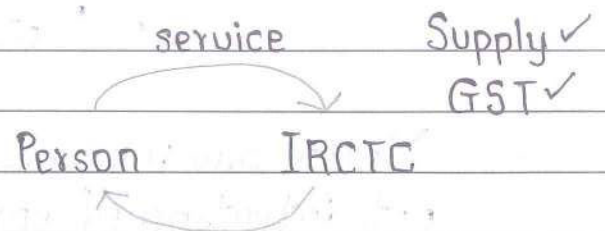
(3.) Liquidated damages -

- Work is completed
- Intention of parties was not to earn through penalty
- To ensure timely completion
- No GST on penalty



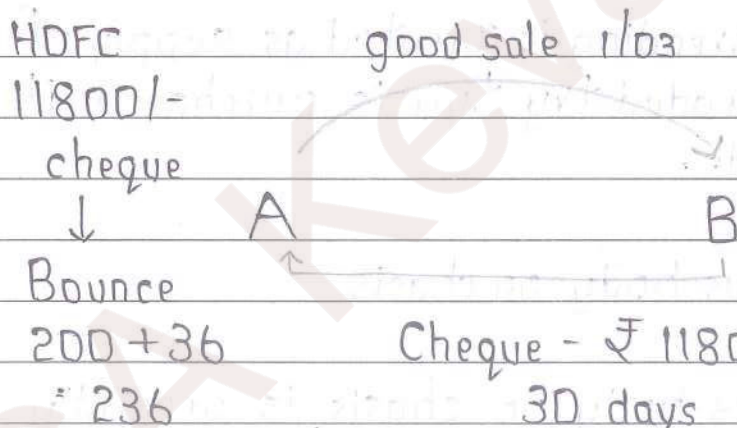
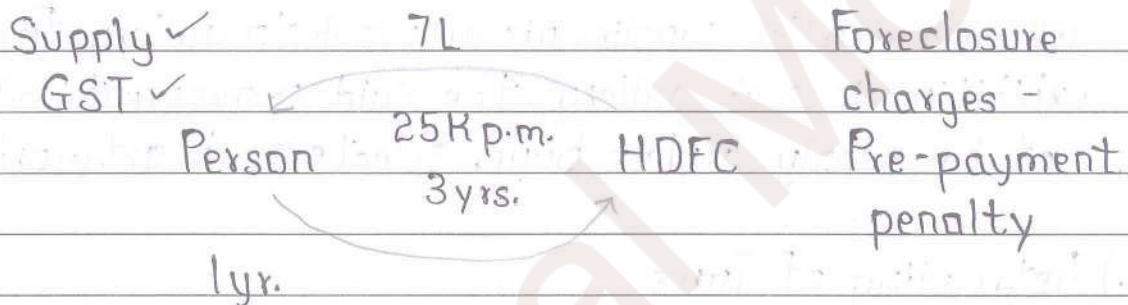
PAGE No.	
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- Cancellation charges were imposed to achieve object of supply.



- Intention of IRCTC was basically to earn through travelling but if not then through cancellation charges

400
(-) Cancellation charges
Balance



- Intention was not to earn through charges

NOTE:
Late payment charges collected by supplier

↓
"SUPPLY"

- Intention was to get cheque cleared
- Work is completed
- Main income lies in value of goods and not in penal charges.

• Notice Pay Recovery

Notice pay recovery are not a supply because it was not intention of employer to earn through such recovery instead the intention was to discourage such behaviour.

(4.) Artwork Supply by Artist to Artwork Gallery -

Whenever artist supplies his artwork to gallery for exhibiting in such gallery, the said movement would not be supply, unless buyer selects such artwork.

(5.) Retreading of Tyres

The process of retreading is treated as supply of service however, if retreaded ~~tyre~~ tyre is purchased it is a supply of goods.

(6.) Mounting of Bus body on chasis

Mounting of Bus body on chasis is generally supply of service when provided by 3rd Party.

However, when the supplier selling the bus body provides ancillary service of mounting, then the entire service is "supply of goods"

(9.)

Circular: Servicing a Car

* [Section 7(1)(aa)]

Transaction between clubs and associations -

- Other than an individual, its members or constituentents or vice versa for cash or kind would be treated as supply.

* Example -

A club charges its members a monthly fee for access to its facilities and amenities. This fee would be considered a supply under Section 7(1)(aa) of the CGST Act, and the club would be liable to pay GST on it.

[Section 9 of CGST Act] : Charge Of GST

CGST Act :

Section 9(1) Subject to provision of Section 9(2) of CGST Act, CGST shall be levied on all Intra-State supplies, except Alcoholic liquor for Human consumption, @ rate not exceeding 20% on value of supply, shall be payable by a taxable person.

Intra state :- Location = Place of - Intra-state
of supply Supply Supply

Location \neq Place of - Inter state
of supply Supply Supply

MH = MH = SGST + CGST

MH \neq GJ = IGST

D&D = D&D = CGST + SGST

D&D = Lakshwadeep = IGST

Union Territories : Delhi, Puducherry, Jammu & Kashmir

D = D = CGST + SGST

D = P = IGST

MH = MH = Inter
Dadar Andheri [SEZ] state

SEZ = Dadar = Import of \rightarrow Custom
goods Duty

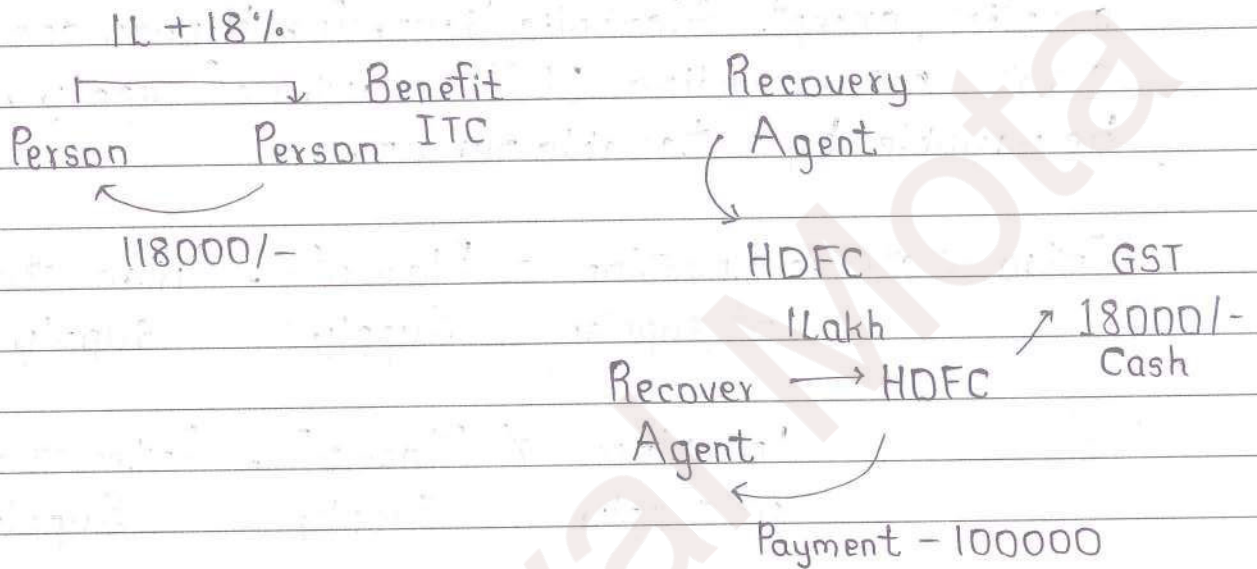
Meaning of Taxable Person - 1. Liable for Registration
2. Registered Person

Section 9(3): Reverse Charge Mechanism

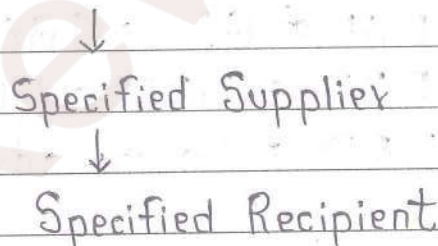
Forward Charge Mechanism

Reverse Charge Mechanism

• Notified 16 services



Condition 1: Specified Service



2. Specified Recipient is liable for "Compulsory Registration".

Specified Service ✓

↓
Recovery Agent ✓

↓
Apna

Bank = Compulsory
≤ 20 L Registration

Even if the turnover of specified recipient is below threshold limit he would be liable for compulsory registration.

3. Reverse Charge Mechanism Liability should be in "Cash".

No matter how much ITC Benefit is available, RCM Liability shall be discharged in cash, once RCM liability is paid, ITC can be taken to pay tax under Forward Charge Liability.

16 Services

Notification No. 13/2017 - Central Tax (Rate)

[Specified Service, Specified Supplier, Specified Recipient]

1. Goods Transportation Agency (GTA) :

↓
"Consignment Note"

T :- Transporter

{service}

↓
A

-----> B

Supplier of
goods {recipient}

Recipient

Transporter

↓
FCM

↓
RCM - Unregistered

"Transporter who is not opting for FCM option"

@ 5%

↓
GST
@ 5%

↓
GST
@ 12%

↓
NO ITC
to GTA

↓
Full ITC

↓
NO ITC to GTA

0

- 0

-

Eg. M&M - Purchased Truck of

5L x 18%

= 590000

Recipient : ITC ✓

3L x 5%

3L x 5% x 12%

3L x 5%

= 15000

= 36000

= 15k

-

(36000)

Cash

15000

-

Specified Service : Specified Supplier : Supplier Specified Recipient :

1. Transportation of Goods

"GTA who has not opted for FCM"



Unspecified



Exempt

1. Factory registered under Factories Act.

2. Body Corporate

3. Partnership Firm (incl LLP) AOP

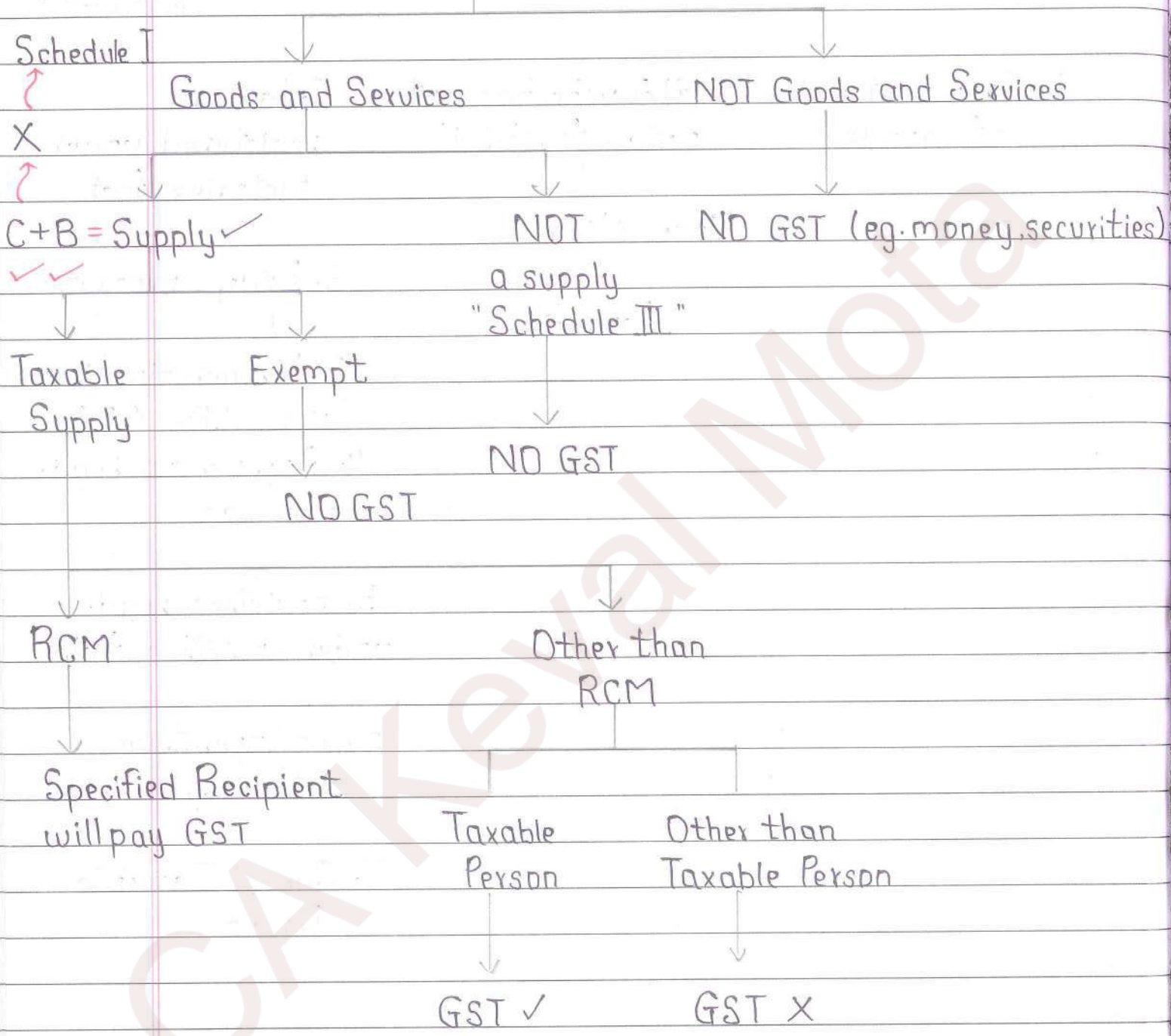
4. Any person regd. under GST

5. Societies regd. under societies Act.

6. Co-operative Society

7. Casual Taxable Person

Overview of Taxability



2. Legal Services provided by Individual Advocate, Partnership Firm, Senior Advocate :

Legal Services provided to : "Business entity" having Turnover more than threshold in PFY

(a) Other than Business Entity (eg. Family).
 (b) Business Entity having turnover upto threshold in Previous Financial Year.

RCM ✓

FY 21-22
(PFY)

FY 22-23
(CFY)

FY 23-24

18L

Regd. - 25L
Legal Services

Legal
Service ✓

(c) Central Government, State Govt., Union Territory, Local authority, Govt. Company, Govt. Authority. are exempt.

3. Services provided by Arbitral Tribunal to :

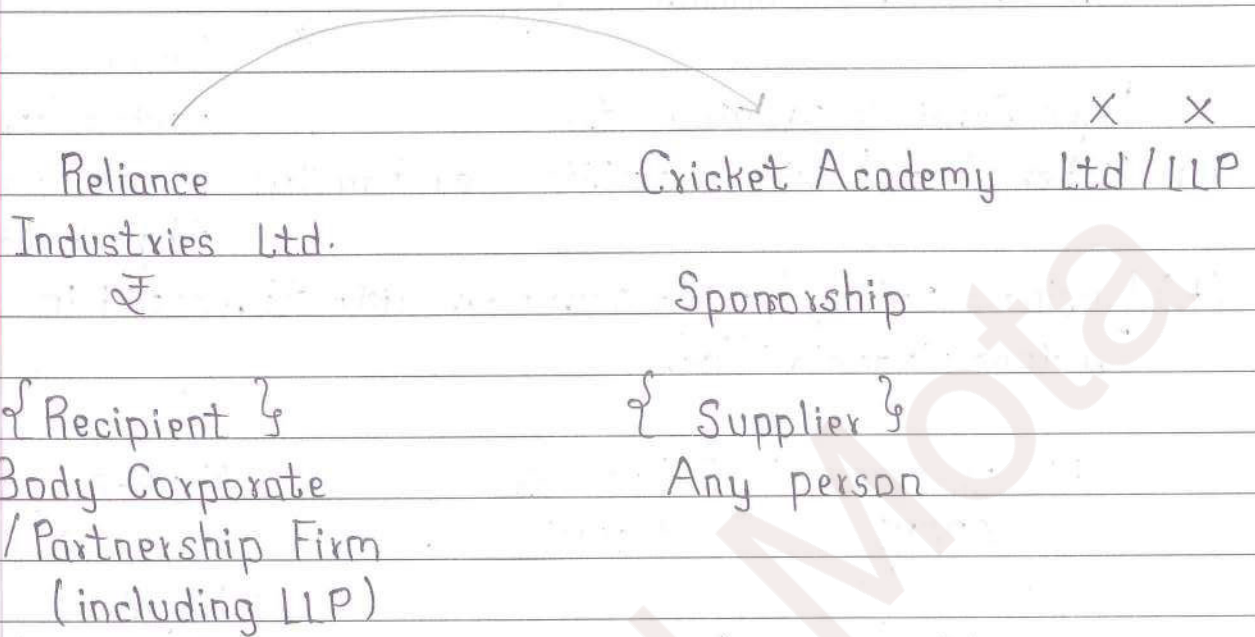
(a) Other than Business entity

(b) Business Entity having turnover upto threshold in Previous Financial Year

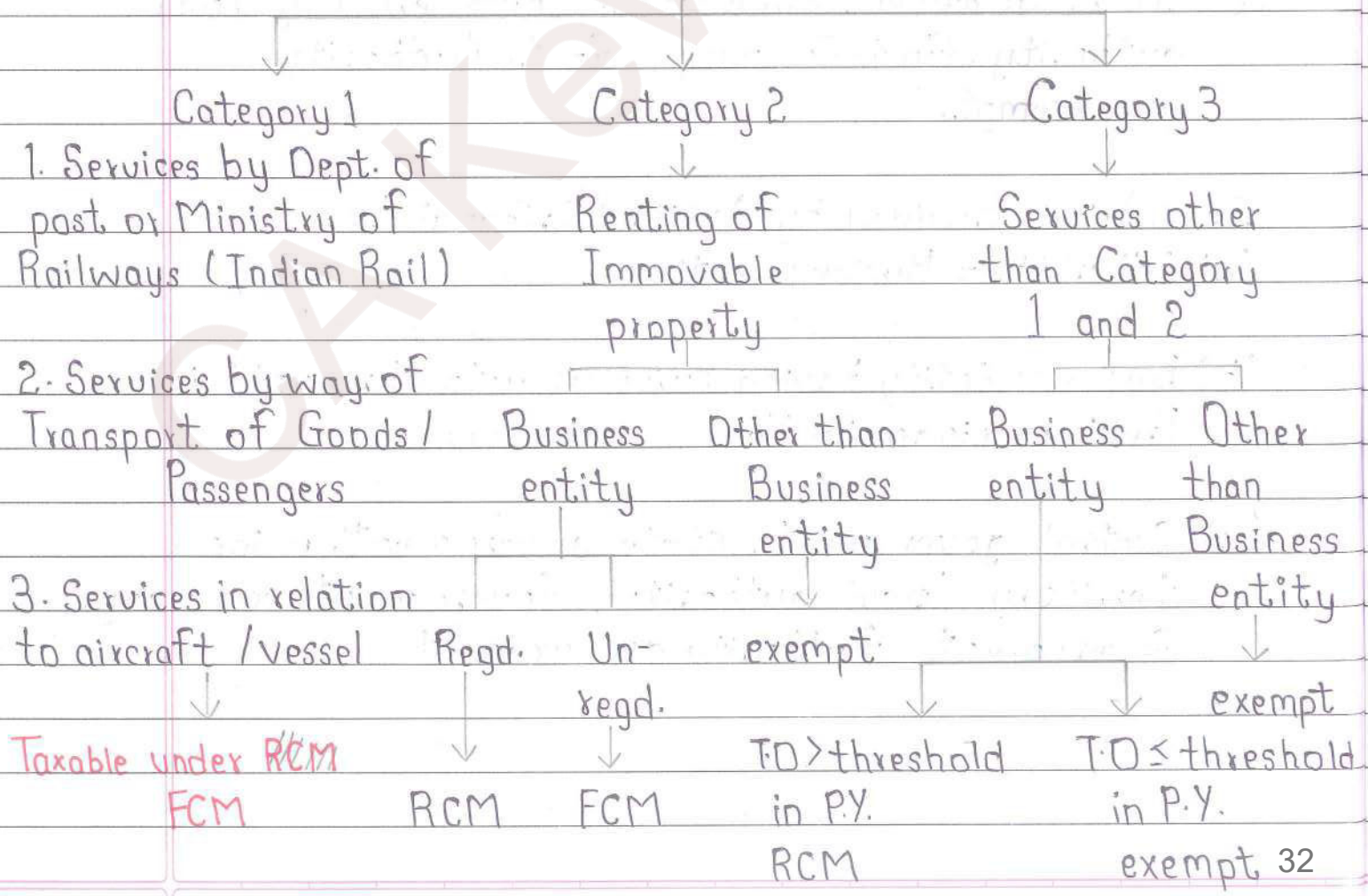
(c) Central government, state government, union territory, local authority, Government company, Government Authority are exempt

PAGE No.	/ /
DATE	/ /

4. Sponsorship Services



5. 5A : Services provided by Central Govt. / State Govt. / Union Territory / Local Authority



5AA: Services provided by way of renting of residential dwelling.

Exemption :- Services provided by way of renting of residential dwelling to any person other than Registered person is exempt.

→ Unregistered person → exempt
 → Others → Taxable

Explanation -

* Proprietor Property taken residential Dwelling for personal residence
 ↳ exempt

5B: Transfer of Development Rights or Floor Space Index [FSI]

Transfers development
 Landowner {supplier} rights → Promoter (ie. Builder) {Recipient}
 = Liable to pay GST
 - RCM

5C: Long term lease (Taken money)

GST will be paid on premium amt. / Salami amt. which is incurred on long term lease by promoter under RCM. (>30yrs.)

6. Services provided by Director to Company

↓

Independent
Director
(Part Time)

↓

Professional

↓

RCM - Company

↓

Wholetime
Director
(Full Time)

↓

Salary

↓

Schedule III

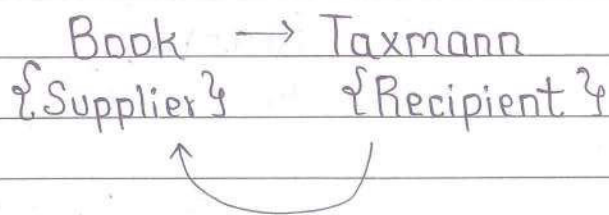
↓

NO GST

NOTE :

1. Sitting fees to ANY type of DIRECTOR → RCM
2. Services provided by DIRECTOR in his personal capacity (ie. providing land owned by director to the company) NOT covered under RCM
7. Insurance Agent → Insurance Company
{ Supplier } { Recipient }
8. Recovery Agent → Bank, Non-Banking Financial Company
Financial Institution
9. Music composer,
photographer, Artist → Music Company
or the like / Producer Company

9A: Author → Publisher



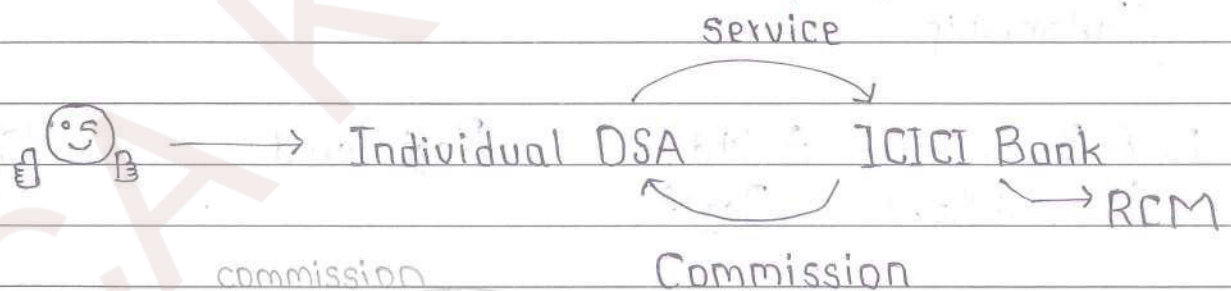
Royalty
 Generally, RCM

BUT, if Author is registered and
 Declares to comply with 9(1) (ie FCM)
 THEN FCM.

10. Overseeing Committee → RBT
 ↳ RCM

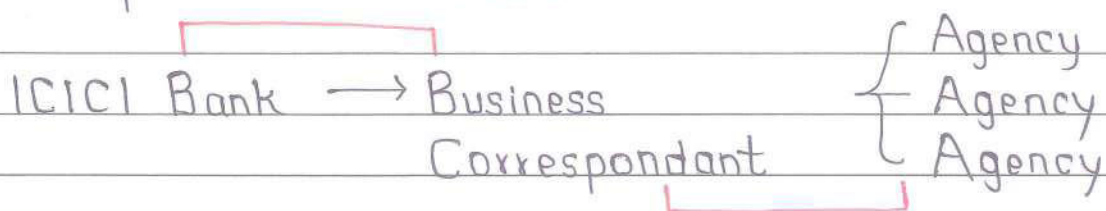
{Proprietorship}

11. Individual direct selling agent providing services to
 Bank / Non-Bank Financial Company :



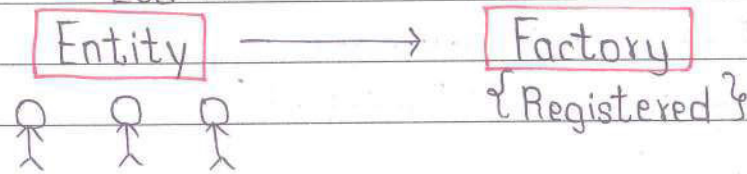
12. "Business Facilitator" to Banking Company ↳ RCM

* 13. Agent of Business Correspondant to Business
 Correspondant. FCM



RCM

14. Security Agency Services Ltd. X



Specified Supplier -
Other than body
corporate

Specified Recipient -
Registered
Person

Normal
Registration

Composition 1%

RCM

FCM

Supplier	Recipient	Registration	RCM
1. A & Co. (Partnership)	A Ltd.	unregistered	FCM
2. A & Co. (Proprietor)	A Ltd. (Regd.)	Registered	RCM
3. A Ltd.	B Ltd. (Regd.)	Registered	FCM

PAGE NO.	
DATE	/ /

15. Renting of motor vehicle [where consideration includes cost of fuel]

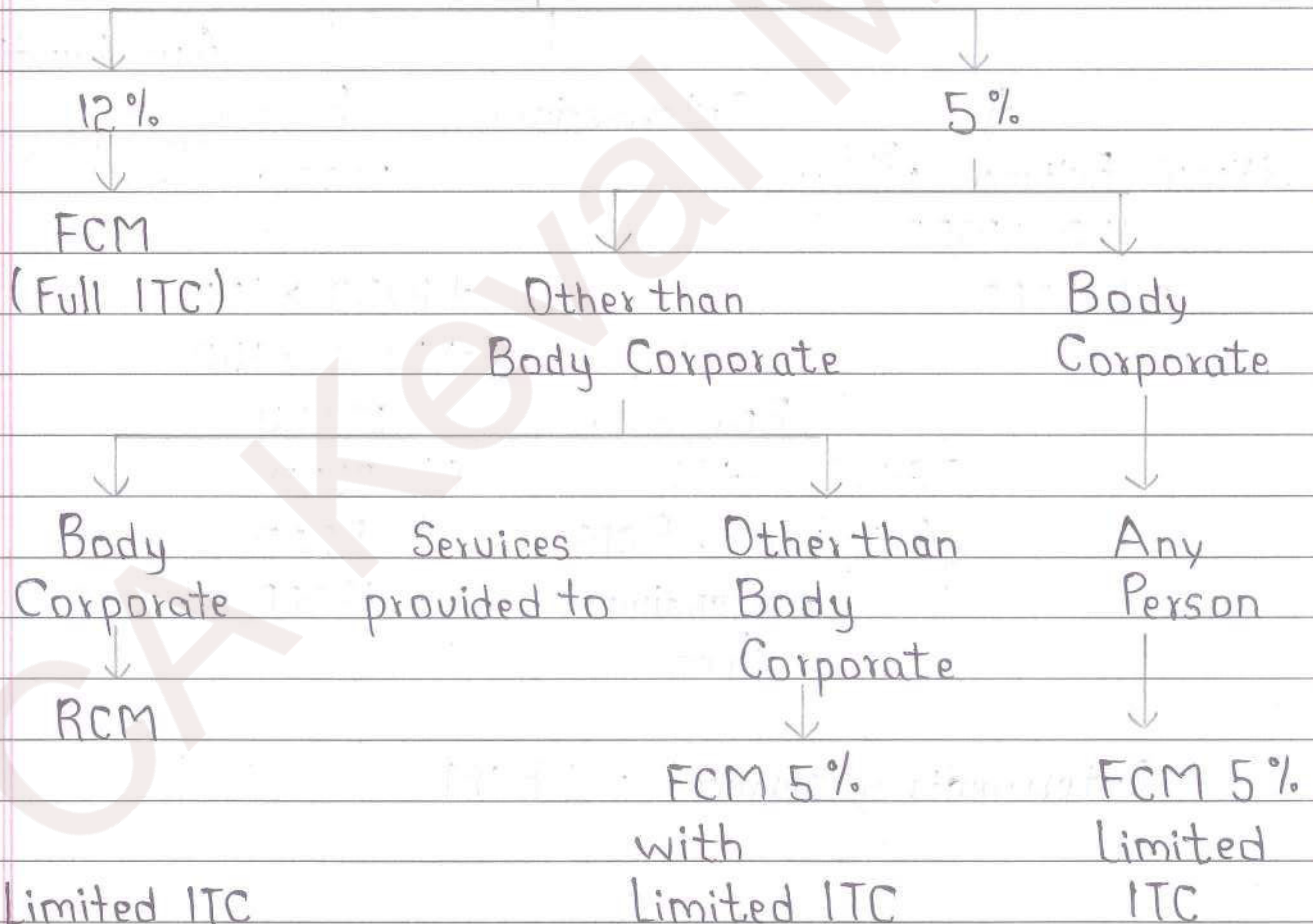
↳ Periodic cycle [monthly Billing / Quarterly]

- Available at the disposal of Company

Hiring of Motor Vehicle → km based / Journey specific

- Available when required

Options



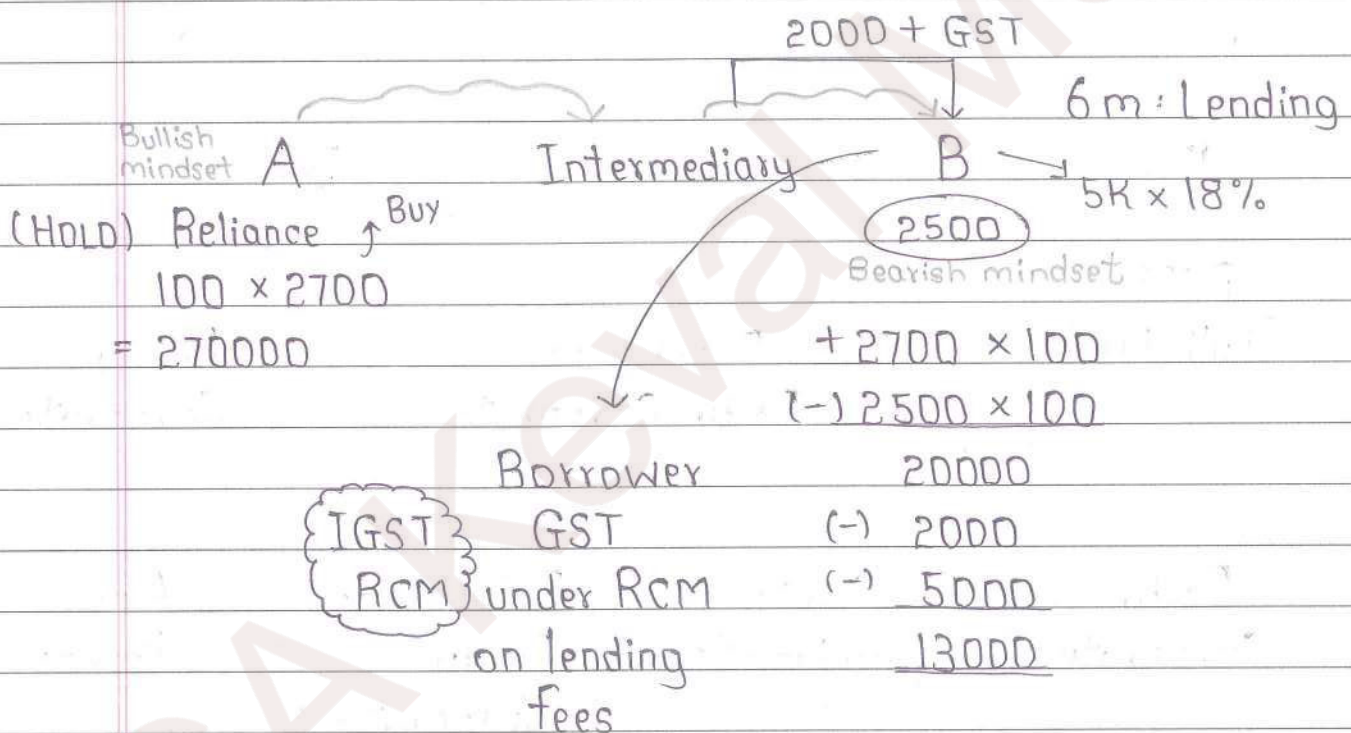
* Limited ITC
 → Car ITC ✓

→ CA ITC X

→ Repair ITC ✓

Options	Name of Supplier	Name of Recipient	Regd.	Taxability
5%	A & Co.	A Ltd.	unregd.	RCM
12%	A Ltd.	A & Co.	regd.	FCM
5%	A Ltd.	A & Co.	regd.	FCM
5%	A & Co.	B LLP	regd.	FCM

16. Lending Fees [Security Lending Scheme of SEBI]



Intermediary Services \rightarrow FCM

Import. of Services :

↓
RCM

Supplier → Recipient
(Non Taxable Territory)

USA "Indian Entity"

Internet mode → Online gaming

China → India
PUBG (=) (unregd. person)

↓ ↓
Compulsory Registration Non Taxable online recipient

Online Services (eg: Online gaming)

PUBG (China) Other services
- RCM

↓ ↓
Non Taxable Other
online recipient NTOR
(unregd.) (regd.)

FCM RCM

Section 9(5) :- Specified Services provided through E-commerce operator

(i) Passenger transportation service through any motor vehicle except Omnibus

In case where passenger transportation services are provided through E-commerce operator such as OLA, E-commerce operator would be liable to pay GST

(ia) Passenger transportation services through Omnibus :

Supplier is
Body Corporate

If Supplier is other
than Body
Corporate

Supplier would be liable
to pay GST

E-commerce supplier would be
liable to pay GST

(ii) / (iii) Hotel accomodation Services / Utility Services

If Supplier is
regd. under GST

If Supplier
is unregd.

supplier would be
liable to pay GST

E-commerce supplier would be
liable to pay GST

(iv) Restaurant Services

[Zomato, Swiggy]

Hotel accomodation
≥ 7500 / day

↓
Restaurant
will pay GST

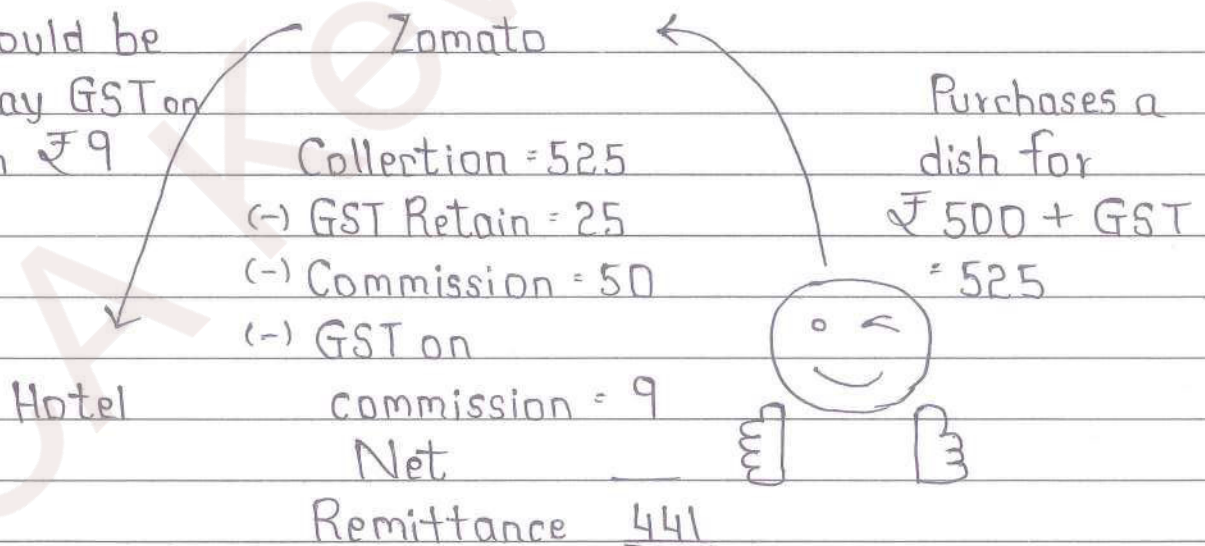
No Hotel accomodation
or

Hotel Accomodation
< 7500 / day

↓
E-commerce would be
liable to pay GST

Example:

- Zomato would be liable to pay GST of ₹25
- Zomato would be liable to pay GST on commission ₹9



NOTE:

1. Zomato cannot use ITC to pay GST on restaurant services.
However, it can use ITC to pay GST commission

NOTE :

2. The turnover of ₹500 would be included in the turnover of restaurant. The expense of Hotel is Rs. 59 (hotels are ineligible to avail ITC on any purchases).

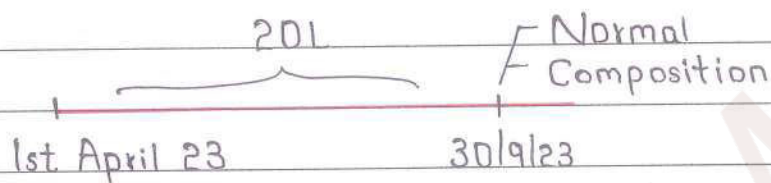
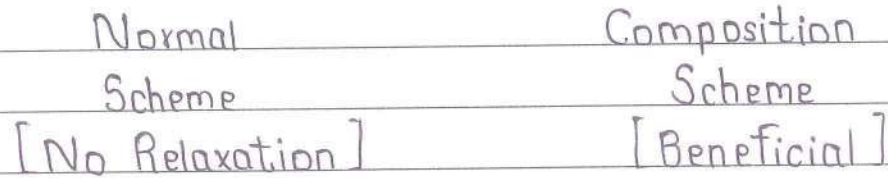
NOTE :

3. Tax shall not be deducted at source by e-commerce operator (TCS - GST) on supplies taxable under section 9(5) or CGST Act [to be studied in section 52 or CGST]:

RCM GOODS

Sr. No.	Tariff Item	Description of Goods	Specified Supplier	Specified Recipient
1	0801	Cashew Nuts, Not shelled or peeled	Agriculturist	Any registered persons
2	14049010	Bidi Wrapper Leaves (tendu)	Agriculturist	Any registered persons
3	2401	Tobacco Leaves	Agriculturist	Any registered persons
3A	33012400 33012510 33012520 33012530 33012540 33012590	Following Essential Oils other than those of citrus food namely: - Of Peppermint Of other mints: Spearmint oil (ex- mentha spicata), Water Mint Oil, Horse Mint Oil, Bergamot Oil, Mentha Arvensis	Any Unregistered person	Any registered persons
4	5004 to 5006	Silk Yarn	Any person who manufactures silk Yarn from Raw silk or silk worm cocoons for supply of silk yarn	Any registered persons
4A	5201	Raw cotton	Agriculturist	Any registered persons
5	-	Supply of Lottery	SG/UT/LA	Lottery Distributor or selling agent
6	Any Chapter	Used, Seized vehicles and confiscated goods, old and used goods, waste and scrap	CG (Excluding Ministry of Railways), SG, UT, LA	Any registered persons
7	Any Chapter	Priority Sector Lending Certificate	Any registered persons	Any registered persons

Section 10 of CGST Act - Composition Scheme



Normal Registration

1. Frequency of filing monthly
→ High compliance

2. No conditions

3. GST Rate
18%, 12%, 28%
 $20000 \times 18\%$
 $= 3600$

4. ITC is allowed

Composition

1. Less-compliance [Quarterly]

2. Condition are there

3. Concessional Rate
1%
20000
1% - 200 [Cash]

4. Cannot avail ITC

Normal :	Normal :	Business :
8000	10000	Cost - 10000
+ 1440	+ 1800 ITC	

Normal :	Normal :	Consumer :
8000	10000	Cost - 11800
+ 1440	+ 1800 ITC - X	

Normal :	Composition	Business
8000	11440	cost - 11440
+ 1440		

Normal :	Composition :	Consumer
8000	11440	cost - 11440
+ 1440		

Aggregate Turnover for Composition Scheme :

If the aggregate turnover of person is upto ₹ 1.5 cr / 75 lakhs (in special state) in Previous Financial Year then he is eligible to opt for composition scheme :

T S U N A M³

I - Tripura	M ³ -	Manipur
S - Sikkim		Mizoram
		Meghalaya
U - Uttarakhand		
N - Nagaland		
A - Arunachal Pradesh		

Same PAN

$$\begin{array}{l} \text{MH} + \text{GJ} = 80 \rightarrow 1.5 \text{ CR} \\ 50 + 30 \text{ lakhs} \end{array}$$

$$\begin{array}{l} \text{MH} + \text{Tripura} = 80 \rightarrow 75 \text{ lakhs} \\ 50 + 30 \text{ lakhs} \end{array}$$

Aggregate Turnover : Section 2(6)

Includes

1. All Taxable supplies
[excluding RCM Inward]
{ Outward RCM to be
included }
2. All exempt supplies
{ petroleum product
+ Alcohol }
3. Inter-state supplies
to same PAN
4. Export of goods
/ supply

Excludes

1. GST, GST cess
1180000 (incl. GST)
- (180000)
10L (excl. GST)
1.8L
2. Interest / Discount
Income / Income
↓
EXEMPT

Section 10 (2): Ineligible criteria

1. Inter-state supplier of goods or services [SALES]

- LOS \neq POS

Location of supply	Place of Supply
-----------------------	--------------------

- NON SEZ \rightleftharpoons SEZ {Inter state}

- Export of Goods / Services \rightarrow Interstate

2. Supplier of Non-taxable Goods / Services

Exempt supplies	Nil Rated ✓
	"Non GST"
	Wholly exempted ✓

3. Exclusive Supplier of service other than Restaurants and outdoor catering

Goods	Car Sale	+	Repair & Maintenance
			Service

Limit upto which services can be provided :-

 $10\% \times \text{Previous Financial Year Turnover in state}$

OR

500000

{ Whichever is higher }

	FY 21-22 (PY) { Car }	FY 22-23 (C.Y) { Service }	
MH	40 Lakhs	5 Lakhs	10% of PFY T/O OR 500000 ↑
GJ	70 Lakhs	7 Lakhs	
RJ	20 Lakhs	5 Lakhs	
	<u>1.3 CR</u>		

4. Ineligible Manufactures

{ NOT Trader }

• T - I - P - A
Tobacco Ice-cream Panmasala Aerated water

- Fly Ash Brick
- Fly Ash Block
- Fly Ash Aggregate
- Earthen tile
- Roof tile
- Building Bricks

- Supplier of Specified Actionable Claims

5. Supplier of services through E-commerce Operators

Car sale + Cleaning

* Goods Supplied from E-commerce Operator

Pre-Amendment :-
Normal

Amazon
TCS

TITAN

Person

After Amendment :-

watch

Composition scheme

MH

possible on

fulfilment of condition *

Conditions * -

- Enrolment No. (Goods Supplier)
- Inter-state supplies shall not be allowed
- E-commerce operator to collect TCS
- GSTR - 8 shall be filed

6. Casual Taxable Person / Non-Resident Taxable Person

CTP means the person who wishes to carry out an exhibition in other state such person will have to take normal registration in the state in which the exhibition is held

Non resident Taxable Person a person who does not have PAN, place of business in INDIA and wants to undertake a business activity, such person cannot opt for composition scheme.

* Rate of Tax for Composition Person [FOR SALES]

	CGST	SGST
1. Manufactures (included: Exempt Supplies excluded: Interest / discount)	0.5 % of TOTAL TURNOVER in state	0.5 %
2. Trader	0.5 % of TAXABLE TURNOVER in state	0.5 %
3. Restaurant Service provider	2.5 % of TOTAL TURNOVER in state	2.5 %

Stationery
Producer
{Manufacturer}

Stationery retailer
{Trader}

Sales	Pen (18%)	18 L	1%	18 L	1%
	Erasex (0%)	5 L	x	5 L	1%
	Sharpener (12%)	4 L		4 L	
	Interest on Fixed Deposit	25000	x	25000	x
Purchase RCM	GTA Service	15000		15000	
	Normal	x 5%		x 5%	

Section 10 (2A) :- Composition Scheme for service supplier or mixed supplier or Presumptive Scheme

Aggregate Turnover (ATO) shall be upto ₹50 lakh

Composition scheme
10% of Turnover in state PFY or 500000

C-P - Normal

Service Provider

C-N

Restaurant

Other Services (eg- CA)

Composition scheme

Presumptive

Car Sale + Repair & Maintenance

Presumptive
1. NO Composition
2. Turnover ≤ 50 L

FY 21-22

FY 22-23

Car

20L

Car = 15L

Car = 10L

Service = 5L

Till now CY Turnover

= 30L

} composition

Repairs & Maint.

20L

} presumptive

} Normal

* Ineligibility Criteria

1. Interstate supplier of goods or services
2. Supplier of non-taxable goods/services
3. Ineligible Manufactures
4. Supplier of services through e-commerce operators
5. Casual Taxable person / Non-Resident Taxable person

* Rate of Tax

CGST

3%

SGST

3%

of the TOTAL TURNOVER of state

{ including: Exempt supplies

excluding: Interest / Discount }

* First Supplies :- From 1st April till the date on which we become liable for registration.

↓
Include↓
to determine
eligibility↓
Exclude↓
For payment
of Tax

Place of Supply [IGST Act]

GST is a destination based consumption Tax, the revenue of GST flows to destination state as well as Central Govt. in this chapter we are going to understand how to determine the place of supply.

Significance of Place of Supply :-

1. Nature of Tax to be charged is dependent upon 2 factors i.e. Location of Supplier & Place of Supply if both are same, then CGST and SGST shall be levied. If both are different, IGST shall be charged.

2. Determining exports :-

A transaction is said to be export on satisfaction of certain condition; one such condition is place of supply shall be outside INDIA.

3. Government Settlements :-

The Revenue of GST shall be shared with destination state i.e. place of supply state.

Goods

Service

Section 10

Section 11

Section 12

Section 13

Movement of goods in India

Movement of goods outside INDIA

Location of supply = Location of recipient
INDIA

Location of supply [OR] location of recipient one is outside INDIA

Section 7 [Inter state supply] IGST

Section 7 (1) : Goods \rightarrow Movement of goods is in INDIA

LDS \neq POS

Section 7 (3) : Service \rightarrow LDS = LOR = INDIA
LDS \neq POS

Section 7 (5) (c) : The transaction which is not an Intra state supply nor Inter state supply as per above section such transaction would be treated as Inter-state.

Section 8 [Intra state supply]

1. Goods \rightarrow Movement \rightarrow INDIA
LDS = POS

Exceptions :

1. Supply to SEZ.
2. Supply to Foreign Tourist
3. Import of goods

2. Services

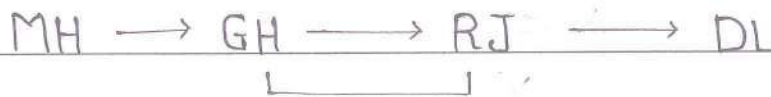
LDS = LOR = INDIA

LDS = POS except SEZ

PAGE No.	
DATE	/ /

Section 10 of IGST : POS of goods where movement is in INDIA.

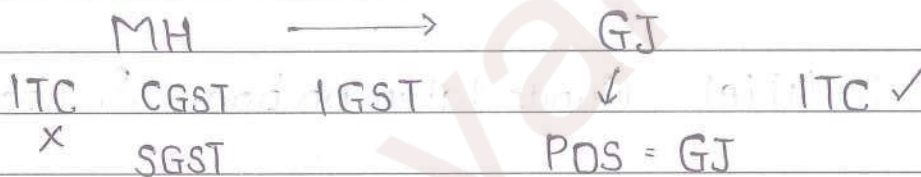
Section 10(1)(a) : POS for supply of goods which involve movement of goods



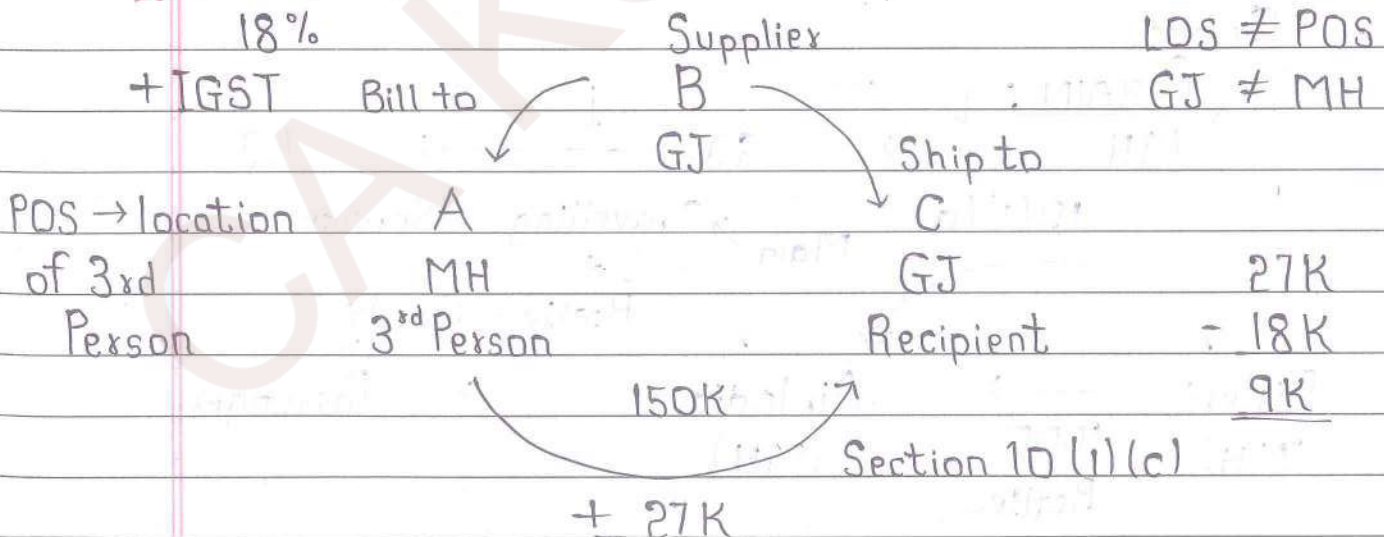
Location where movement is terminated for delivery of to recipient.

↓
address of delivery

Ex-factory delivery :-



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



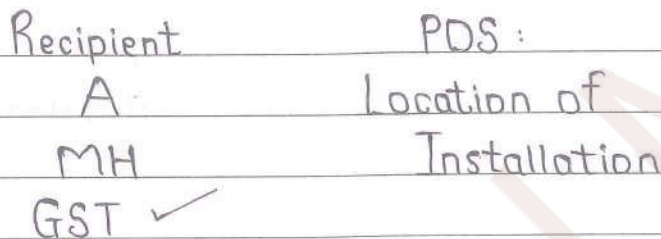
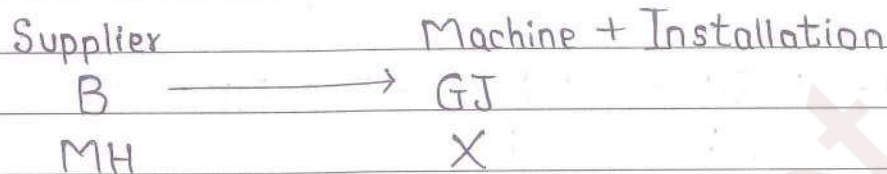
Section 10(1)(c) : Supply which involves NO movement : POS → location at the time of delivery.

PAGE NO.	
DATE	/ /

eg. Flat : pre installed furniture → PDS.

Section 10 (1) (d) :

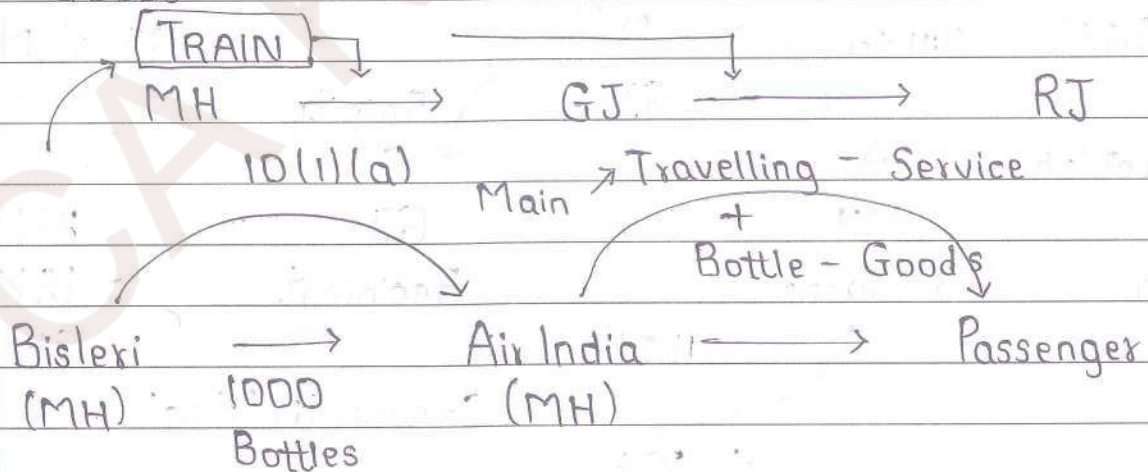
Assembly or Installation



Section 10 (1) (e) : Goods taken on board & Conveyance

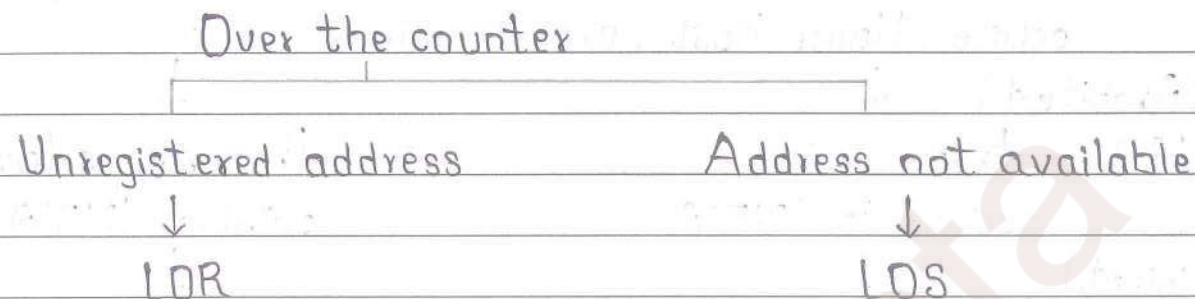
Location where goods are taken on board

Goods :



Section 12

Section 10 (1) (ca) : Supply of goods to Unregistered Person



Section 12(1): POS of Services where LDS & LDR both are in INDIA

Section 12 (2) : General Provision :-

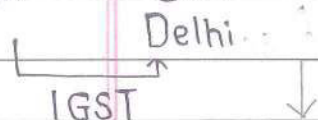
{ Section 12 (3) to Section 12 (14) } → X

eg. Restaurant

→ CA Services

CA → ABC & Co.

MH GST ✓ POS



To registered person

To unregistered person

Location of Registered person

Address

Address NOT available

CA service

Statutory Audit

Internal Audit

GST returns

LDR

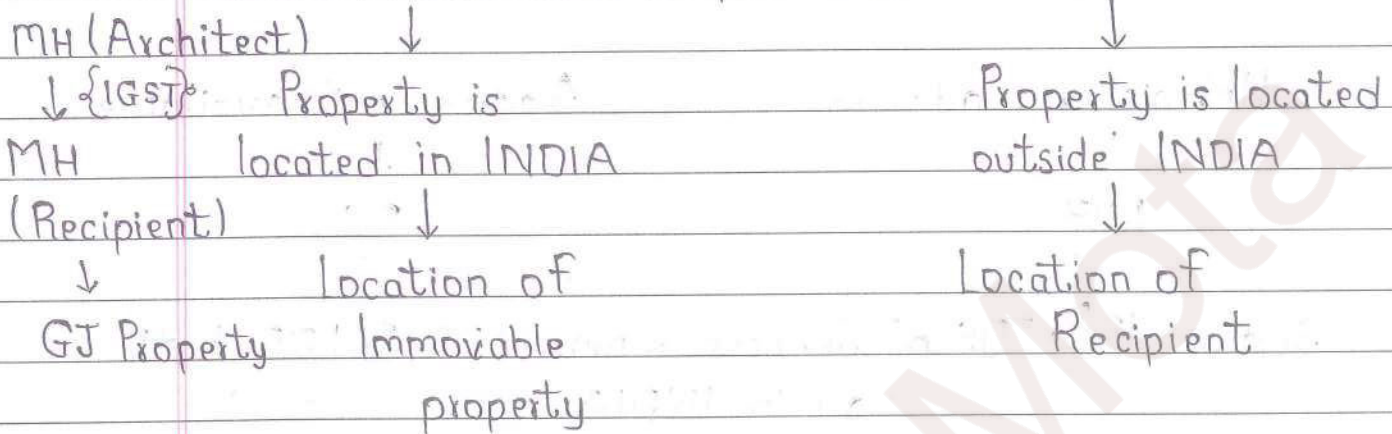
eg. ITR
filing of individual

LDS

online classes
without form filing

* * * Section 12 (3) : Services directly in relation to
Immovable Property

→ Hotel Accomodation, Architect, Interior designer, Real estate, House Boat, expert valuer



Supplier	Recipient	Property	POS
----------	-----------	----------	-----

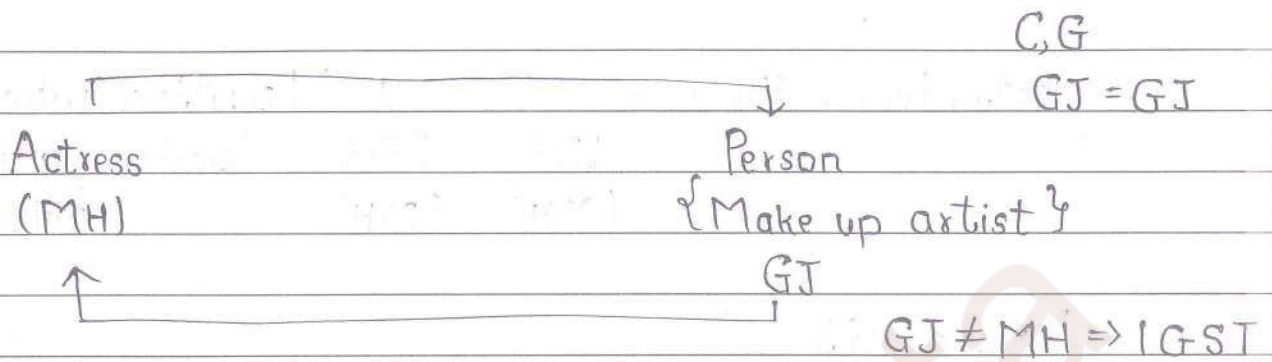
MH	GJ (Regd.)	Assam	Assam
----	---------------	-------	-------

MH	GJ (UnRegd.)	Assam	Assam
----	-----------------	-------	-------

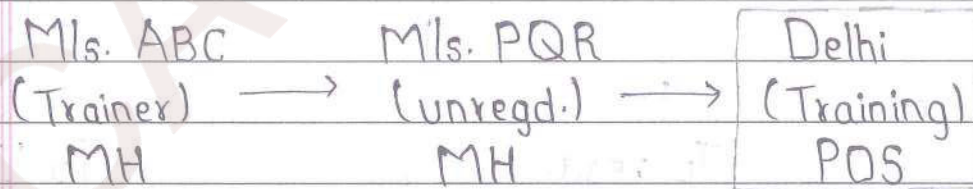
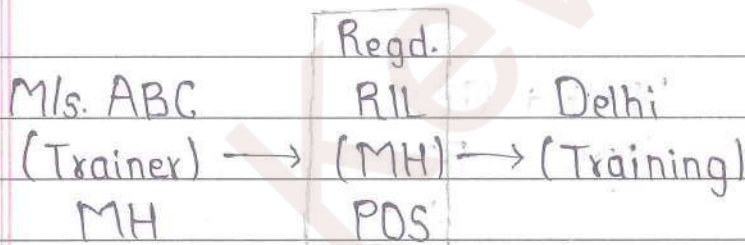
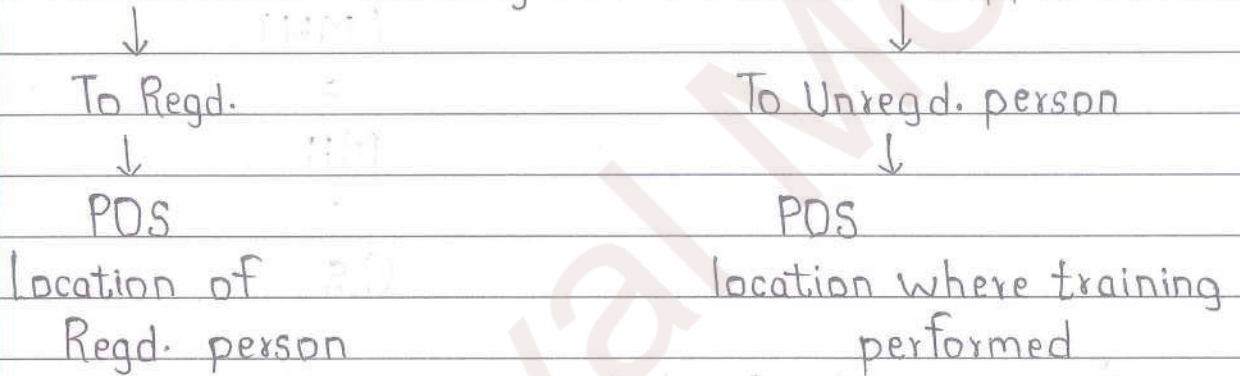
MH	GJ (Regd.)	USA	GJ
----	---------------	-----	----

MH	Mr. Chris Gagle	Nalasopara (MH)	Section 12 is NOT applicable
----	--------------------	--------------------	---------------------------------

Section 12(4) :



Section 12(5) : Training and Performance Appraisal

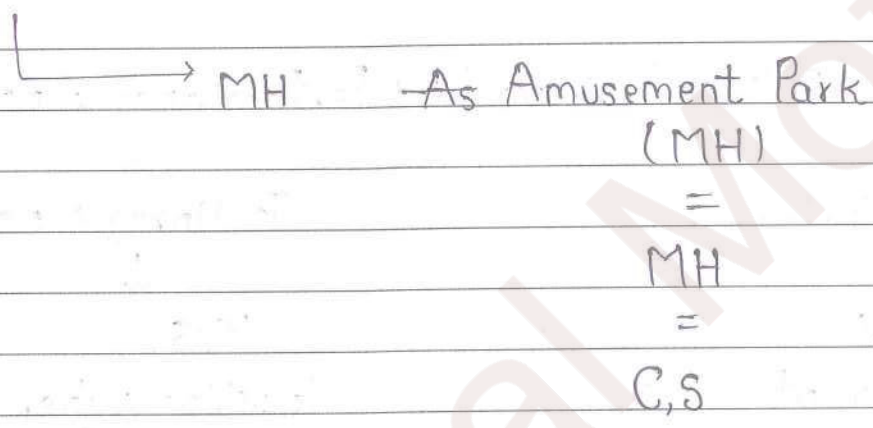


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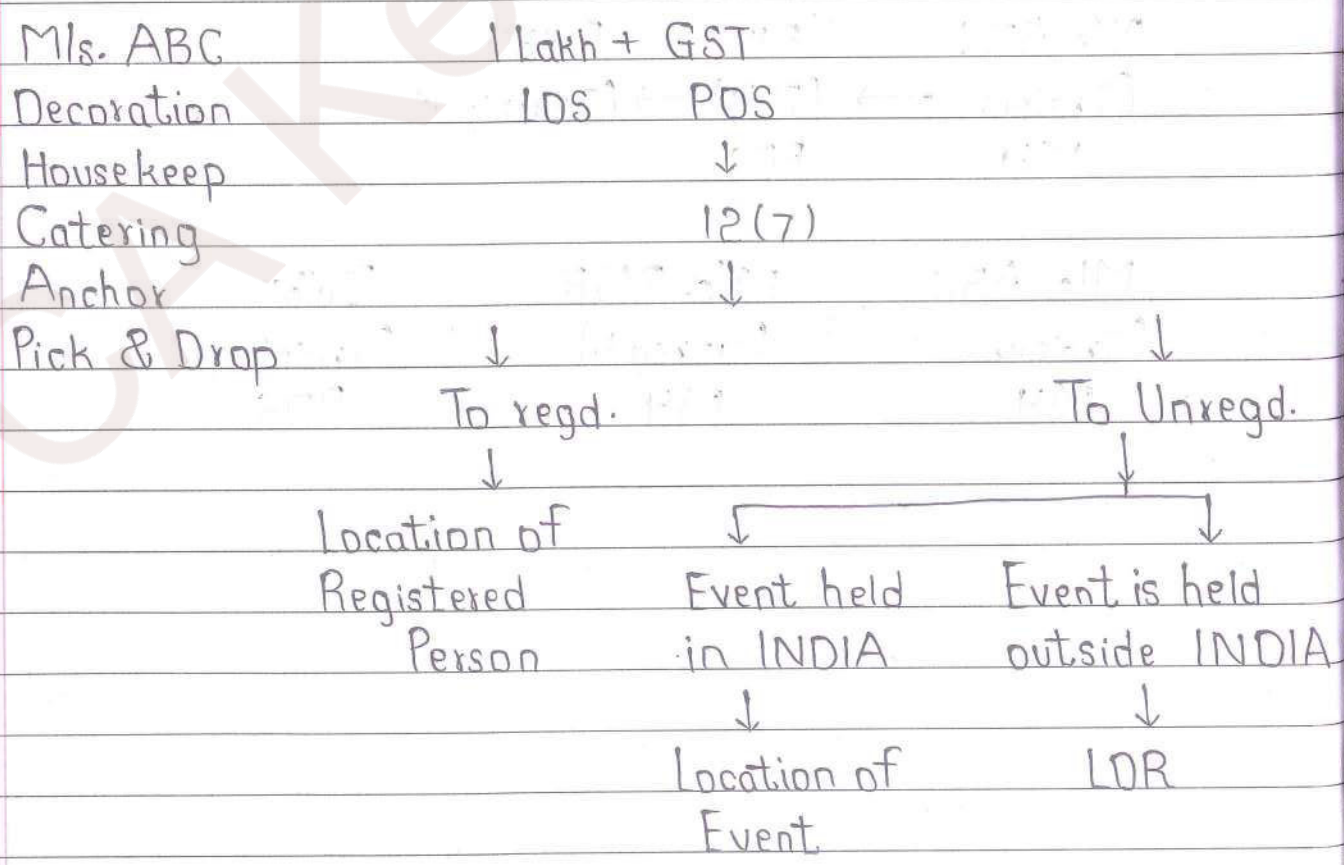
Section 12(6) :- Admission to event / Park

Entry Fees : 1200 → Location where park is
 LDS = PDS located / event is
 (MH) (MH) held.

Reliance GJ

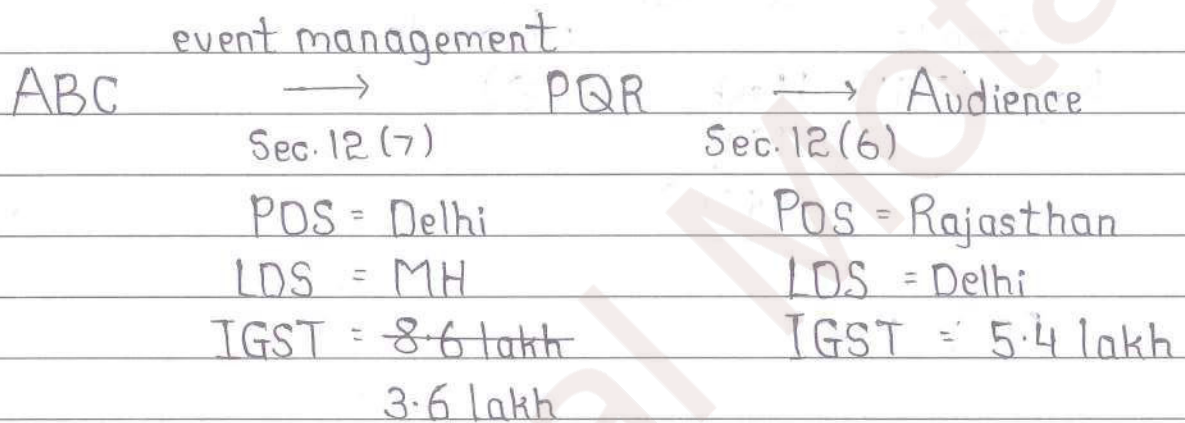


* * * Section 12(7) : Event Management Service

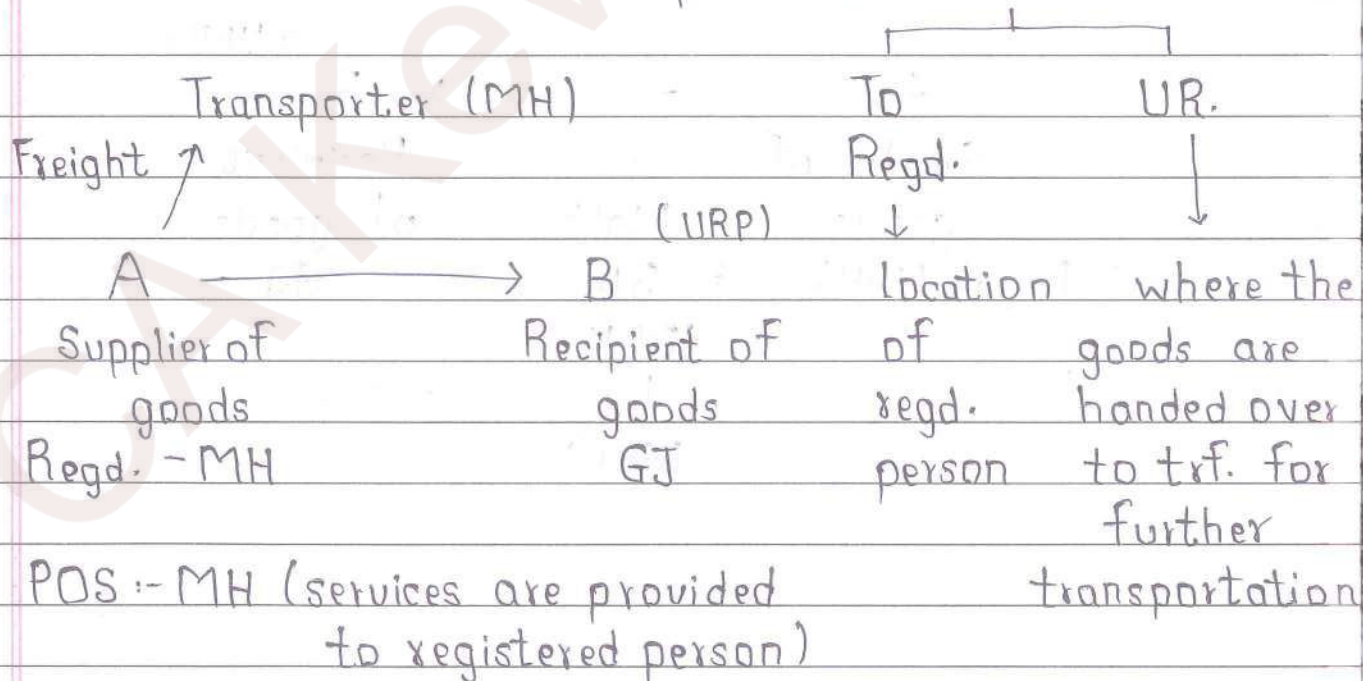


Example - ABC and Co. (RP) provides event management services to PQR LLP (Regd. in Delhi) PQR is going to organise a concert in Rajasthan. ABC charges ₹ 20 Lakhs to PQR

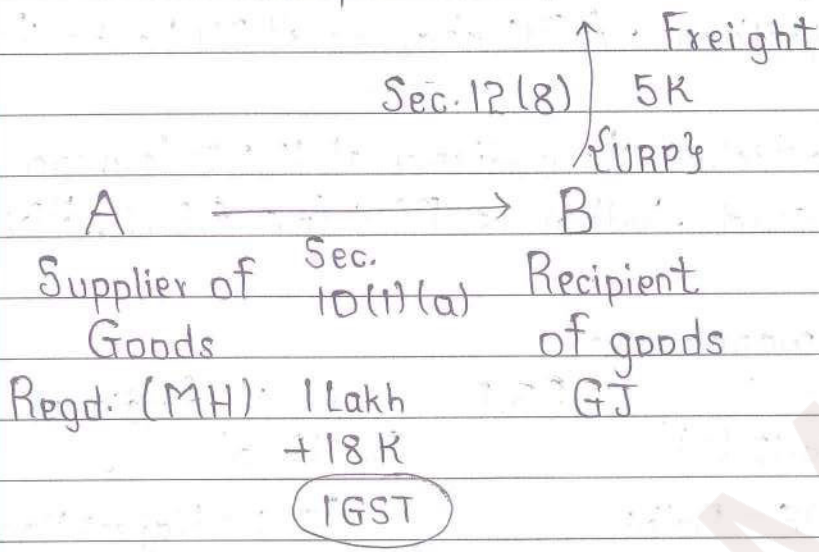
PQR sells the tickets to audience ₹ 1000/person × 3000 tickets were sold. What is POS for ABC; PQR.



Section 12(8): Goods Transportation Services

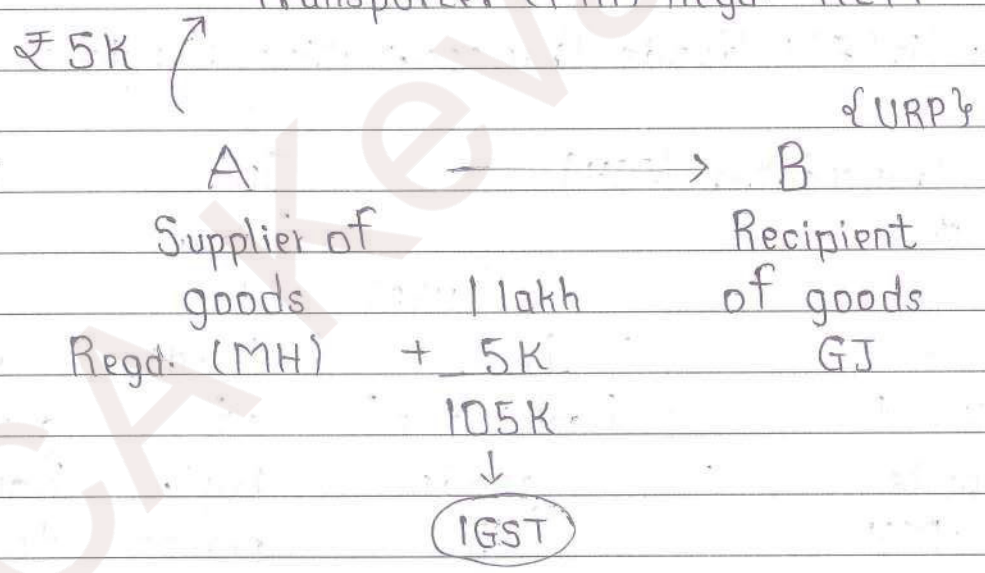


Transporter (MH)



POS: MH

Transporter (MH) Regd. - RCM



PAGE No.	
DATE	/ /

Implications -

1. Transporter → A
(specified recipient)

↓
 GST RCM Sec. 12 (8)
 LDR POS → LDR
 MH MH
 (T) (A)
 CGST, SGST → ITC ✓
 2.5 2.5

2. A → B → ITC ✓

1 lakh
 + 5K
 105000 × 18%

Transporter (MH) Regd. - RCM

Sec. 10 (1)(a) {URP} ₹5000/-
 A → B GST 0 - exempt
 Supplier of goods 1 lakh Recipient of goods
 18K
 Regd. MH 118K GJ
 ↓
 IGST

Section 12(9) : Passenger Transportation Services

To Registered Person
↓

URP
↓

location of registered person

Point of embarkation

IF point of embarkation is not known

↓
Sec. 12(2)

KPMG INDIA (Regd. MH)

employee

→ GJ

Ticket taken in name of Registered person

POS = (GJ)

GSTIN : MH (KPMG)

employee

←

GJ

Ticket taken in personal name

POS - GJ

Section 12(10) : Services on board → First scheduled point of departure

[MH] → GJ → RJ

↓

Movie

PAGE No.	
DATE	/ /

 Section 12(11): Telecommunication, internet, DTH, Broad casting

landline Telephone / Internet - Fixed lease line is located

Pre-paid

Selling Agent = Location of Selling Agent
 Directly to Location where pre-payment
 final subscriber = is received

Electronic Mode = LDR

Post paid = Billing Address

Section 12(12): Banking & Financial Services including stock Broking

LDR, if not available then LDS

3/4 Charges HDFC / Demand Draft / Cheque

Cash 10K
 + 100

SBI

LDS.

Section 12(13): Insurance Services

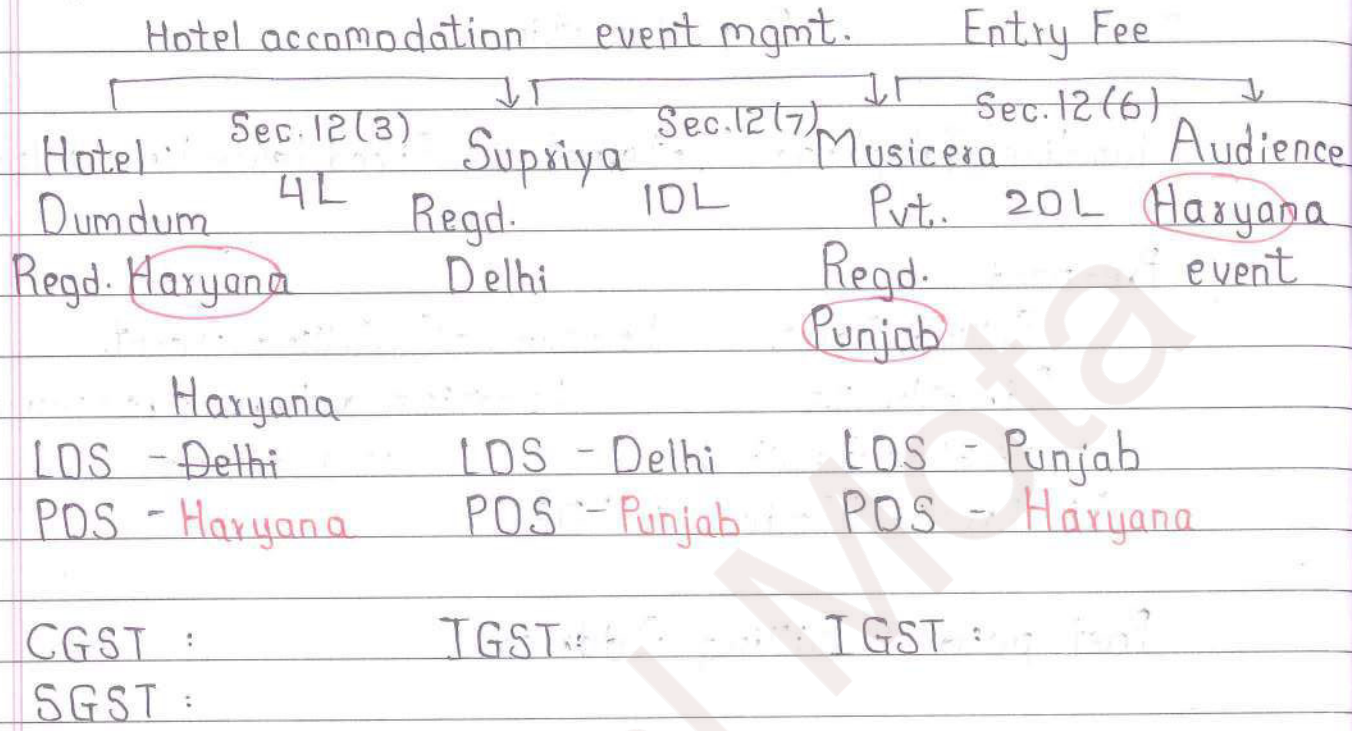
RP

URP

↓
 Location of RP

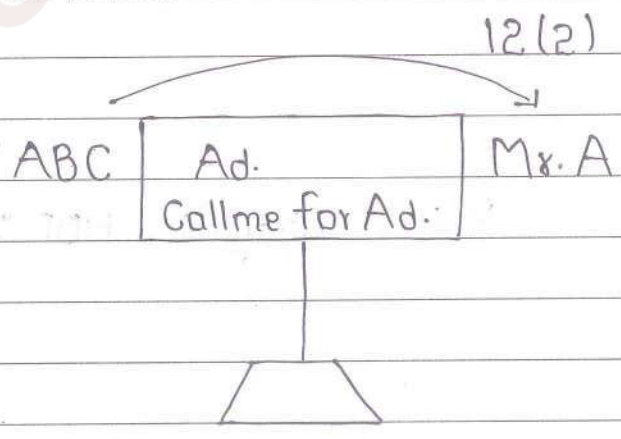
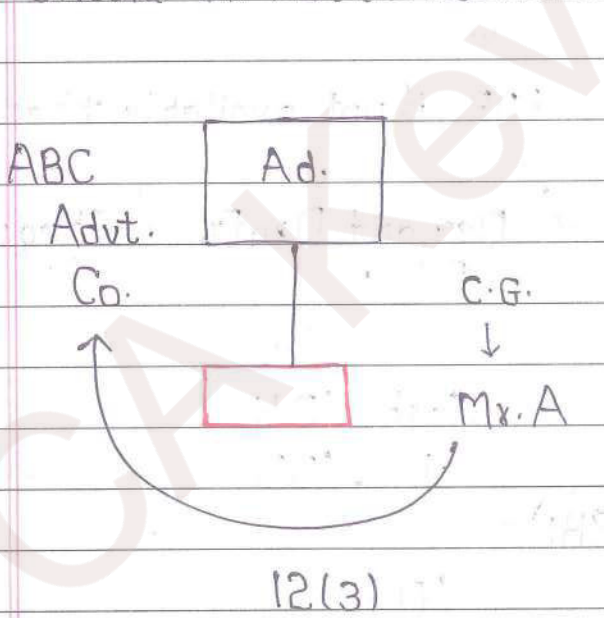
↓
 location of recipient in records of supplier

[Page 290] QUESTION 12 :



★ Circular on Advertisement Services :-

Case - 1 :



Case - 2 :

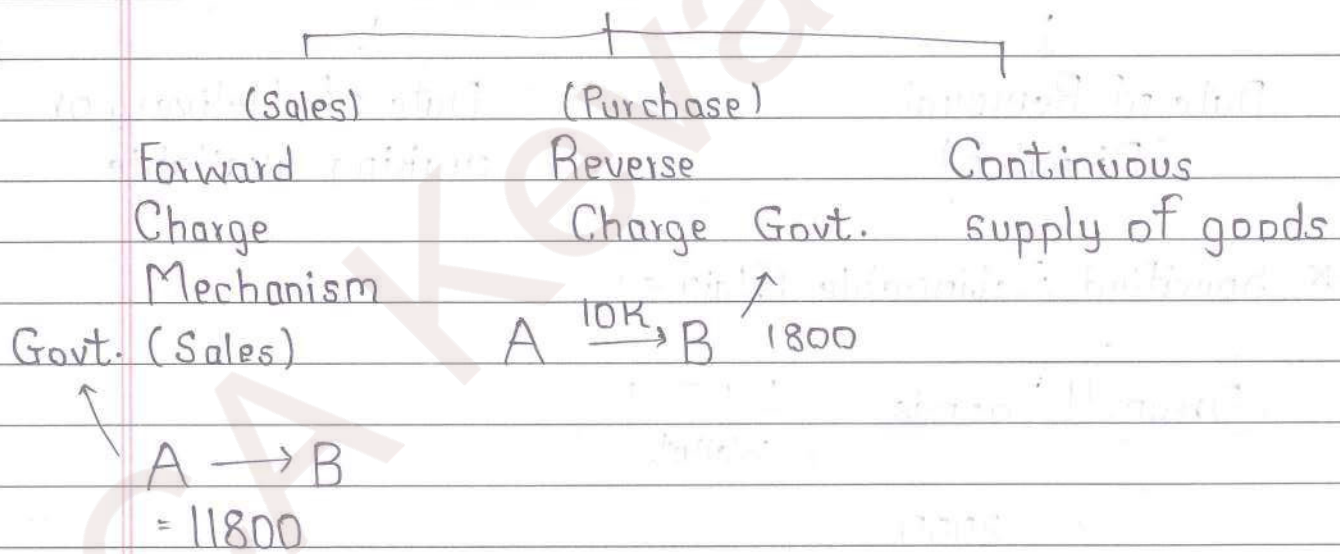
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Time of Supply

[Section 12 & 13 of CGST Act]

- ★ Time of Supply means the date on which liability to pay GST arises. There can be many events in the transaction such as getting the order, making it, dispatching it, getting delivery, received payment.
In time of supply we are going to understand how to determine the exact date on which our liability arises
- ★ GST is payable by 20th of next month.
If the time of supply falls in the month of March then GST shall be paid upto 20th April.

Section 12 :- Goods



Forward Charge Mechanism -

Time of Supply :

1. Date of issue invoice

OR

2. Last date to issue invoice (Due Date to issue invoice)

whichever is earlier

Section 31.

Collection of goods by customer is also considered as

last date to issue

Invoice

Supply involves movement of goods

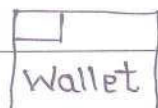
Supply not involving movement of goods

Date of Removal (Dispatch)

Date of Delivery or making available

* Specified Actionable Claims :

Dream 11 Goods



2000

* In case of Specified Actionable Claim the time of supply would be the date of Receipt of payment.

Goods sent on Approval or Return basis :-

Forward Charge Mechanism :-

Time of Supply :

1. Date of Invoice

[OR]

2. Last date to issue invoice (Due Date to issue invoice)
whichever is earlier ↓

Section 31

Last date to issue

1. Date of Acceptance

[OR]

2. 6 months from Removal

1/06

Remove

3/03

Acceptance

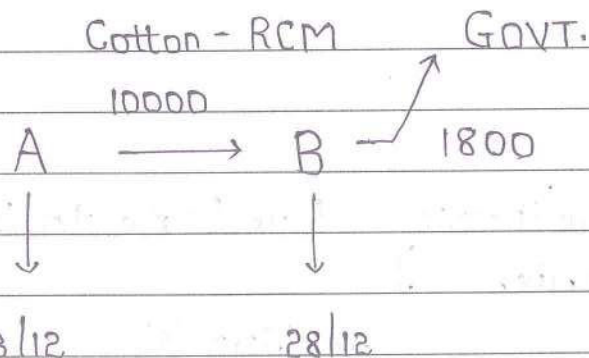
4/03

Invoice

30/11 OR 1/12

Whichever is earlier

Reverse Charge Mechanism - Goods [Recipient]



+ 31 days

Removed 3/12 + 31 days

with Invoice

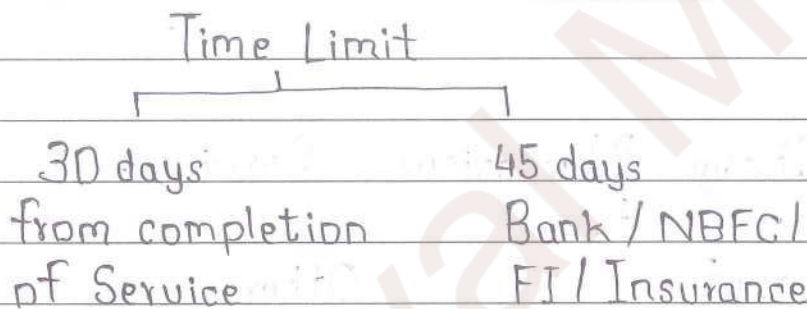
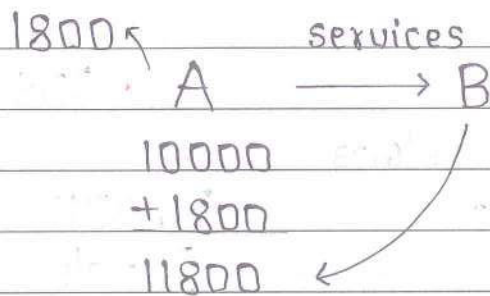
= 31 - 3 = 28 + 3 January

1. Date of Receipt of goods
2. 31st Day from Supplier's Invoice date
3. Date of Payment (whichever is earlier)
 - ↳ Books of Alc (earlier)
 - OR Check books of recipient
 - ↳ Bank Debit

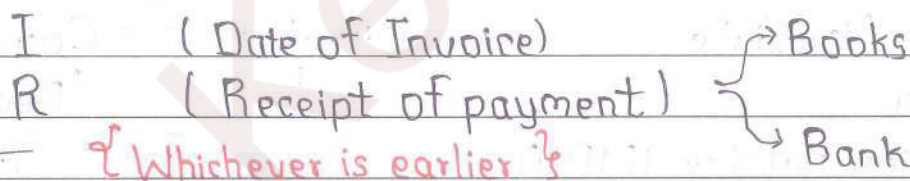
Whichever
is
Earlier

Time of Supply for services :-

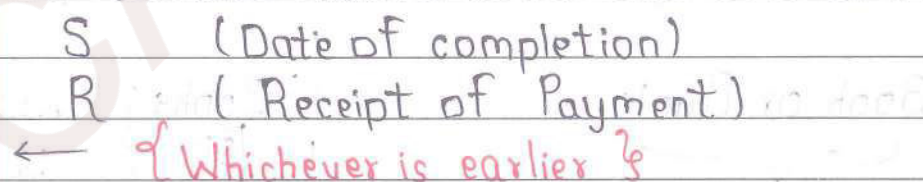
Forward Charge Services (Supply) -



* If Invoice is issued within Time limit



* If Invoice issued after the Time limit



11/4/23 to 30/4/23

S → 30/4/2023

I → 25/5	I → 25/5	I → 2/6	I → 2/6
R → 24/6	R → 18/4	R → 24/6	R → 24/5
∴ I → 25/5	∴ I → 25/5	∴ S → 30/4	∴ S → 30/4
R → 24/6	R → 18/4	R → 24/6	R → 24/5
∴ 20/6	∴ 20/5	∴ 20/5	∴ 20/5 71

11/4/23 to 30/4/23 :- S → 30/4/23
1 lakh

31/3 → 30% Advance [31/03 Cheque, 2/4]
Books Bank

Invoice 7/5 1 lakh

* TOS :-

+ 18K 25/6/23
118K
(-) 35400
82600

For 30K

For 70K

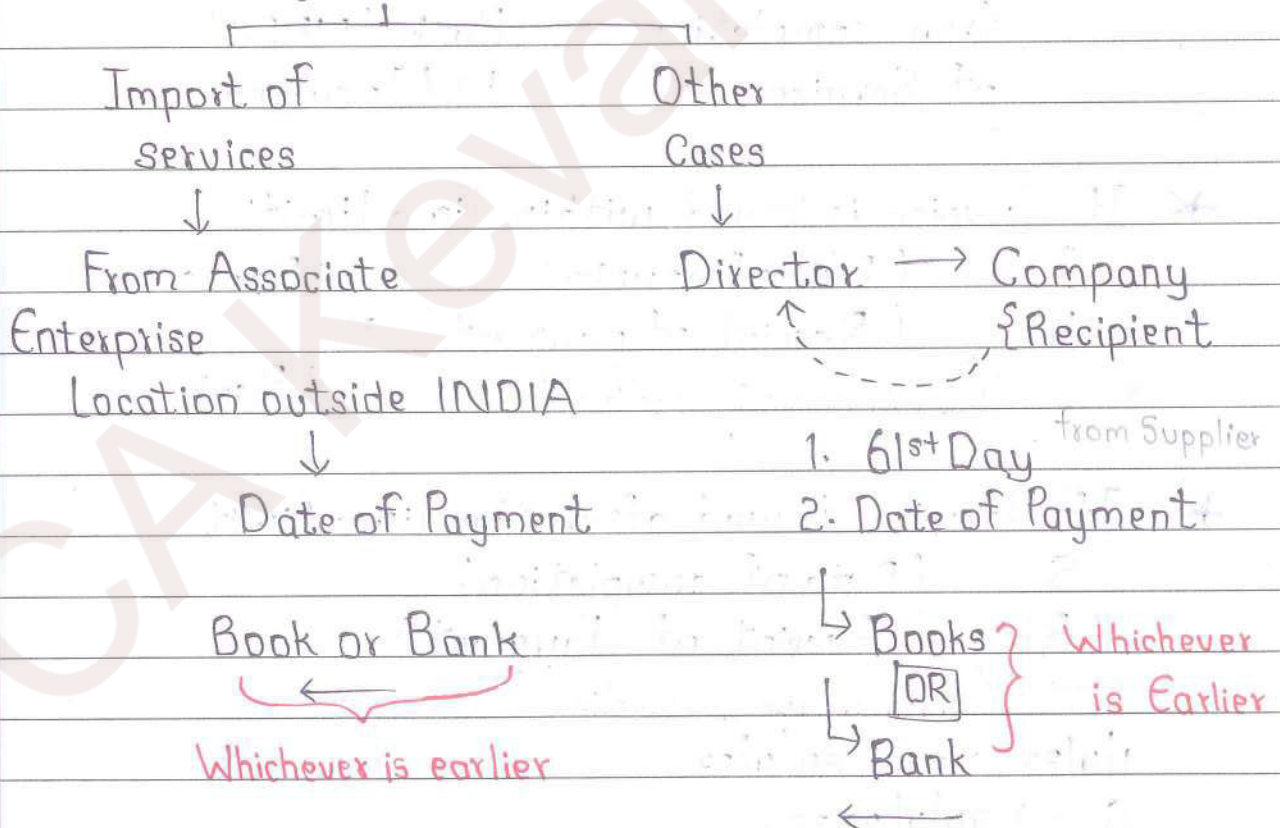
I :- 7/5

I :- 7/5

R :- 31/3

R :- 25/6

Reverse Charge Mechanism - Services



19/7 → 31-19 = 12 + 31 + 18

Common Provisions (Goods / Services)

Supply by way
of voucher

Interest / Late
fees on Delayed
Payment of
Consideration

Supply is
identifiable
at the time
of Issue of
Voucher

Supply is
not identifiable
at the time of
issuance

1 lakh + 18000

A → B
goods
{60 days}

Date of
Issuance

Date of
Redemption

eg. Invoice :- 18/2
Removal :- 18/2
Credit Period

29 - 18 + 31 + 18
Due Date
April

eg. $118K \times 2\%$
= 2360

2% p.m

Invoice Date

2360×18
118
= 360

30th
April
Actual
Payment

118K
+ 2.36K
120360

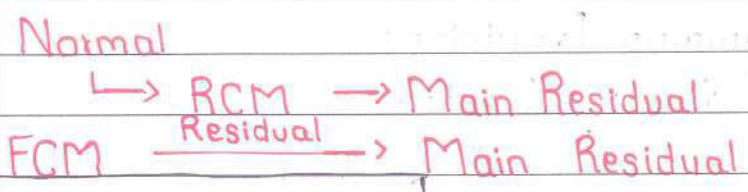
[Actual receipt of
Interest / Late
fees]

118K 2000
30/4

• Interest Amt.
is always inclusive
of GST.

• GST rate on Interest = GST rate on supply

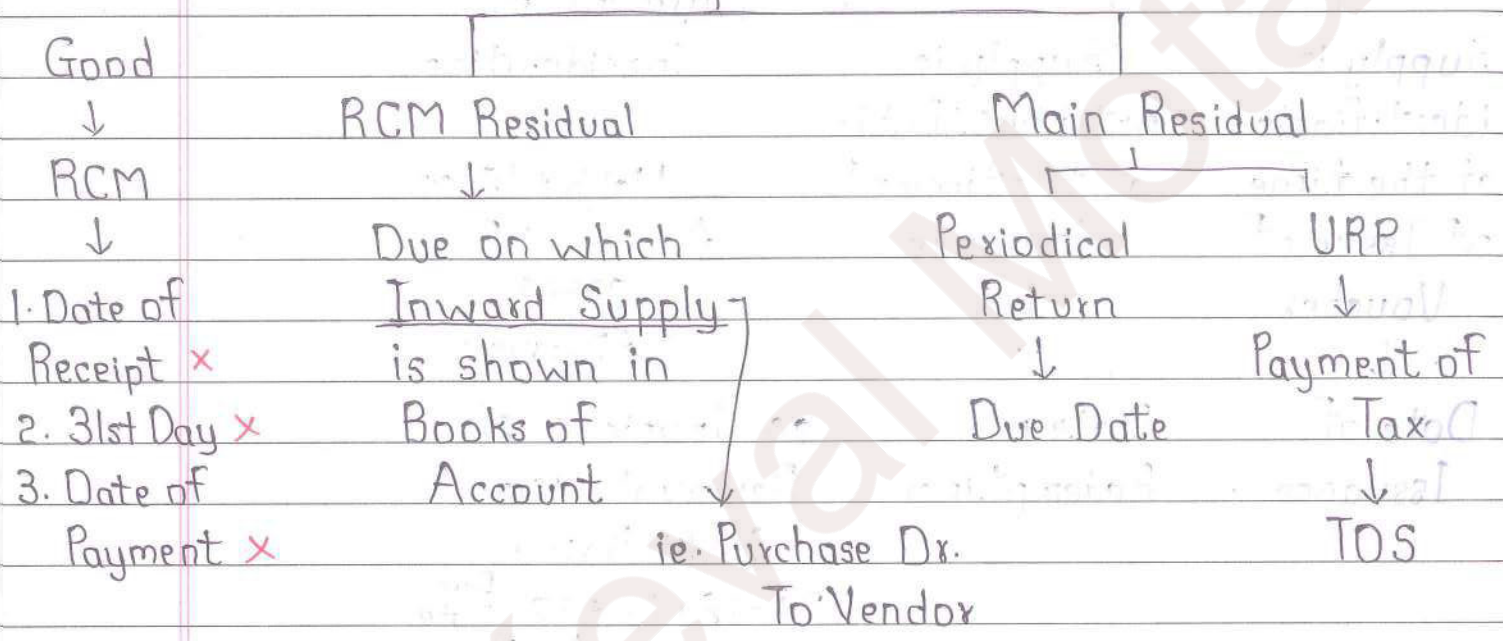
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↓

Residual Category

(Normal provisions did not provide TDS)



Continuous Supply of Goods :-

- Time of Supply is -
- | | |
|-------------------------|---|
| 1. Date of Invoice | * Last Date to issue invoice |
| [OR] | 1. Successive Statements (recurring) [OR] |
| 2. Last date to issue * | 2. Successive Payments as the case may be |

←

Whichever is earlier

Concept of excess payment of consideration:

If the supplier receives excess amount than Invoice amount & such excess amount is upto ₹1000 then the Time of supply for such excess amount would be at the option of supplier, the date of issue of next invoice.

If the excess amount is more than 1000 then the Time of supply would be determined as per normal provisions.

CONTINUOUS SUPPLY OF SERVICES

"Continuous supply of services" means a supply of services which is provided, or agreed to be provided,

- ❖ continuously or on recurrent basis, under a contract,
- ❖ for a period exceeding three months with
- ❖ periodic payment obligations

Example: Construction Contracts**If issued within Time limit: -**

Date of issue of Tax Invoice or Receipt of payment whichever is earlier

If not issued: -

Date of supply of service or Receipt of payment whichever is earlier

Time limit to issue Tax Invoice [S. 31(5)]

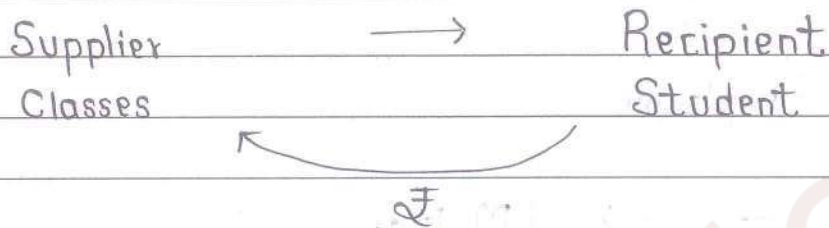
Due date of payment is ascertainable from the contract – on or before such due date.

If not ascertainable – on or before receipt of payment,

Payment linked to completion of event – **on or before completion of such event.**

Section 15 - Value Of Supply

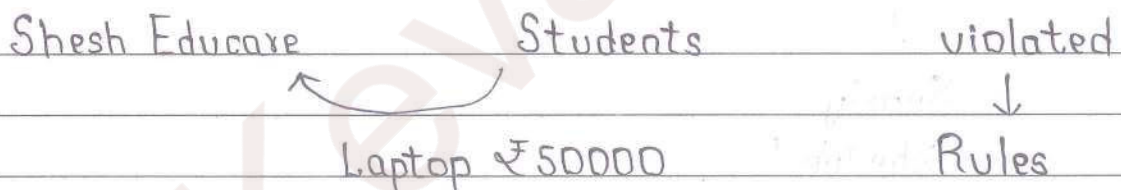
Value of Supply → "Transaction value" → Amount paid/ payable



When 2 conditions are fulfilled :-

∴ Transaction value → Value of Supply

1. Price should be the sole consideration → If this condition is violated

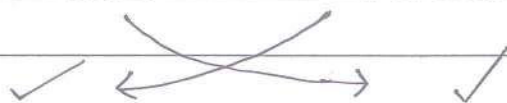


* Monetary Terms

2. Parties are unrelated

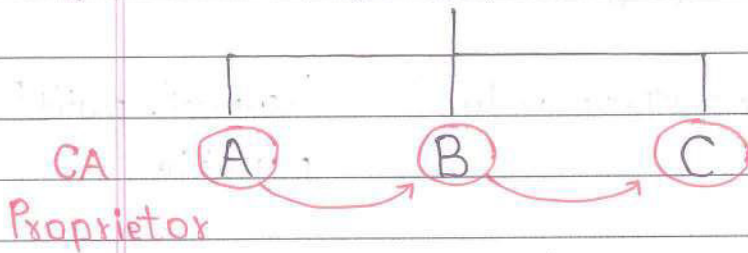
Related Parties :

1. Reliance Jio → Related Parties
 BOD - Mukesh - Aakash
 Ambani Ambani



2.

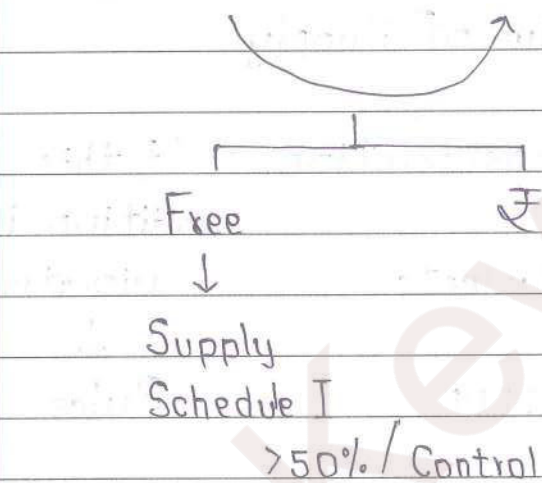
ABC and Co.



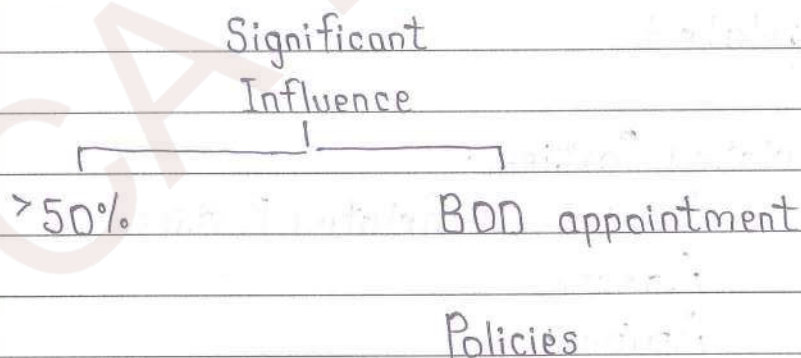
3. Employer - Employee

4. AB Ltd. $\xrightarrow{>25\%}$ LM Ltd.

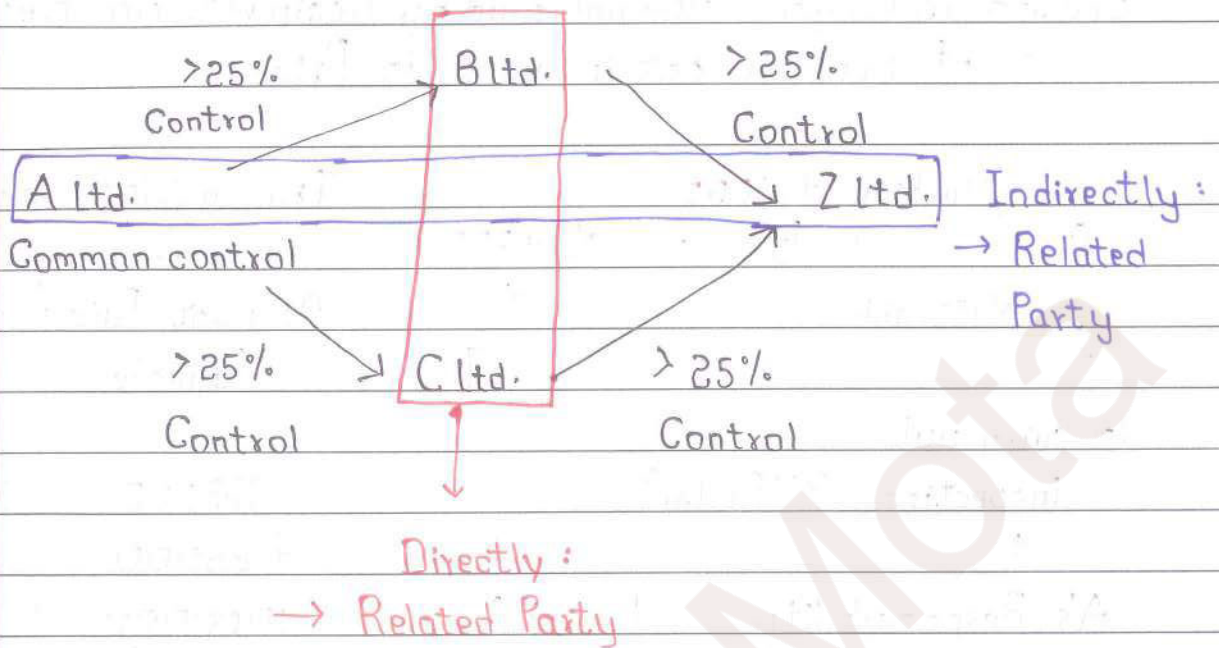
3000 shares 10000 shares



5. AB Ltd. $\xrightarrow{\text{Significant Influence}}$ LM Ltd.



6.



Section 15 (2) : Inclusions in Value of Supply :

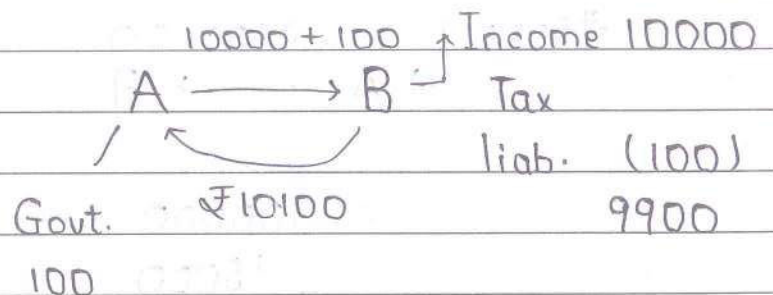
(a) Any taxes, Duty, fees, cess and others excluding GST and GST cess

Landlord → Tenant

Clarification :- Income Tax - TCS

Rent 10000
Municipal Taxes 1000
VOS 11000

Tax collection at source



TCS :

• It is not a tax

• It is an interim levy

10000 10000
+ 100 + GST
10100 10000 + GST
+ GST + TCS

Section 15 (2)(b) : Amount paid by Recipient on behalf of Supplier not included in Price

	Machine	975000		Transaction value
A	← →	B	₹ 25000	↓
↓	₹10 lakh			Amount Paid/ Payable
To carry out inspection [3 rd Party]			I	975000
↑				+ 25000
A's Responsibility	I → A			1000000
		20000		+ 180000
		+ 5000		1180000
		25000		- 25000
				<u>1155000</u>

Section 15 (2)(c) : Incidental expenses such as Freight, Packing charges, Commission, Charged by Supplier on or before Delivery to Recipient

₹5000	T	₹100000
	↓	
	A	→ B
		100000
		+ 5000
		<u>105000</u>
		× 18%

Section 15 (2)(d) : Amount received for late payment of consideration

2% p.m.

1/3/24 31/3 :- Pay
 A → B Pay on 15th May
 101
 + 1.8L inclu. GST 11.8 Lakh
 11.8L × 2% × 2

1000000 = 47200 (incl. GST)
 + 40000
 1040000
 + GST **

Section 15 (2)(e) : Subsidies other than received from Central / State Govt.

Sundaram → Rural
 Notebook @ ₹30 Area

* Subsidy not taken into Account

MRP ₹30
 ┌───┐
 C.G N.G.O
 Subsidy 10 10
 (-) Ignore

* Subsidy is taken into Account

₹20
 ┌───┐
 C.G. N.G.O
 Subsidy 10 10
 Ignore [(+)]

Section 15(2)(e)

Special Points regarding Subsidies :-

1. Price linked Subsidy are discussed.
2. Subsidy to be received by Supplier not by recipient.

Section 15(3) : Exclusions from Value of Supply :-

Pre-supply Discount		Post - Supply Discount
Discount which is known at Time of Supply [on or before supply]	10% Factory March 100 units × 5000 = 500000	Next Month (B) 80 units 150 units × 5000 = 750000
Condition :- It should be recorded in Invoice.	+ 90000 590000	18% 135000 885000
eg. 10000 - 1000 9000 + GST		

[in case question is silent. (-)]

Post Supply Discount :

Post Supply Discount mean the discount which is given after supply has taken place. For example : a supplier agrees to provide discount of 10% provided recipient places certain order for certain product with certain number of days.

Post Supply Discount is given in the form of credit note, credit note reduces the liability of supplier and corresponding revenue of Government.

Post Supply Discount shall be reduced from value of supply on satisfaction of below conditions :

1. Discount should be established in terms of Agreement.
2. ITC should be reversed
3. Credit Note should be linked to Original Invoice.

* Circular :

1. Bounce Charges on late payment of EMI :

Case I Purchase of Asset on EMI

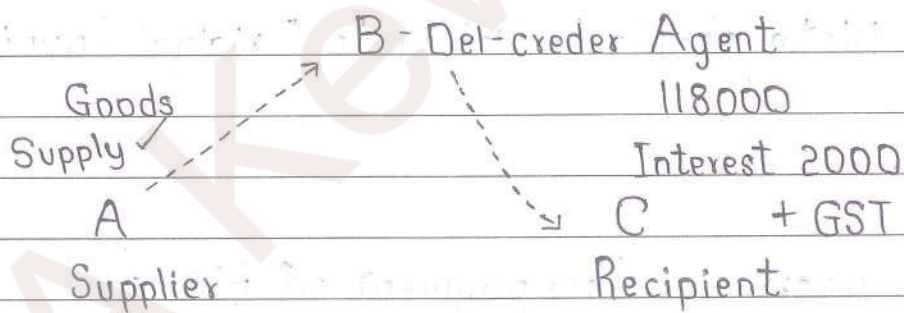
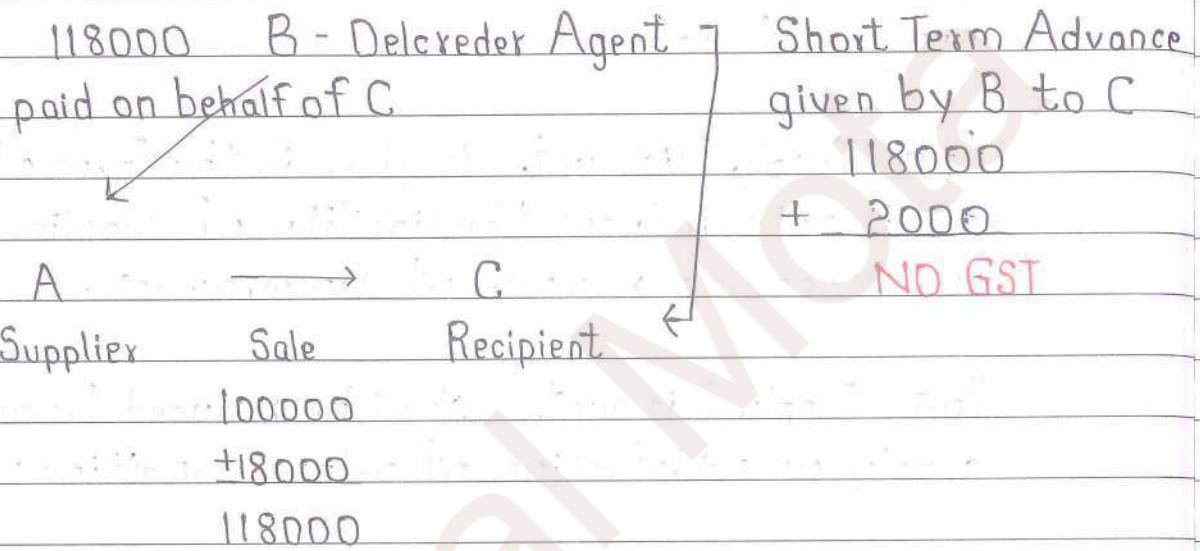
if a person purchases asset on loan and defaults in payment of EMI, the banker collects late payment charges. Such late payment charges are subjected to GST. Because, the underlying supply, is that of asset.

Case II Taking Loan and purchasing asset from that loan amount

if a person borrows money from bank and purchases certain asset and delays the EMI, GST will not be

applicable on late payment charges. Because, underlying activity was money which neither goods nor supply.

2. Del-creditor Agent :



Input Tax Credit [Sections 16, 17, 18, 19, 20, 21]

LMN

1. A → Car body → 300000

Z →

GST 84000

COST 375000

200000

GST (ITC) 105000

56000

2. B → Engine → 50000

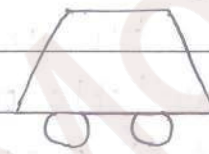
GST 14000

SP to consumer

800000

3. C → Tyre → 10000

GST 2800



GST 224000

28%

4. D → Seating, Mirror and AC

15000

224000 Output tax liab.

- 105000 ITC

GST 4200

Input Tax Credit means GST paid by recipient to its supplier. ITC is given to avoid double taxation. In ITC there are 2 important terms:

(i) Availment of ITC

(ii) Utilisation of ITC

Sections 16, 17, 18 focuses on availment of ITC.

If a registered person is eligible to avail ITC, as per Section 16, 17, then he can utilise ITC to pay his Forward Charge Mechanism Liability.

Section 16: Every registered person shall be entitled to avail ITC on input / input services / Capital goods which are used or intended to be used for furtherance of business.

NOTES:

- i. ITC is available to registered person whereas GST liability is payable by Taxable Person.
- ii. ITC is available on the basis of purchases and not on the basis of proportionate goods sold.
- iii. There is no one-to-one correlation between ITC and Liability paid, meaning thereby any ITC can be used to pay any EGM liability.
- iv. ITC is available even if actually the asset is not put to use but just on the basis of intention to use.

Conditions to avail ITC:

1. Recipient shall be in possession of tax invoice or other prescribed document.
Self Invoice ↑ refer :- Documentation, E-way bill
2. Recipient should receive goods or services.
EXCEPTION:- Bill to Ship to Model
3. Supplier should pay tax
4. Recipient should file GSTR-3B
5. Supplier should file GSTR-1
6. ITC shall not be in restricted category

NOTES:

(i) Return filing mechanism in GST, every registered person (other than composition person) shall be liable to file GST Returns as below:

a) GSTR-1 :- Details of outward supply

In the return, a registered person is required to furnish sales made during a particular month. The Due Date to file this return is 11th of next month.

b) GSTR-2B :- Once the supplier furnishes his GSTR-1 it is automatically reflected in GSTR 2B.

GSTR-2B is read only. 2B is generated on 14th

c) GSTR-3B :- Every registered person (other than composition person) shall be liable to file GSTR-3B by 20th of next month. In GSTR-3B payment of tax is done by utilizing input tax credit which availed in 3B itself.

Net tax liability is calculated as below:

Output Tax liability	[From GSTR-1]
(-) Input Tax Credit	[GSTR-2B]
Net Liability	
+ RCM Liability	[2B + own calculation]
<u>Total Liability</u>	

(ii) Restricted Category :- If the place of supply is different state then recipient state then ITC can't be taken. Such ITC appears in restricted category in GSTR-3B.

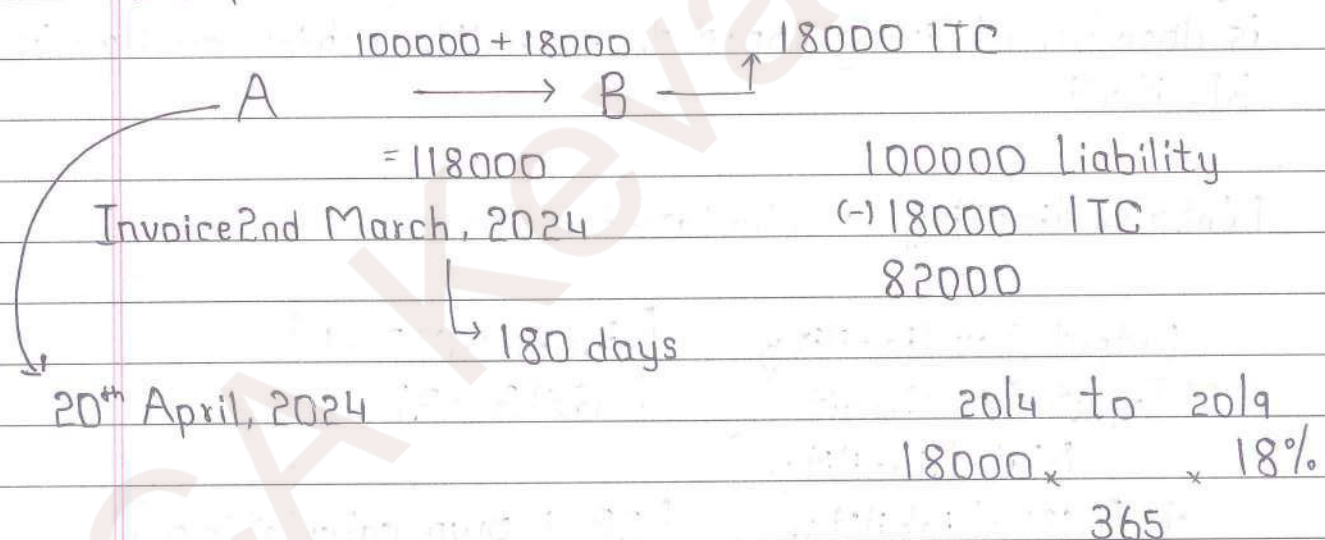
* Concept of 180 days :-

Every Recipient shall be liable to pay to its supplier an INVOICE AMOUNT within 180 days from date of invoice, if recipient fails to pay invoice amount then ITC shall be paid along with Interest [reversed]. However, below 3 are exceptions :-

- i. RCM
- ii. Schedule I Activities
- iii. Section 15(2)(b)

The recipient can avail the ITC after payment of considerations.

Example:



2019 : reverse with Interest

* Time Limit to avail ITC :-

Financial Year wise GSTR-3B

Every registered person shall avail ITC upto

- 30th November of Succeeding Financial Year

OR

- Actual date of Filing Annual Return

{ Whichever is earlier }

This time limit will not apply in case of re-availment of ITC for non-payment of consideration within 180 days meaning thereby if recipient pays consideration even after 180 days & after expiry of this time limit, he can still avail ITC.

Example :

Invoice Date	Annual Return Date	Last date to avail ITC
20/6/23	28/1/24	30/1/24 OR 28/1/24
29/3/24	7/12/24	30/1/24 OR 7/12/24
1/4/22	8/9/23	30/1/23 OR 8/9/23

* Capitalisation of Input Tax Credit :-

If the ITC amount is capitalised, depreciation is available under Income Tax Act.

Thus ITC is not allowed.

However, ITC is separately accounted then ITC is allowed

* ITC is allowed

Machinery A/c Dr.
ITC A/c Dr.
To Bank A/c

* ITC is not allowed

Machinery A/c Dr.
To Bank A/c

* Rule 37A :-

If the supplier has filed GSTR-1 then it will reflect in recipient's GSTR-2B. Recipient has taken ITC on the basis of 2B

However if supplier fails to pay tax in 3B upto 30th September of succeeding financial year

Then recipient would be liable to reverse ITC upto 30th November of succeeding financial year along with Interest.

[ITC can be reavailed on filing of 3B by supplier]

Section 17 :- "Apportionment" and "Blocked" Credit :-

Apportionment of ITC :

Non Business ↓	Taxable goods sold		Exempt goods sold	
	in India	Export [outside India]	in India	Export [outside INDIA]
NO ITC available on proportion of non-business activity	ITC ✓	ITC ✓ Refund ✓	ITC ×	ITC ✓ Refund ✓

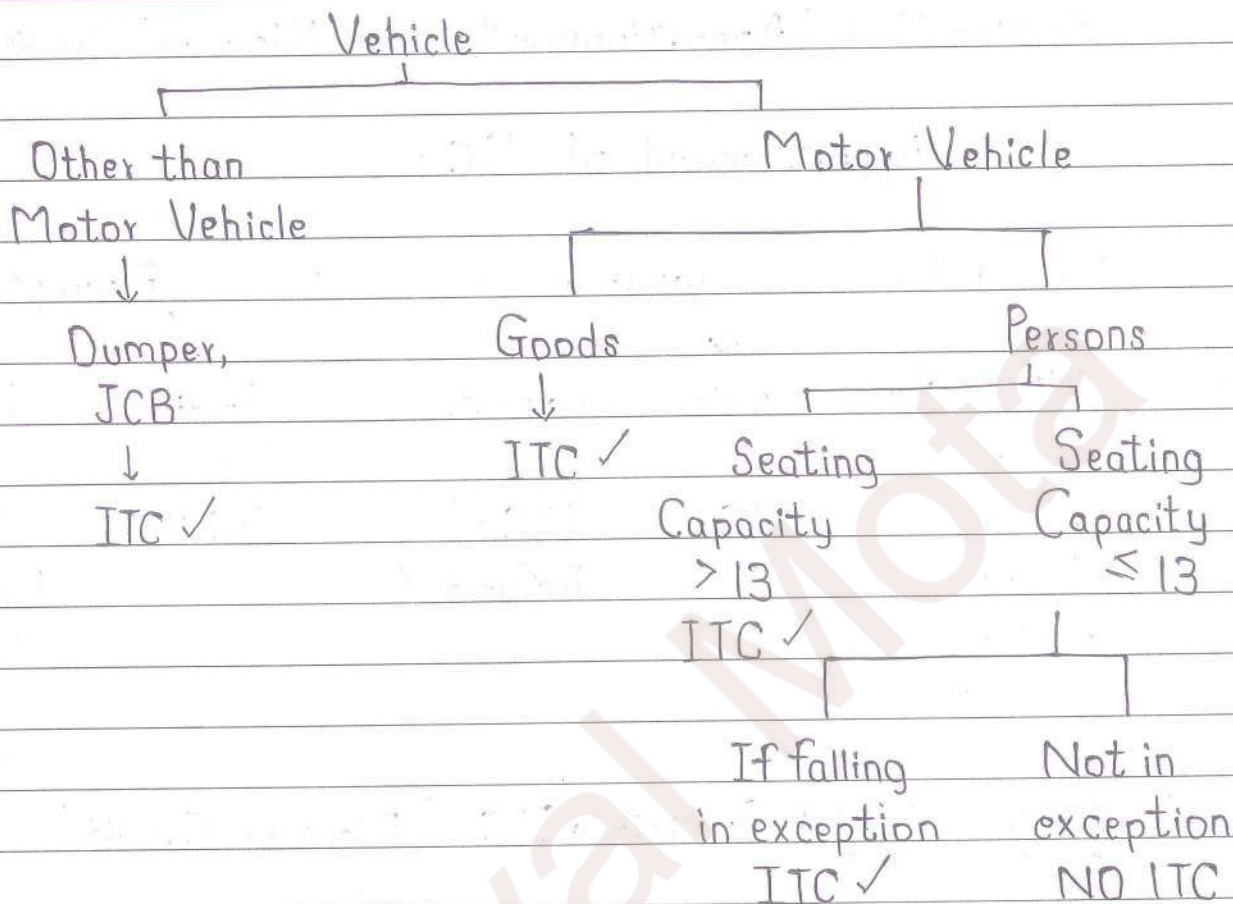
Section 17(5) :- Ineligible ITC [Blocked Credit]

Notwithstanding anything contained in Section 16(1), 18(1); ITC shall not be allowed in respect of below :-

- "Motor Vehicle" used for transportation of persons having approved seating capacity of not more than 13 (inclusive of driver)

except :-

- Further supply
- Driving School
- Transportation of Passenger



2. Aircraft, vessel ie ship

EXCEPTION : (i) Further supply

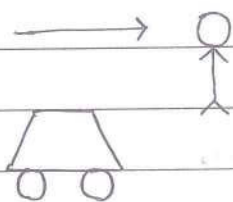
(ii) Imparting Training

(iii) Transportation of Passengers

(iv) Transportation of Goods

3. Services in relation to motor vehicle, aircraft, vessel.

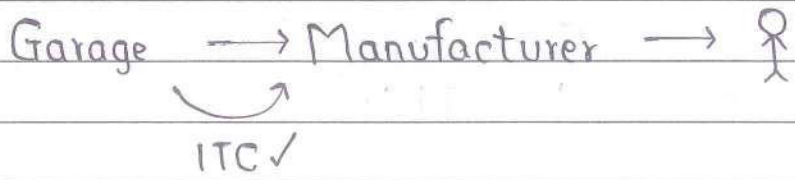
Repairs and Maintenance



If ITC on motor vehicle, aircraft, vessel was allowed, ITC on services availed for such motor vehicle will be allowed.

If manufacture, who made further supply of that motor vehicle or aircraft receives repair services on that very vehicle. Then, the manufacture shall be eligible to avail ITC.

Manufacturer → ITC ✓
(eg. Repairs and Maintenance, Insurance)

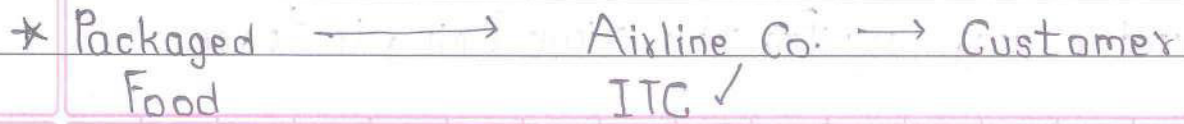
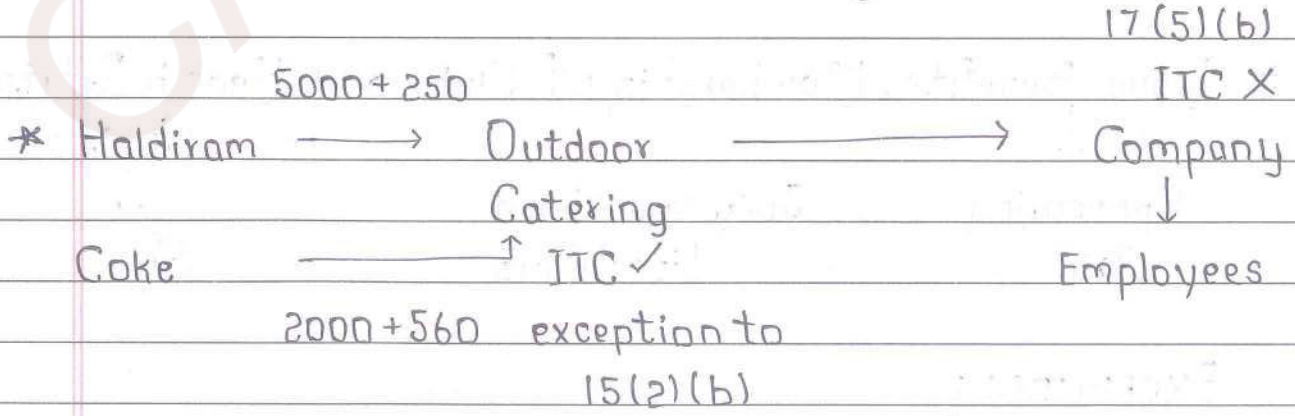


4. Certain Services :-

F O B H C L²
 Food and Beverage (Contract) Outdoor Catering Treatment and Plastic Surgery Beauty Health Care and Surgery Cosmetic Life Insurance and Health Insurance
 • Leasing, Renting Hire of Motor Vehicle on which ITC is NOT Allowed

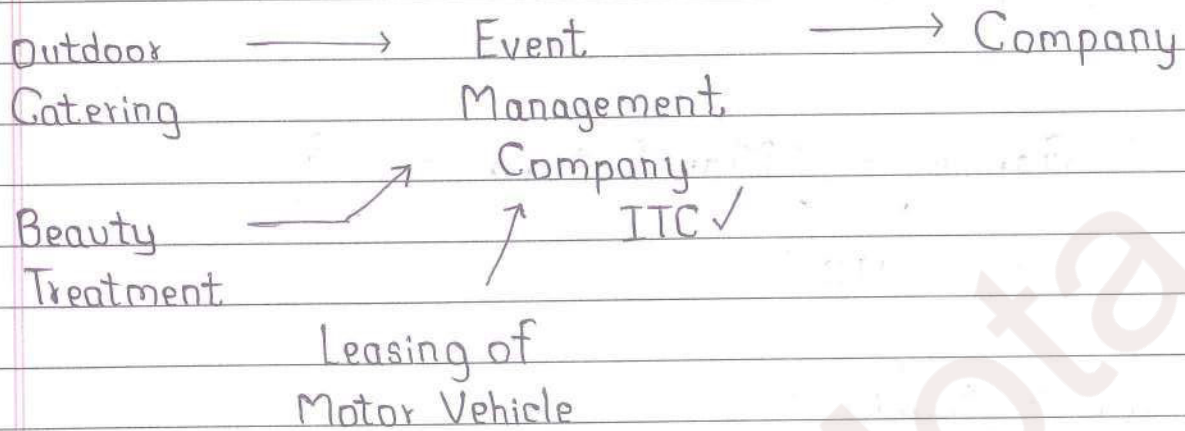
EXCEPTION :-

1. Inward Supply for outward supply

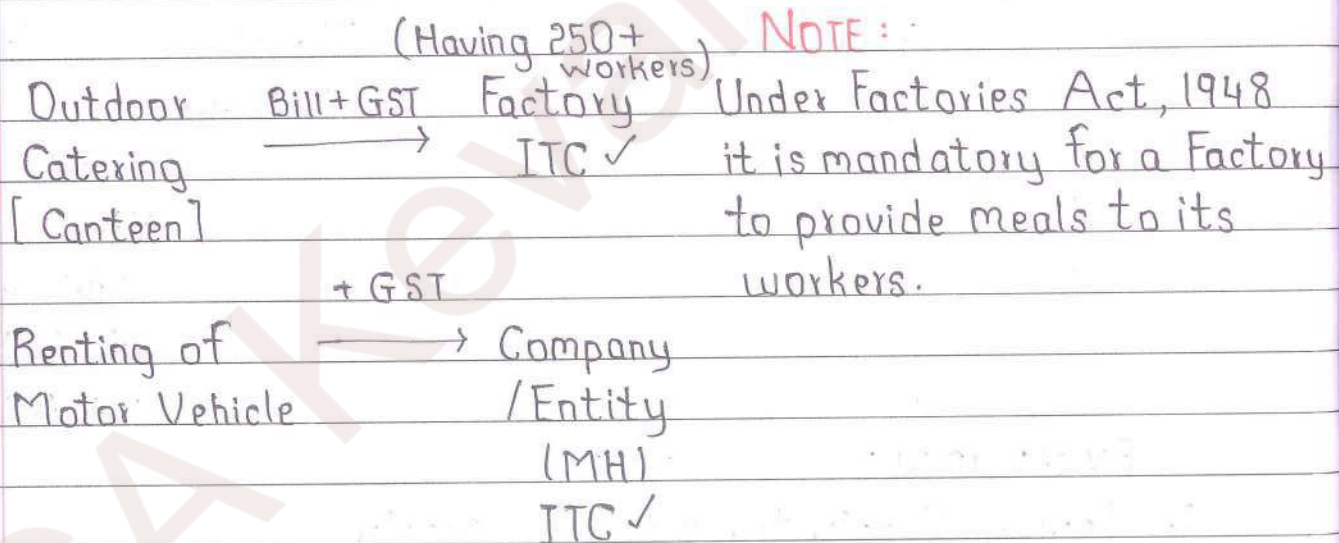


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2. Inward Supply for Composite/Mixed Outward Supply



3. Obligatory for employer to provide services to employee under any law for time being in force



- * Travel Benefits, Membership of Club, and Health & Fitness Centre
- ↓ Sponsoring Trip
 - ↓ Jolly Gymkhana
Lions Club
 - ↓ Centre
↓ Gym

EXCEPTION:

Obligatory for employer to provide services to employee under any law for the time being in force.

5. Works Contract Service

Construction on an Immovable Property

→ Plant and Machinery ... (ITC Available) [Subject to Section 16]

Other than Plant and Machinery

If cost is capitalized

Repairs and maintenance

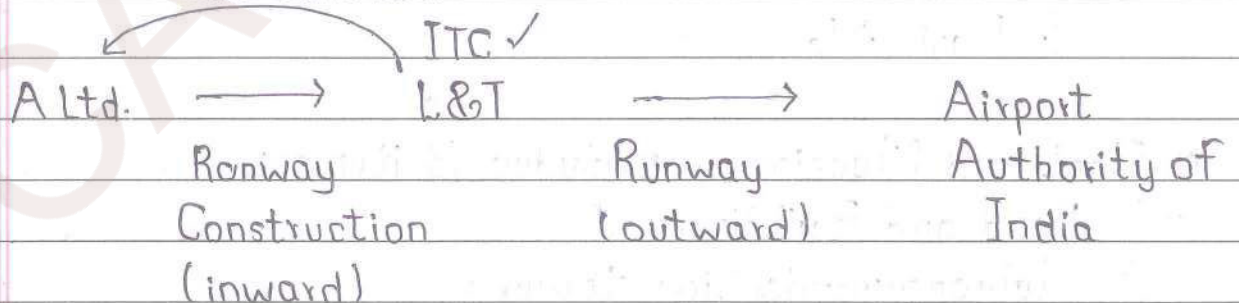
Building Alc Dr. ITC
 GST Alc Dr. NOT allowed
 To Bank

COST Repairs Alc Dr.
 Profit and Loss Alc GST Alc Dr.
 To Bank Alc

EXCEPTION:

1. Inward supply for outward supply

Sub-contract



Analysis :

1. Plant and Machinery Alc	Dr.	ITC as per:	
GST Alc	Dr.	Section 17	✓
To Bank Alc		Section 16	✓

2. Plant and Machinery Alc	Dr.	ITC as per:	
To Bank Alc		Section 17	✓
		Section 16	✗

3. Building Alc	Dr.	ITC as per:	
GST Alc	Dr.	Section 17	✗
To Bank Alc		Section 16	✗

4. Building Alc	Dr.	ITC as per:	
To Bank Alc		Section 17	✗

5. Repairs Alc	Dr.	ITC as per:	
GST Alc	Dr.	Section 17	✓
To Bank Alc			

* Plant and Machinery excludes 3 items :

- Land and Building
- Telecommunication tower
- Pipeline laid outside factory

6. Goods/Services used for self-construction
(other than Plant and Machinery)

Colour →
Tile →
Service →

• Plant and Machinery ✓
• Building → Capitalise X

NO ITC

Profit and Loss Alc Dr. → ✓
Inward supply for
~~or~~ outward supply

Colour + Tile + service : Works Contract → ITC X

7. Goods / Services purchased from Composition Scheme
[Section 10] person.

Section 10 Composition → Normal
10000 10K × 0.5 X

8. Goods or Services purchased for personal consumption

9. Goods or Services purchased by Non-Resident Taxable
person except Import of Goods

10. Expenses incurred for CSR

11. Goods destroyed, Stolen, lost, given away as gift /
free sample written off

12. Section 74, 129, 130 → Confiscation

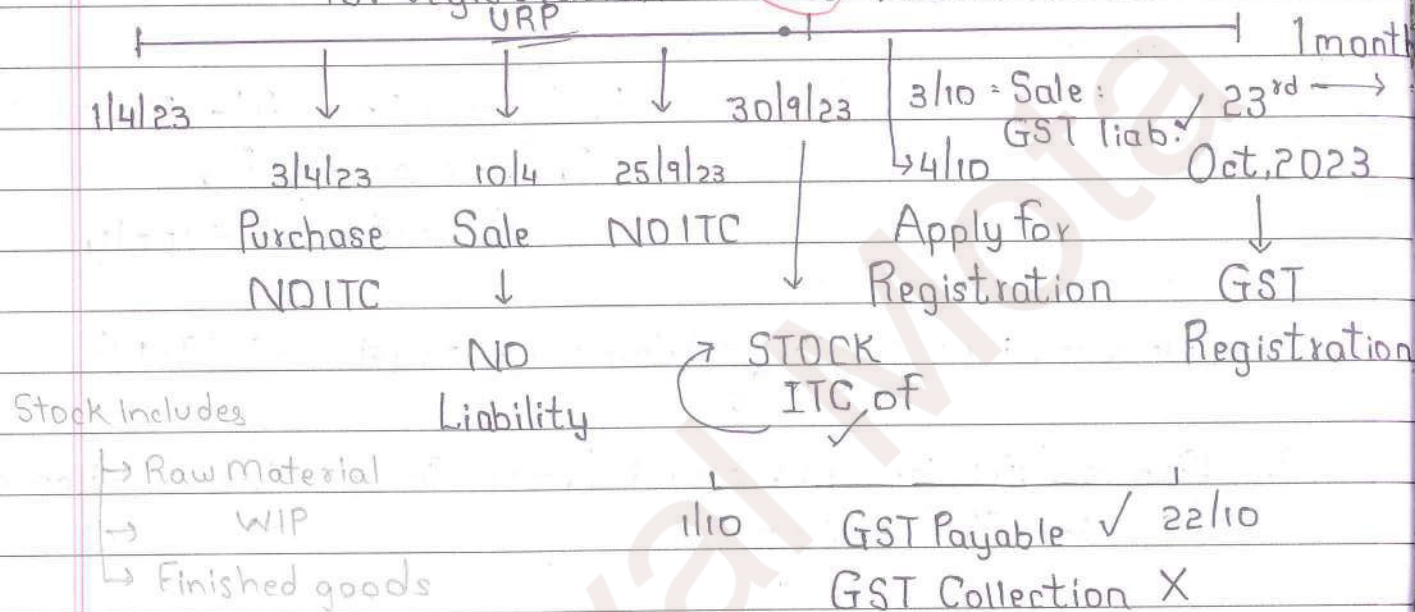
Fraud Detention of
 Vehicle, Goods

Section 18 : Availment of ITC in special circumstances

Section 18 (1) (a) : Liable for Registration

within 30 days you apply

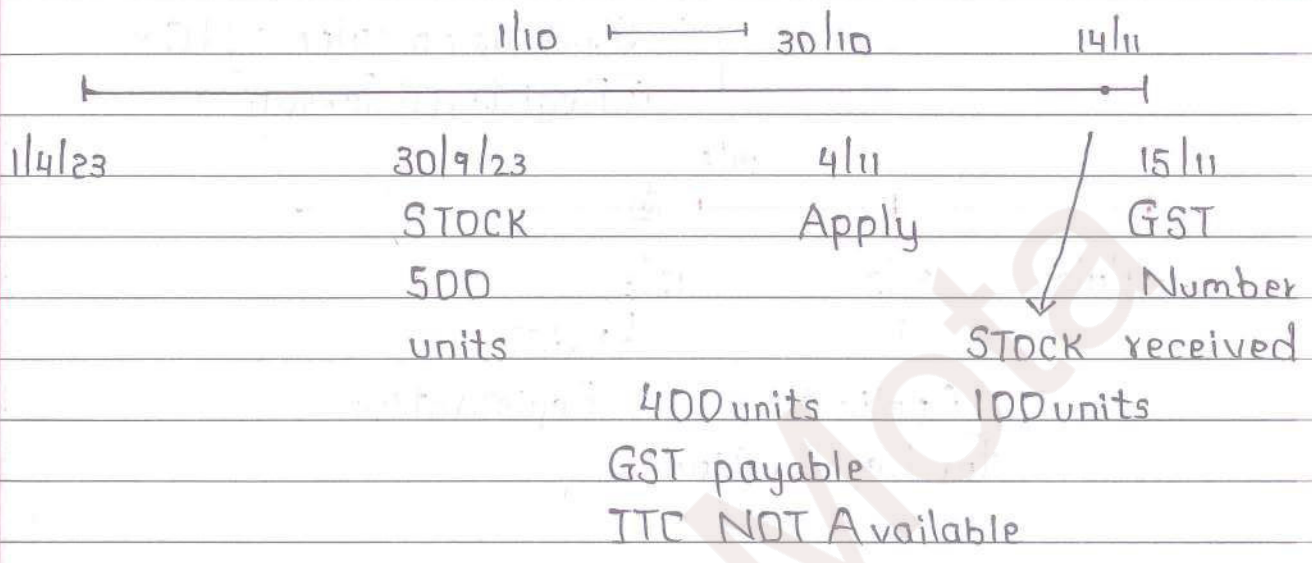
for registration 11/10 : Taxable Person



1. Stock → ITC ✓
Capital Goods → X
2. Stock : ITC ✓ : ≤ 1 year
3. ITC Claim > 2 lakhs
→ Certification of Practicing CA / CMA required
4. Tax Invoice

PAGE No.	
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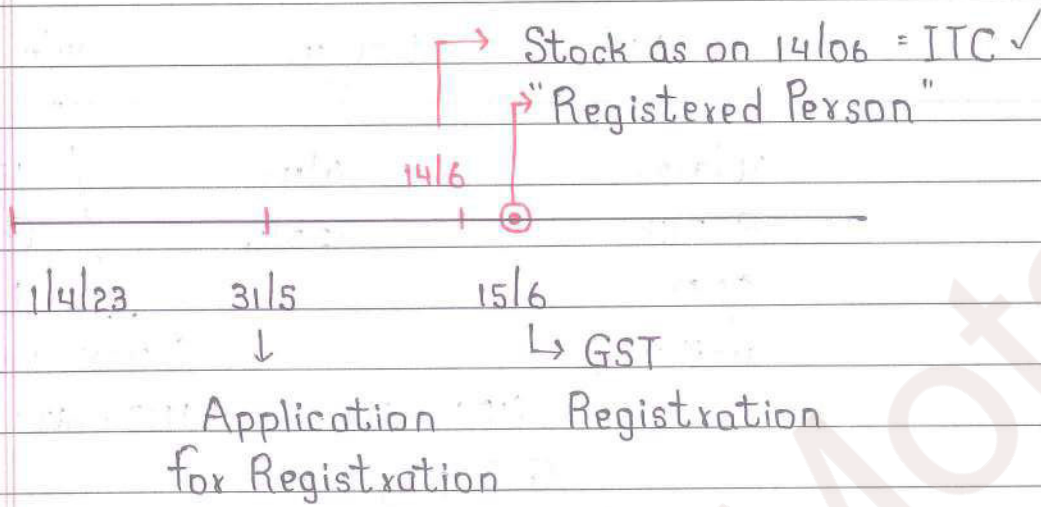
Not applied for registration within 30 days



Concept of Revised Tax Invoice :

GST Number	STOCK	Effective Date of Registration
23/10	30/9	1/10 Revised Tax Invoice
15/11	14/11	15/11 NO Concept of Revised Tax Invoice

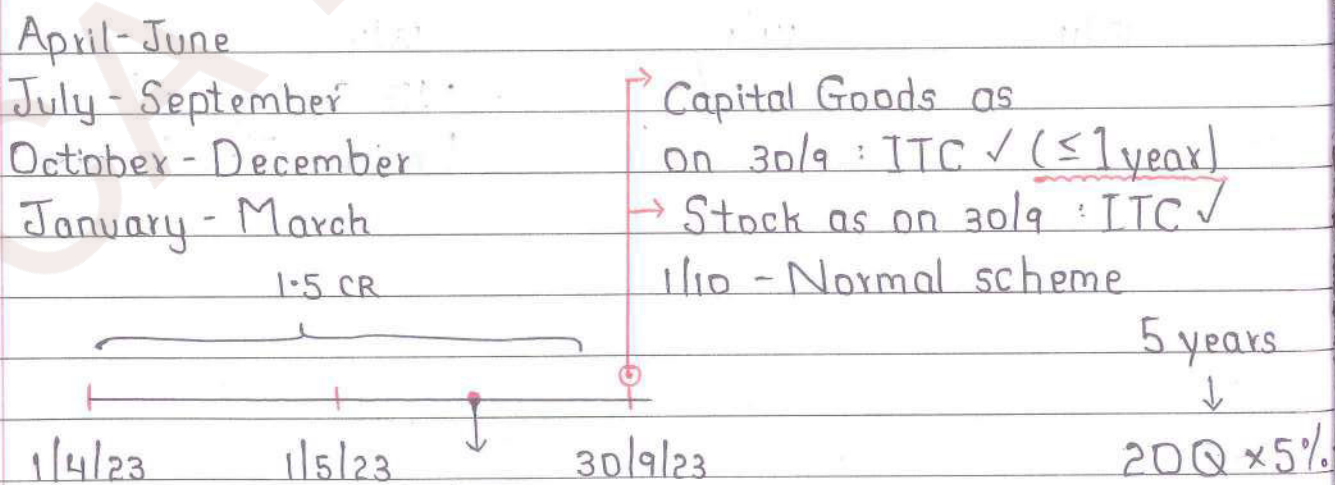
Section 18(1)(b) : Voluntary Registration



* Conditions :

1. Capital Goods X
2. Stock \leq 1 year
3. ITC $>$ 2 lakhs
- CA, CMA
4. Tax Invoice

Section 18(1)(c) : Composition to Normal Scheme



Composition Scheme

Capital good = $300000 \times 18\%$
 $= 54000 (-) 5\% \text{ p.g.}$
 $= 54000 (-) 5\% \times 2$
 $= 48600$

NOTE: p.q. = per quarter

PAGE No.

DATE

* Conditions: SAME

Section 18(1)(d): REGISTERED Exempt → Taxable

Registration :- exclusively ⇒ NO liability
exempt to register

we are already regd. because we are supplying Exempt Products

completely exempt Taxable + Exempt Products

1/4 Paper = 0% 30/9

- Purchase = ITC × Card board

11/10 → Paper = 28%

Stock = ITC ✓

Capital Goods = ITC ✓ (-) 5% p.q.

Unregistered : Exempt TO Taxable
[Section 18(a)]Registered : Exempt TO Taxable
[Section 18(d)]

* REVERSAL CASES :-

- ITC of Stock as on preceding like :-
1. Registered → Unregistered 1. Date of cancellation
 2. Taxable → Exempt 2. Date on which product became exempt
 3. Normal → Composition 3. Date of switching over

shall be reversed

NOTE: Earlier, the useful life of a capital good was assumed

CA INTER/CMA INTER

By CA Keval Mota

Here, the useful life of a capital good has been assumed to be 60 months

PAGE No.	
DATE	/ /

ITC of Capital Goods : ITC shall be reversed in terms of
6 month Balance useful life in months →

1/4 to 30/9 1/10 54 months 60 months

Registered ✓ $54000 \times 54 = 48600$
Taxable ✓ 60
ITC ✓

SALE OF FIXED ASSETS :

1/4/23 : 1000000 -----> 30/9/23
× 18%
ITC = 180000

↓
100000
× 18%
18000

GST Payable :-

• Tax on transaction value OR, 18000 OR

• ITC (-) 5% p.q. 180000 (-) 10%
[whichever is higher] = 162000

This provision is NOT Applicable in case of moulds and dies, jigs, fixture tools.

↓
GST shall be paid on Transaction value

Section 17(4) : ITC provisions for Banking Company, NBFC, Financial Institution

Option 1 :

Option 2 : Rule 38

GST Liability	Interest	eg. Exempt 15L	→ Ineligible ITC - NOT Available
	Minimum Alc Balance	} Taxable 25L	
	Penalty		
	Locker Rent		→ Purchasing from own Branch
	Bank Charges		

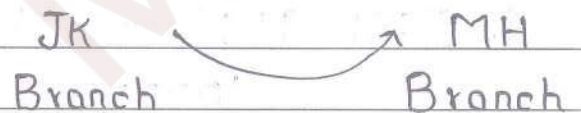
ITC × Exempt

Turnover = ITC

Full Turnover **NA**

eg. $2500000 \times \frac{15}{40}$

= 937500



→ Balance purchase
ITC × 50%
Balance 50% - Lapse

Example on Option 2 :-

1. Motor Vehicle (Seating Capacity 7) for transportation of employees = 150000 • ITC X
 2. Own Branch = 200000 = 200000
 3. Other Purchases = 180000 = 90000
- 290000

* Payment of Tax through Input Tax Credit
[Section 49, Rule 88B]

Liabilities : Inter state
IGST

Intra state
CGST, SGST/UTGST

ITC : IGST ITC CGST ITC SGST ITC

* STEPS :

1. IGST ITC $\xrightarrow{\text{IGST}}$ ITC Liability

100000	30000	30000
IGST Liability	CGST Liability	SGST Liability

120000 IGST ITC (100000) (10000) (10000)

20000 CGST ITC

X

20000 SGST ITC

X

2. IGST ITC shall be exhausted completely before utilising any other ITC.

3. CGST ITC cannot be used to pay SGST liability
SGST ITC cannot be used to pay CGST liability

} cross utilization of ITC is not allowed

4. पहले खुदका पेट भरो बादमे दुसरे का

		100000	30000	30000
Balance		1 GST Liab.	CGST Liab.	SGST Liab.
-	70000	IGST ITC	70000	-
-	50000	CGST ITC	20000	30000 X
10000	50000	SGST ITC	10000 X	30000
		ITC		

NOTE: CGST & SGST ~~liability~~ can be different because of opening balances.

April	IGST	CGST	SGST
Opening Balance	-	-	10
Current	-	60 ← →	60
		<u>60</u>	<u>70</u>

* RCM Liability

140000	85000	85000
IGST liab.	CGST liab.	SGST liab.
190000	IGST ITC (140000)	(48650)
98500	CGST ITC (36350)	(1350)
+4500	SGST ITC (83650)	
95800		
+4500		

* Steps to find out minimum liability
1. Check whether total ITC of CGST & SGST is equal

Net liab.	-	-	-	YES	NO
RCM	4500	4500	IGST ITC	54K	70K
RCM liability -			shall	16K	
4500 CGST, 4500 SGST			be	70K	70K
			distributed		
			<u>evenly</u>		

Working: 53000 - 100300
47300
 100300 - 100300
 1350 - 1350

50000 - 47300 = 2700

Registration [Section 22 to Section 30]

Section 22 :- Basic Provision for Registration

Every supplier is liable to obtain registration in the state from where he makes taxable supply of goods or services or both, provided his aggregate turnover exceeds ₹ 20 lakhs or ₹ 10 lakhs (in special category states)

Analysis :

1. GST is a destination tax
2. Registration is origin based
3. Aggregate Turnover should be of current year
4. Special Category States:

N M M T
Nagaland Manipur Mizoram Tripura

Example :

Aggregate Turnover	MH	Nagaland (Special Category)	Threshold
13 lakhs	6 lakhs (Taxable)	7 lakhs (Taxable + Exempt)	10 lakhs
23 lakhs	6 lakhs (Taxable)	17 lakhs (Exempt)	20 lakhs
13 lakhs	6 lakhs (Taxable)	7 lakhs (Exempt)	20 lakhs

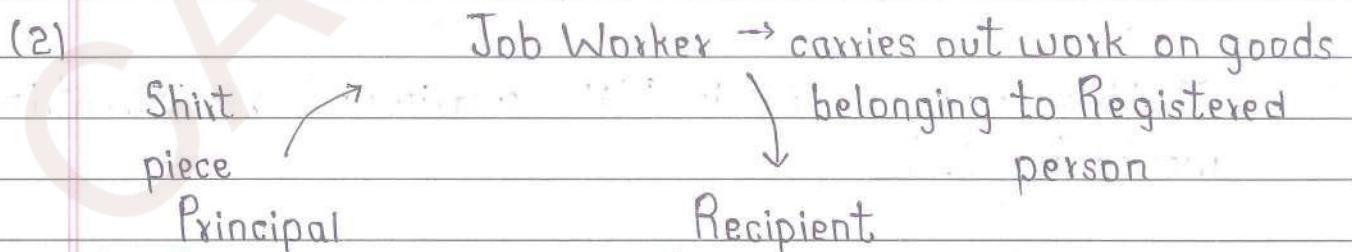
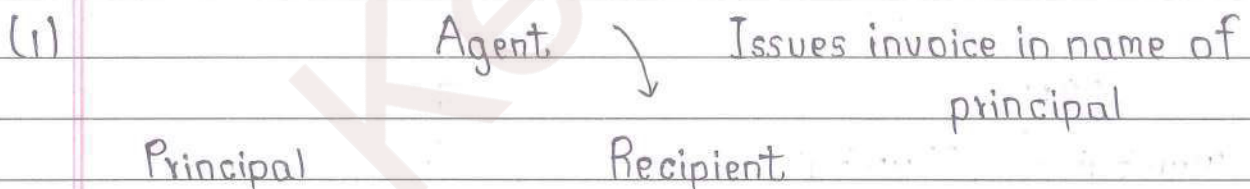
PAGE No.	
DATE	/ /

MH	GJ	RJ	Tripura	Threshold
3 Lakhs ✓	5 Lakhs ✗	11 Lakhs ✓	2 Lakhs ✓	10 Lakhs
Taxable	Exempt	Taxable	Taxable	

* Aggregate Turnover :-

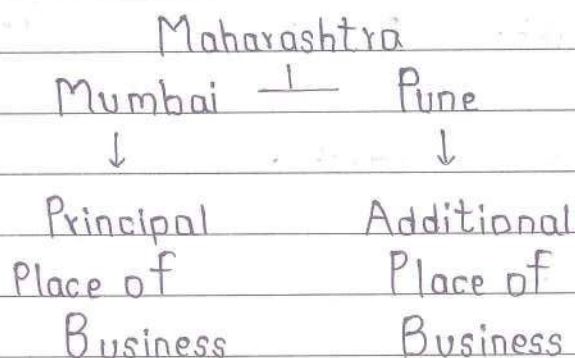
- | | |
|-------------------------------------|------------------|
| Add : | Less : |
| 1. Taxable Supplies | 1. GST, GST cess |
| 2. Exempt | |
| 3. Inter-state supplies to same PAN | |
| 4. Exports | |

* Inclusions in Aggregate Turnover



If Job worker registered → It can do
 If Job worker is unregistered → Principal shall add Job worker Principal of Business as "Additional" Place of Business.

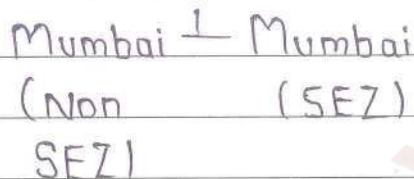
2. Number of Registration in a State :



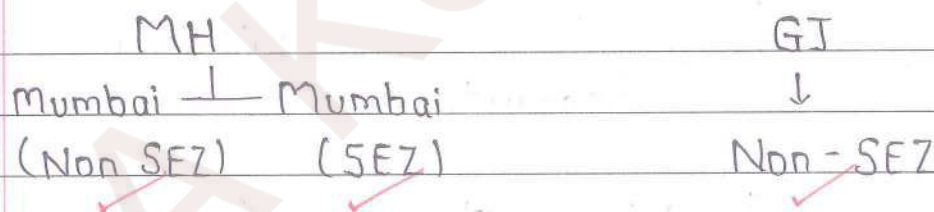
(i) Single Registration (Minimum)

(ii) Maximum : Number of Principal Place of Business
∴ In the example - 2

(iii) MH



(iv) Business in 2 States



(IF there was no SEZ in MH, maximum registration would be 2.)

* Limits of 40 lakhs :- "Exclusive Supplier of Goods"

EXCEPTIONS -

1. Persons who are liable for compulsory registration↓
Section 24

Section 24: 1. Inter-state supplies of goods
 2. Inter-state supply of service
 > 20 lakhs / 10 lakhs

Transport → Factory → Exclusively goods
 Compulsory registration 40 lakhs

2. Person who applies for voluntary registration

3. Intra-state supplies from M³NS T²APU.

M { Manipur
 Mizoram
 Meghalay

N — Nagaland

S — Sikkim

T { Tripura Tamil Nadu Tripura
 Telangana

A — Arunachal Pradesh

P — Puducherry

U — Uttarakhand

QUESTIONS:

- i. Inter state supply of goods from Meghalay
- ii. Intra state supply of service from Maharashtra
- iii. Intra state supply of goods from Tamil Nadu
- iv. Inter state goods from Tripura
- v. Intra state goods from Nagaland
- vi. Inter state services from Tripura

*Manufacturer or Trader Both

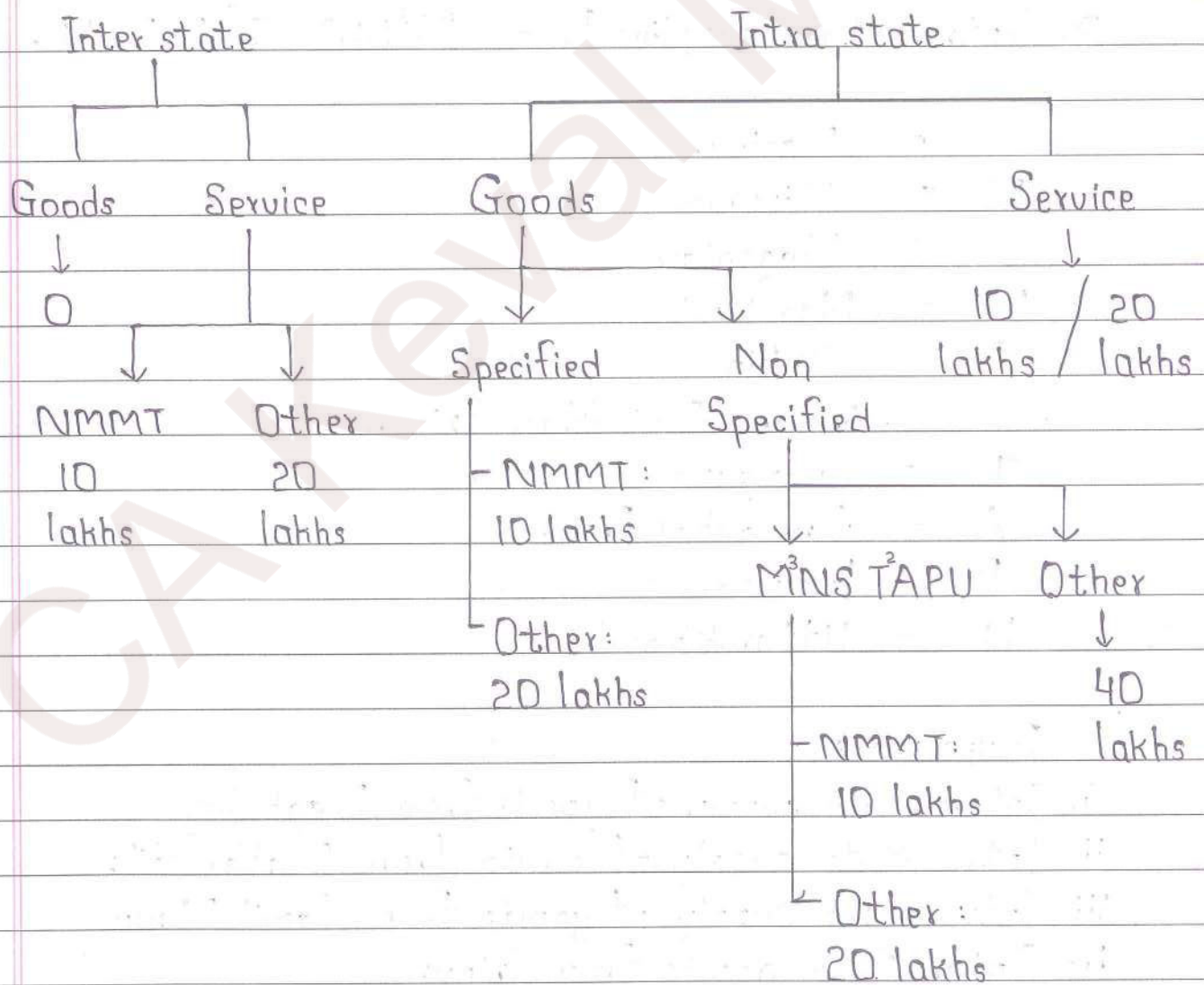
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4. Supplier engaged in Business of

T I P A
Tobacco Ice-cream Pan-masala ~~Aerated Waters~~

Fly Ash Brick Earthen tile
Block Roof tile
Aggregate Building brick

SUMMARY :



QUESTIONS :

- i. Interstate supply of Tobacco (MH)
- ii. Intra state supply of goods from Assam
- iii. Inter state services from Sikkim
- iv. Intra state goods from Meghalaya
- v. Inter state services from Tamil Nadu
- vi. Intra state goods from Andhra Pradesh
(Tobacco)
- vii. Intra state goods from Uttarakhand
(Aerated waters)

Explanation to Section 22 :

If a supplier supplying exclusively goods has received Interest or Discount Income, which is a service income, still he will be treated as exclusive supplier of goods and limit of 40 lakhs would be available.

However, it shall be noted that interest or discount income shall not be reduced from aggregate turnover.

Liability to register in case of Amalgamation or Transfer or succession.

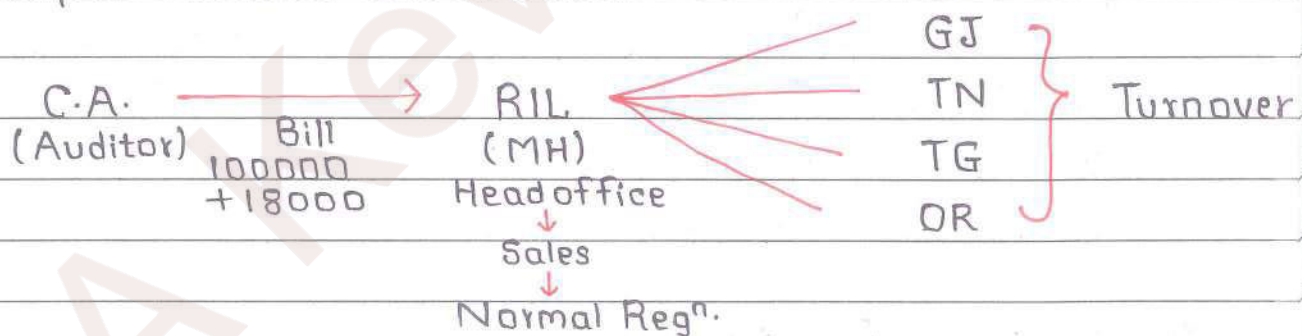
1. If 2 companies amalgamate and form a new company, the new company would be liable to register from the Certificate of Incorporation
2. If a business is transferred, the transferee, would be liable to obtain registration with effect from date of transfer.

Section 2.3: Persons who are not liable to obtain Registration

1. RCM Specified Supplier
2. Inter-state supply of Handicraft goods upto ₹ 10 lakhs / 20 lakhs
3. Inter-state service supplier upto ₹ 10 lakhs / 20 lakhs
4. Casual Taxable person supplying Handicraft goods upto ₹ 10 lakhs / 20 lakhs
5. Supplier engaged in exclusively exempt supply
6. Agriculturist [12L + 10L agriculturist]
(only 12L will be considered)
7. Service supplier e-commerce operator $\leq 10L / 20L$
8. Goods supply through e-commerce -
Conditions fulfill
9. Agriculturists commission agent

Section 24 : Compulsory Registration

1. RCM Recipient (Specified)
2. Inter-state supplier of goods
3. Inter-state services turnover > ₹10 lakhs / 20 lakhs
4. Casual Taxable Person
5. Non Resident Taxable Person
6. Input Service Distributor



7. Person supplying online information database access retrieval services (OIDAR) from outside India eg. PUBG online game, google ads, google drive storage
8. Person supplying online money gaming from outside India
9. E-commerce operator [Regⁿ for TCS]

Section 24: Compulsory Registration

1180 10/20
 - 40 Commission
 - 7.2
 TCS 1180 1000 + 180
 to → -10 TCS ← Amazon ← Buyer
 Govt. 1122.8 supplier 1%.

10. Section 9(5) E-commerce [eg. OLA, zomato, MMT, Urban clap]

11. Service provider having Turnover > 10 lakhs / 20 lakhs through e-commerce

(S) service > 10L/20L B

Amendment : Amazon

(S) Goods

(B)

Conditions : i. Enrollment No.

ii. E-commerce shall not allow any person to sale without enrollment

iii. Supplier → Interstate X

iv. No. enrollment no. in more than 1 state

12. Consignee Agents

13. TDS (Tax deduction @ source)

A → B
 Supplier 100000 + 18000 Govt. agency

118000

- 2000 [1%, 1%]

Procedures :

1. Application

Application Procedures

Application

[Aadhar Authentication]

1. PAN → No PAN required by
NRTP, OI DAR, Online Payment

2. Aadhar Card

3. Photograph

1. Submission of documents

4. Proof of Business

- Rent

- Light Bill

↳ Do you wish to opt for
Aadhar Authentication

Preliminary Submission YES / NO

Submit with Aadhar Authentication
If OTP entered within :- Date of Authentication
15 days (Date of Submission)

If OTP not entered :- Date of Submission
within 15 days
↓
End of 15th day

* 2 Cases for compulsory Aadhar Authentication

1. Refund

2. Revocation

PAGE No.	
DATE	/ /

YES (12/11) ✗	NO 12/11
within 15 days OTP Authentication complete	NOT Authenticated within 15 days
Date of Authentication = Date of Submission eg. 14/11 (Authentication)	Date of Submission [NO Authentication]
	27/11 → 27/12 ↳ 22/12

Opted Aadhar Authentication ✓ + 15 days OTP Authentication ✓ + Officer = Physical verification X	NOT opted for Aadhar Authentication OR Opted for Aadhar Authentication but not authenticated within 15 days OR
--	---

Deemed Approval

30 days → Apply for Registration 7 days < Accept 7 days < Reply 7 days < Accept Reject	Show cause notice	Aadhar Authentication ✓, OTP / Proper Officer Physical ✓
		Date of Submission ↓
		Deemed Approval within 30 days registration would be granted only after physical verification *

* Amendment - At least 5 days prior to completion of time limit

2. Amendment

Core fields
 [eg. Address
 Admission or
 retirement / death of
 Partner or director]

Non-core fields
 [Mobile no. email]
 ↓
 OTP

15 days → Apply for
 Amendment

Deemed Approval

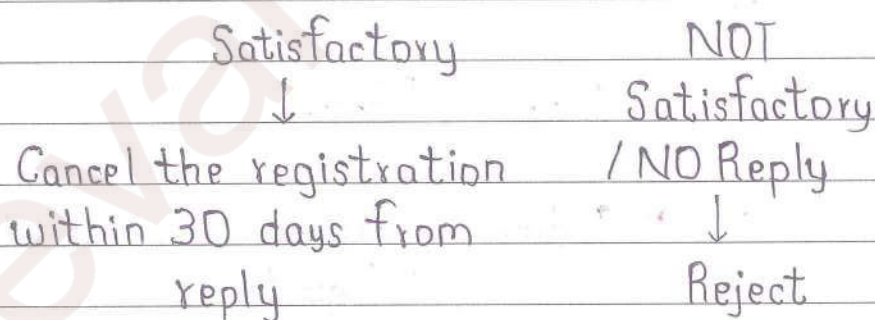
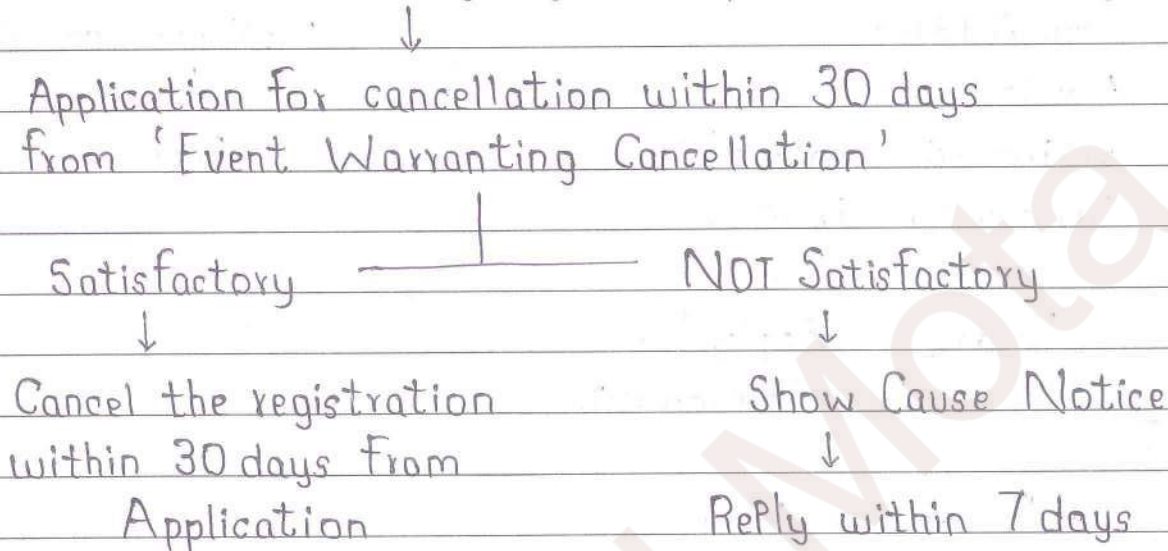
15 days < Accept
 Show cause notice

7 days - Reply

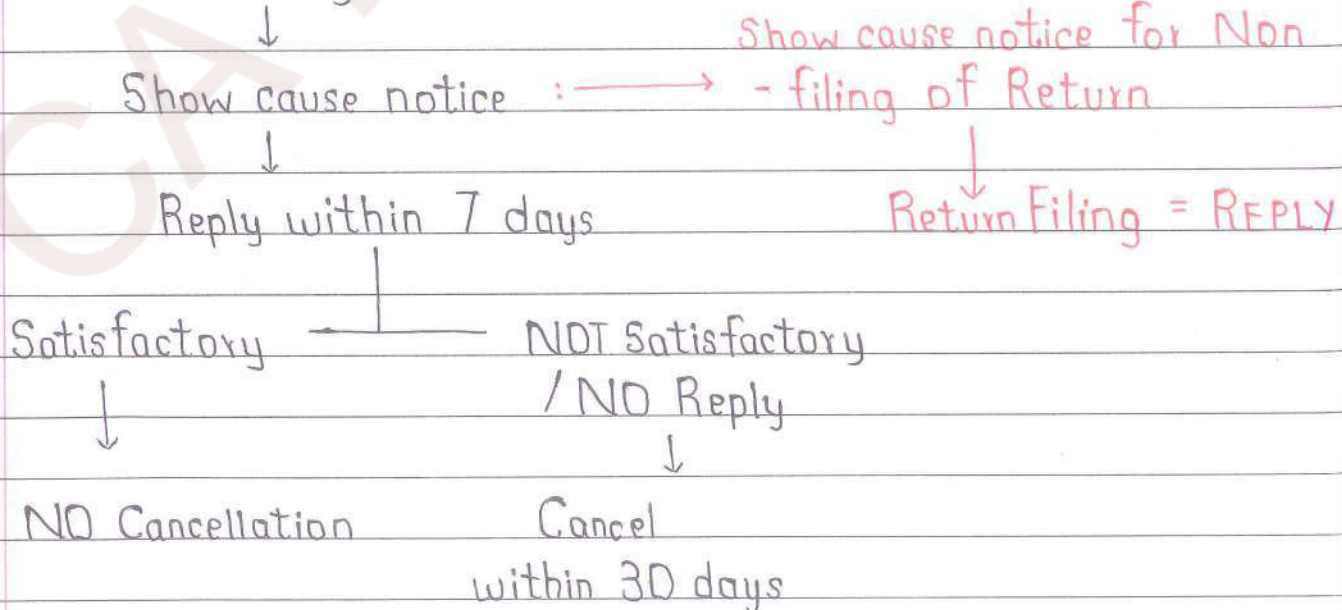
7 days < Accept
 Reject

3. Cancellation of Registration

* Cancellation applied by registered person



* Cancellation by Officer :



4. Revocation of Registration Cancelled

↓
Number is cancelled
cancellation order

Application for Revocation
[pending returns are to be filed]

before cancellation [90 + (180) days] = 270 days
[from service of cancellation order]

Satisfactory



Revoke

Non-Satisfactory



Show cause notice



Reply within 7 days

Satisfactory

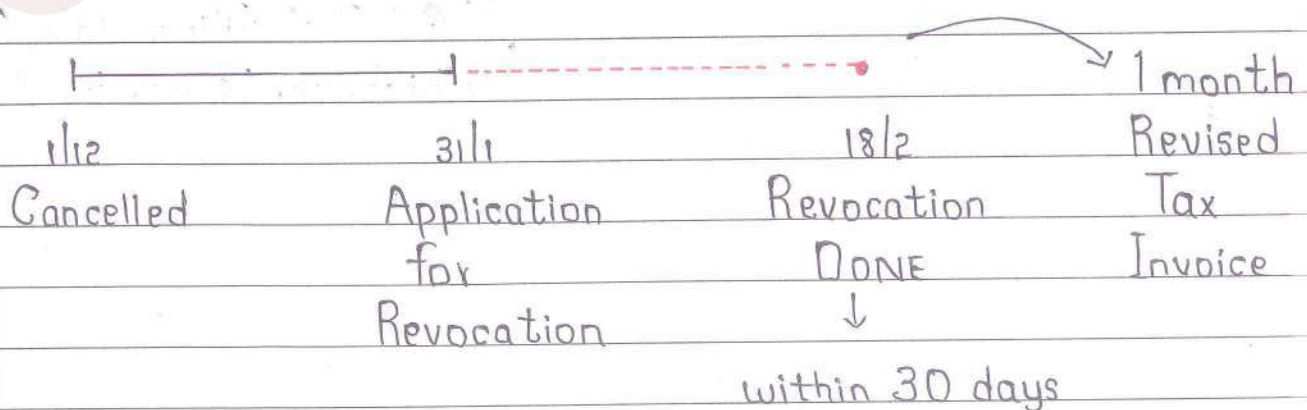


Revoke ✓
within 30 days

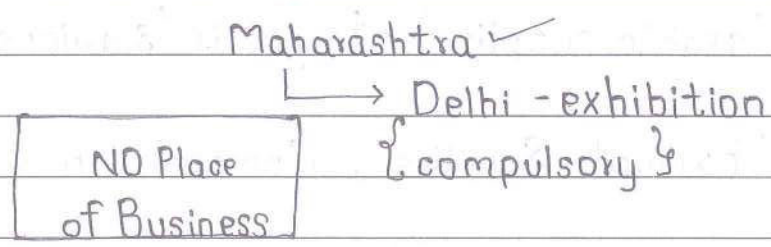
Non-Satisfactory / No Reply



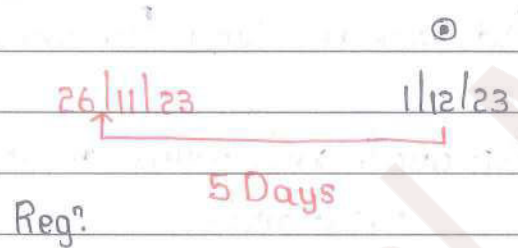
Reject
within 30 days



Section 2.7 :- Casual Taxable Person,
Non-Resident Taxable Person



1. Registration :-



2. Advance Tax Payment
 Estimated liability
 - Estimated ITC
Advance

3. 90 days (+ 90 days)

Documentation, E-way bill [Section 31 to 34]

1. Tax Invoice :- "Taxable supplies" of goods/services
2. Bill of Supply :- "Exempt" Supplies, Composition scheme
3. Delivery Challan :- For movement other than supply
(Here, there is no intention of sale)
4. Receipt Voucher :- Advance received for services
5. Refund Voucher :- Amount refunded as no supply is provided.

6. Self Invoice :-

Normally,
Supplier $\xrightarrow{\hspace{2cm}}$ Recipient.

For, Unregistered Person $\xrightarrow{\text{RCM}}$ Recipient.

- 1. Supplier unregistered
2. RCM

7. Payment Voucher

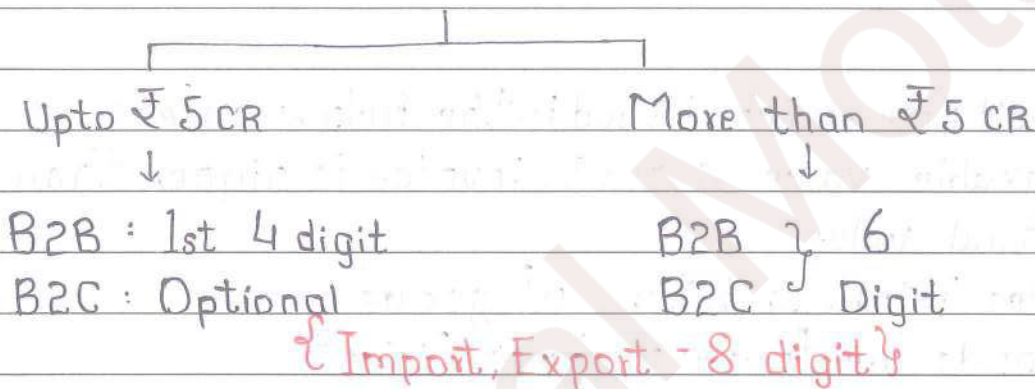
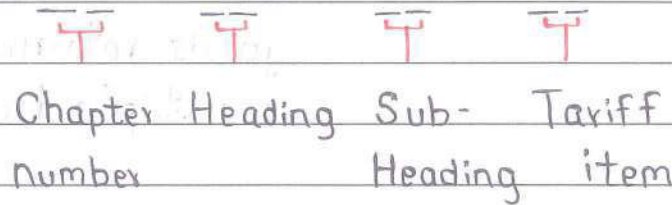
$\xrightarrow{\hspace{2cm}}$ RCM Supplier
is made when [Registered / Unregistered
payment is done to Person]

8. Invoice cum Bill of Supply $\xrightarrow{\hspace{2cm}}$ Unregistered

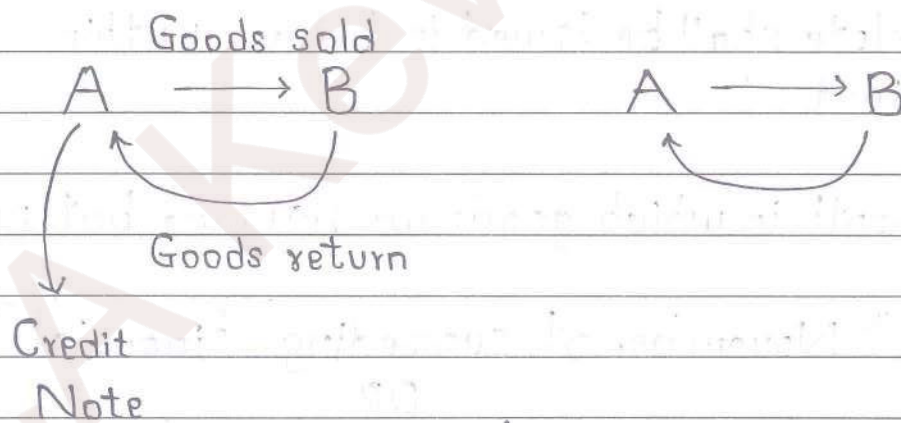
Registered Person $\xrightarrow{\hspace{2cm}}$ Unregistered Person
(Taxable + Exempt)

Harmonised System of Nomenclature [HSN]

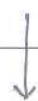
Maximum 8 digits



* Credit Note :- (Recipient is not going to issue any document)



GST Credit Note



within time-limit

Financial Credit Note /
Commercial Credit Note



Notime limit

NOGST

Consolidated Debit Note

Consolidated Credit Note

Rec One Credit

Note can be issued for goods returned against multiple invoices.

Credit note shall be issued in the below cases :-

Taxable value stated in invoice is higher than actual value

Sales Return or return of goods

Goods are found to be deficient

Tax charged is higher than actually to be charged

Credit Note shall be issued in below within Time Limit

In the month in which goods are returned but not later than :

30th November of succeeding Financial Year

OR

Actual date of filing Annual Return

{ Whichever is earlier }

Debit Note:

Debit note shall be issued to recover additional amount from the recipient.

Debit note shall be issued any time.

Circular on Pharmaceutical Sector:

The medicines which are sold usually have 3-4 years shelf life thus whenever recipient returns the goods after expiry of shelf life the supplier is unable to reduce his liability because time-limit to issue credit note has already passed.

Accordingly, the Government has given 2 options as below:

1. To treat the return of goods as fresh supply:
The person who is returning the goods shall issue tax invoice on the supplier.

The distributor returning the goods to manufacturer will issue tax invoice on manufacturer however manufacturer cannot take ITC because he is going to destroy the goods.

2. To treat as return of goods:
The supplier receiving the goods sold shall issue credit note on recipient.

In this case, the manufacturer is liable to reverse the ITC on his original purchase.

Electronic - Way Bill

[Section 68 read with Rule 138]

To track the
movement
of goods

Complementary
Document

Supply : Tax Invoice + Eway bill

Sale on approval : Delivery Challan + Eway bill

Sales Return : Credit Note + Eway bill

supplier, recipient, transporter

* Every person causing the movement of goods shall generate E-way bill if the consignment value exceeds ₹50000 in below cases

- For supply (Tax Invoice)
- For reasons other than supply (Delivery Challan)
- Inward Supply from ~~*~~ unregistered person

* Consignment Value = Invoice value including GST
But, excluding exempt supplies

Exception

* ~~Exemptions~~ for consignment value :-

- Goods sent by principal on Job work
- Inter state supply of Handicraft where the person is exempt from obtaining registration

F-way Bill Form
GST EWB - 01

Part A

Part B

Invoice details

Vehicle Details

+

Distance
(Pincode to
Pincode)

Exception

1. The distance between consignor and transporter is upto 50 km
2. The distance between new transporter and consignee is upto 50 km

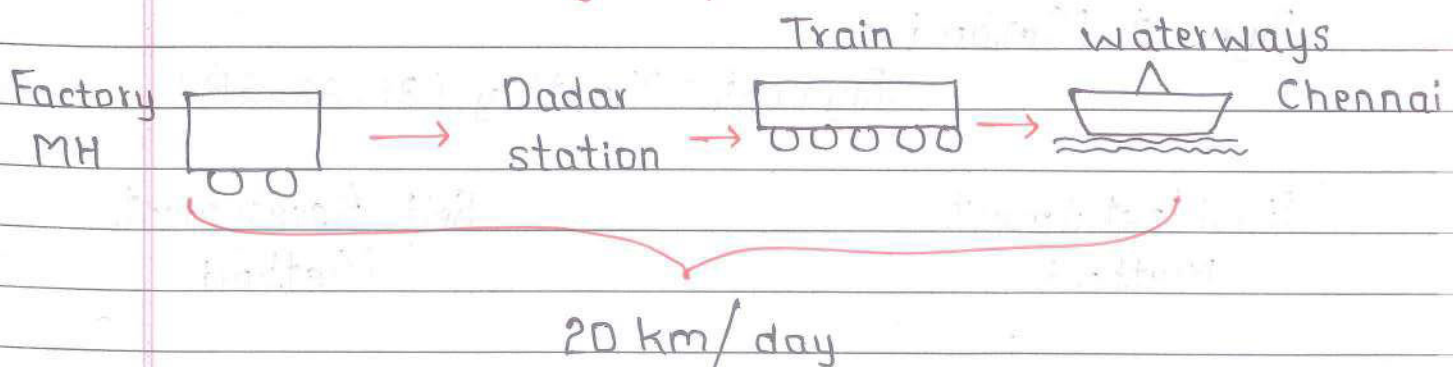
* Validity of F way bill :
 Normal vehicle Over dimension cargo
 ↳ consignor → consignee 20km 1 day
 upto 200km 1 day
 Additional 200km + 1 day each

8/4/24 [628 kms] = 4 days
4:30 pm

9th April / 10 / 11 / 12
00:00 / / / 11:59

Eway bill is valid after filing of Part B

Multi modal shipment in which one leg involves movement through ship



Accounts & Records [Section 35 & 36 r/w Rules 56 - 58] (1/1)

Chapter VIII – Accounts and Records [Sections 35 and 36] of the CGST Act enumerates the accounts and records required to be maintained by a taxpayer and the period for which such accounts and records are required to be preserved. Assessment in GST is mainly focused on self- assessment by the taxpayers themselves. Every taxpayer is required to self-assess the taxes payable and furnish a return for each tax period i.e. the period for which return is required to be filed. The compliance verification is done by the Department through scrutiny of returns, audit and/or investigation. Thus, the compliance verification is to be done through documentary checks rather than physical controls. This requires certain obligations to be cast on the taxpayer for keeping and maintaining accounts and records.

What to maintain as regards to Books of Accounts – Section 35(1) of CGST r/w R. 56

Records as per S. 35 of CGST Act: -

- 1) **Input:** - Inward Supplies, ITC availed
- 2) **Process:** - Production or manufacture of goods
- 3) **Storage** – Stock of goods
- 4) **Output** – Outward Supplies, Output Tax Payable.

(Input, Process, Storage, Output is the key to remember the provision)

Records as per R. 56 of CGST Rules, 2017

- 1) **Import & Export** of Goods/ Services
- 2) Tax paid under **reverse charge mechanism**
- 3) **Advance** received & adjusted register.
- 4) Commodity wise **stock details** (Opening Balance, receipt, issue, goods lost, stolen, destroyed, written off, given as free samples, etc.)
- 5) Details of **tax payable** (including RCM Liability details), tax collected and paid, input tax, input tax credit claimed
- 6) **Name & address of supplier & recipient**
- 7) Complete **address of premises** where goods have been stored
- 8) **Register** of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Composition person not to maintain following two details: -

- 1) Commodity wise Stock Details
- 2) Tax Details

Where to Maintain? [S. 35(1)]

- Principal place of business & Additional Place of Businesses.
- Unless otherwise proved, documents or any books of accounts found at any other place other than mentioned in certificate of registration are deemed to be books of accounts of registered person

Accounts to be maintained by Specific Persons

Agents [R. 56(11)]

- a) **Authorisation** received by Agent from each principal **to receive or supply** goods or services on behalf of such principal;
- b) Description, value and quantity (wherever applicable) of **goods or services received or supplied** on behalf of every principal;
- c) Details of **accounts furnished to every principal**; and
- d) **Tax paid** on receipts or on supply of goods or services effected on behalf of every principal.

Manufacturers [R. 56(12)]

- a) Monthly **production accounts** showing quantitative details of raw materials or services used in the **manufacture** and quantitative details of the goods so manufactured including the waste and by products thereof.

Service Provider to maintain (R. 56(13)): - Accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.

Owner or Operator of Warehouses & Transporter whether or not registered under GST. [S. 35(2)]

- a) Transporter to maintain records of **goods transported, delivered** and goods **stored** in transit by him, along with GSTIN of consignor and consignee for each of his branches.
- b) **Owner or operator** of a warehouse or godown shall maintain books of accounts with respect to the period for which particular **goods remain in the warehouse**, including the particulars relating to **dispatch, movement, receipt and disposal** of such goods.
- c) Shall **store the goods** in such manner that they can be **identified item-wise and owner-wise** and shall facilitate any physical verification or inspection by the proper officer
- d) If the owner & operator of warehouse & transporter of goods are not registered, they shall obtain a unique enrolment number by applying electronically.

Manner of Maintenance (R. 56 & 57) & Period of Maintenance (S. 36)

- 1) Electronic Form – Authenticated by DSC [R. 56(15)]
- 2) Accounts shall be maintained at all Place of Businesses [R. 56(7)]
- 3) Not to be erased or overwritten [R. 56(8)]
- 4) Records may be maintained manually & each volume of BOA maintained manually shall be serially numbered.
- 5) Adequate Backup shall be taken for Electronic records [R. 57]
- 6) Audit Trial shall be produced when PO demands [R. 57]

Period of Maintenance (S. 36)

- (A) A/cs not a subject Matter of Appeal
72 months from due date of annual return to which that accounts & records relate.
- (B) A/cs subject matter of Appeal or any proceedings
72 months from due date of annual return
Or
1 year after final disposal of proceeding whichever is later.

Audit of Books of Accounts (S. 35(5), S. 44(2) of CGST Act, 2017, R. 80(3) of CGST Rules, 2017

Discussed in Returns chapter under caption GSTR - 9

Departmental Clarifications:

- 1) The persons involved in auction either as a **principal or auctioneer shall declare warehouse or other places as additional place of business** in case such places are meant for storage of goods. The principal and the auctioneer shall also maintain the **books of accounts in terms of Section 35(1)** at such places. However, it is clarified that the books of accounts may be maintained at the principal place of business in case of any **difficulties faced in maintaining the books of accounts at such additional place of business upon intimating the jurisdictional officer in writing.**
- 2) If goods are **stored in godown of transporter**, then the transporter's godown has to be declared as an **additional place of business by the recipient.** (Circular No. 61/35/2018-GST)
- 3) The **transporter having place of business in more than one State or Union Territory** and all such places of business are **registered** under the provisions of the GST law, shall **obtain the unique common enrolment number.** Such enrolment number shall **be used by the transporter for generating the e-way bills** and for undertaking the transport of goods.

The PO shall determine the amt of tax payable on goods or services that are not accounted for, as if such goods / services had been supplied by such person & provisions of Sec 73 & 74

"Success comes to those who dedicate everything to their passion in life. To be successful, it is also very important to be humble & never let fame & money travel to your head."

Returns under GST [Section 37 to Section 48] (1/3)

Form No.	Description	Due Date
GSTR – 1: Outward Supplies [S. 37(1) of CGST Act, 2017 r/w R. 59(1) of CGST Rules, 2017] Monthly / Quarterly (If a registered person does not carry out any activity of outward supplies in a particular month - Nil Return to be filed which can be filed through SMS)	Details of Outward supplies, (including debit notes, credit notes) made by registered person INCLUDING Casual Taxable person EXCLUDING ISD, NRTTP, Composition Person, Tax Deductors, Tax Collectors, OIDAR service provider located outside India, providing services to Non-taxable online recipient	Aggregate Turnover in preceding financial year exceeding Rs. 1.5 Crore – 11th of Next Month. Registered persons opting for QRMP scheme: 13th of month subsequent to the quarter. (Those whose GSTR 1 is quarterly may file IFF for 1 st two months of Quarter in respect of B2B supplies - refer below) Below persons shall not be allowed to file GSTR 1 (R. 59 of CGST Rules) ❖ A person who has not furnished GSTR 3B for preceding month or ❖ A person who has not filed GSTR 3B for preceding quarter or, ❖ Not complied with rule 10A or, ❖ Who has not replied to notice nor paid diff. tax liability as per rule 88C or, ❖ Who has not replied to notice nor paid diff. tax liability as per rule 88D

Other Aspects of GSTR 1:

- ❖ **Consolidated & Inv Wise:** Interstate B2C Supplies (i.e., Supplies to unregistered persons) – Invoice wise if invoice value exceeds Rs. 2,50,000/-. B2B Supplies to be shown invoice wise. B2C Intra-state and B2C Inter-state upto 2.5L to be shown consolidated.
- ❖ **Time for filing:** GSTR 1 cannot be filed before end of tax period except in case of CTP or person whose registration is being cancelled.
- ❖ **Amendments in GSTR 1 & Time limit:** Rectification possible till 30th November following the end of the financial year or actual annual return whichever is earlier.
- ❖ **Invoice Furnishing Facility (IFF)**
 - Is a facility provided to quarterly taxpayers who are in QRMP scheme, to file their details of outward supplies in first two months of the quarter, to pass on the credit to their recipients. It is to be filed upto 13th of Next month for 1st 2 months of quarter. For 3rd month, normal GSTR – 1 to be filed. The details which were furnished in IFF shall not be filled again, just last month's data to be filled.
 - Invoice furnishing facility (IFF) is not mandatory, but an optional facility made available to the registered persons under the QRMP scheme. At his option, a registered person may choose to furnish the details of outward supplies made during a quarter in Form GSTR-1 only, without using the IFF.
 - No late fee applicable on late filing of IFF, as IFF is neither mandatory nor allowed to be filed after the due date.

GSTR 2A: Auto-populated Details of Inward supplies [Section 38 read with Rule 60]	Form GSTR-2A is a system generated read only statement of inward supplies for a recipient. This statement is updated on a real time basis.	No Due date [GSTR – 2B is generated on 14 th of Next Month, if a supplier files his GSTR – 1 within due date then it will be reflected in GSTR 2B of same month, otherwise it will be reflected in next month. However, GSTR 2A is updated on basis of invoice month (not return filing cut off date)]
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- ❖ Details in 2A are auto-populated on basis of suppliers' filing their own GSTR 1.
- ❖ Details of the integrated tax paid on the import of goods or goods brought in DTA from SEZ unit/developer on a bill of entry are also made available in Form GSTR-2A
- ❖ Form GSTR-2B – an auto-drafted read only statement containing the details of eligible ITC - is made available to the registered person (recipient) for every month. It is a static statement and is available only once a month. Form GSTR-2B consists of all documents filed by suppliers/ISD in their Form GSTR-1, 5 & 6, between the cut-off dates. It also consists of import data for the period which are received within 13th of the succeeding month.
- ❖ **Details in GSTR – 1:** B2B including UIN holders, B2C inter-State supplies where invoice value Rs. 2.5 lakh, Consolidated details of other B2C supplies, Zero rated and, Deemed exports, Debit/ Credit notes issued, Nil rated/ Exempted/ Non-GST, Amendments for prior period, Advances received/advances adjusted.
- ❖ Scanned copies of invoices are not required to be uploaded (only details are to be uploaded)

Form No.	Description	Due Date
GSTR 3B: Summary Return for Payment of Taxes [Section 39(1) read with rule 61 (Monthly 3B) & 61A (Quarterly 3B) of the CGST Rules]	A monthly / quarterly return (subject to conditions) for 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 OIDAR service provider located outside India & providing services to Non-taxable online recipient.	Within such time, as may be prescribed. Standard date: In case of Monthly 3B: On or before 20 th of Next Month. In case of Quarterly 3B: On or before 22 nd or 24 th of month succeeding quarter for which return is furnished Due date to pay tax - Monthly filers: On or before filing of return [S. 39(7)] QRMP Scheme: As may be prescribed [Proviso 1 to Section 39(7)]

Other Aspects of GSTR 3B:

- ❖ Nil Returns shall be filed if no taxable supplies are made during the period. [S. 39(8)]
- ❖ GSTR 3B cannot be furnished if GSTR 1 of current tax period is yet to be filed.
- ❖ The maximum time limit within which the rectification of errors/omissions is permissible is earlier of the following dates:
 - 30th day of November following the end of the financial year to which such details pertain or
 - Actual date of filing of the relevant annual return

GSTR 4: Annual Return for persons registered to pay tax u/s 10 of CGST Act [Section 39(2) read with rule 62 of the CGST Rules]	Composition regd. person is required to file an annual return in Form GSTR-4. Due date to file return (Annual) [GSTR 4] Within such time as may be prescribed. [Prescribed time limit: 30 th April of Succeeding Financial Year] Due date of payment of tax (Quarterly) [GST CMP 08] On or before 18 th Day of month subsequent to quarter	
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- ❖ Nil Returns shall be filed if no taxable supplies are made during the period. [S. 39(8)]

GSTR 5: Return for Non-Resident Taxable Persons [39(5) read with rule 63 of the CGST Rules]	A simplified monthly tax return has been prescribed in Form GSTR-5 for a NRTTP for every calendar month or part thereof. The details of outward supplies and inward supplies of a NRTTP are incorporated in GSTR-5.	Due date to file return: - ❖ Within 13 days from the end of the calendar month or ❖ Within 7 days after the last day of the period of registration, whichever is earlier.
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GSTR 5A:	OIDAR Service provider, Person & Online Money Gaming	20 th of Next Month
GSTR-6 – Return for Input Service Distributor	Input Service Distributor (for distributing credits)	<u>Due date to file return: -</u> On or before 13 th day of the succeeding month

It can be filed between 10th & 13th.

GSTR 7 (Tax Deductors): By 10th of Next Month. Payment of TDS also by same date. A TDS certificate is required to be issued by deductor (the person who is deducting tax) within 5 days of crediting the amount

GSTR 8 (Tax Collectors): By 10th of Next Month: 10th of Next Month [Tax collected shall also be paid by such date along with return.] The rectification is not allowed after the due date of filing of GSTR-8 by 30th November following the end of the financial year

GSTR-11 is the return to be filed by the persons who have been issued a Unique Identity Number (A specialized agency of the United Nations Organization), Consulate or Embassy of foreign countries – Due date 28th of the next month in which inward supply is received by the UIN holders

Form No.	Description	Due Date
GSTR - 9 (Annual Return) [Sections 44 read with rule 80 of the CGST Rules]	All registered persons are required to file an annual return which may include self-certified reconciliation except, Casual taxable persons, Non-resident taxable person, Input service distributors, Tax Deductor & Tax Collector, and Person supplying OIDAR services from outside India to unregistered persons in India	31st December of the next financial year. Late filing fees: Upto 5 crores: Lower of 50/day or 0.04% of T.O.I.S. >5 crores – 20 Cr.: Lower of 100/day or 0.04% of T.O.I.S. >20 crores: Lower of 200/day or 0.5% of T.O.I.S. (T.O.I.S. = Turnover in State)
Filing of annual return in respect of financial year 2022-23 has been exempted for the registered persons whose aggregate turnover is upto Rs. 2 crores.		
GSTR - 9A (Annual Return for Composition person)	A person paying tax under composition scheme is required to file the annual return in Form GSTR-9A. (Note: GSTR 4 is filed before finalisation of books of accounts, whereas GSTR 9A is filed after finalisation of books of accounts. Both are annual)	31 st December of the next financial year.
GSTR - 9C (Reconciliation Statement)	Self-certified (certified by taxpayer) reconciliation statement whose turnover is more than Rs. 5 crore	31 st December.

Form No.	Description	Due Date
GSTR - 10 - 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 [Thus, ISD, NRTP, Composition person, tax deductor and collector are not required to file 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.

Section 40: First Return	
Section 40	When a person becomes liable to registration after his turnover crosses the threshold limit, 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 intervening period, such person might have made the outward supplies, i.e. after becoming liable to registration but before grant of the certificate of registration.

Section 47: Late Fees for delay in filing returns

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

Delay in filing any of the following by their respective due dates, attracts late fee:

(A) Statement of Outward Supplies [Section 37]
(B) Returns (including returns under QRMP Scheme) [Section 39]
(C) Final Return [Section 45]

CGST Late Fees (The below is from June, 2021 onwards / Quarter ending on 30th June, 2021 onwards) (All Ntfns are dated 1.06.2021)

Class of persons	Late Fees per day (Subject to Maximum late fee per return)	Maximum Late fees per return	Notifications
Registered person who has Nil GSTR 3B / 1 / 4	Rs. 10 CGST, Rs. 10 SGST	Rs. 250 CGST, Rs. 250 SGST	19, 20, 21 /2021 - CT
GSTR 3B / 1/4- Registered person having ATO upto 1.5 crores (other than nil returns)	Rs. 25 CGST Rs. 25 SGST	Rs. 1,000 CGST, Rs. 1,000 SGST	19, 20, 21 /2021-CT
GSTR 3B / 1 - Registered person having ATO > 1.5 crores (other than nil returns)	Rs. 25 CGST Rs. 25 SGST	Rs. 2,500 CGST, Rs. 2,500 SGST	19, 20/2021-CT
GSTR 7	Rs. 25 each	Rs. 1000 each	22/2021-CT

GST PRACTITIONER

Particulars	Provision
Meaning of GSTP	A registered person may authorise an approved GSTP to furnish information, on his behalf, to the Government.
Manner of Working	GSTN provides separate user ID and Password to GSTP to enable him to work on behalf of his clients without asking for their user ID and passwords.
Eligibility Criteria	<ul style="list-style-type: none"> ❖ They should be a citizen of India ❖ They should be of sound mind. ❖ They should not be adjudged as an insolvent. ❖ They should not be convicted of an offense with imprisonment of two years or more.
Activities done by GST Practitioner	<p>A Goods and Services Tax (GST) practitioner can undertake any or all of the following activities on behalf of a registered person:</p> <ul style="list-style-type: none"> ❖ Furnish details of outward supplies (GSTR 1 and GSTR 2) ❖ Furnish monthly, quarterly, annual or final return (GSTR 3b, 4 and GSTR 9) ❖ Make deposit for credit into the electronic cash ledger; ❖ File a claim for refund; ❖ File an application for amendment or cancellation of registration; ❖ Generate e-way bill after furnishing information on the portal; ❖ Fill details of challan in GST ITC – 04; ❖ File an application intimating the tax authorities regarding payment of tax under composition scheme or withdrawal from the said scheme. <p>However, it has been provided that a confirmation from registered person is sought where an application relating to a claim for refund or an application for amendment or cancellation of registration has been submitted by the Goods and Services Tax Practitioner.</p>

Quarterly Return Monthly Payment Scheme [QRMP] - Circular No. 143/13/2020- GST

1. **Applicability: GSTR 3B can be filed quarterly** if turnover of preceding financial year is upto 5 crores.
2. If turnover exceeds 5 crore in any quarter, the person shall opt out in next quarter.
3. "OPT IN" for any quarter from 1st day of second month of preceding quarter to the last day of the first month of the quarter.
4. QRMP Scheme - GSTIN wise not PAN wise

Returns under GST

QRMP Scheme

QRMP Scheme means GSTR 3B to be filed on quarterly basis but payment shall be done on monthly basis, the due dates of payment for 1st two months is 25th of next month, the payment of 3rd month shall be done upto the due date to file GSTR 3B of that quarter i.e. 22nd or 24th of month succeeding quarter.

- * **Applicability** - This scheme is applicable to those registered person whose aggregate turnover in the preceeding financial year is the upto 5 CR. If the turnover exceeds Rs. 5 CR. in the current year, then the tax payer shall ~~not~~ opt out from this scheme

- * **Time Limit to opt for this scheme** -

The tax payer shall intimate the government from 1st Day of second month of current quarter till last day of 1st month of succeeding quarter.

Example :-

April May June July August September
Intimate - 1st May to 31st July

Payment Method - -

Payment = Monthly (25, 25, 3B)

Fixed Installment
Method

Self Assessment
Method

* 3B - QRMP Quarterly :
35% of Tax paid in Cash in previous quarter to be paid in 1st two months

* 3B - Monthly :
100% of Tax paid in Cash in previous 3B to be deposited in 1st two months

* Self Assessment :
Liability to be paid on actual basis

Fixed Installment Method [35%]

	April	May	June
GST liability	180000	207000	162000
ITC	(84000)	(185000)	(88500)
	96000	22000	73500
	↓	↓	↓
	25 th May	25 th June	22 nd July

Total Cash Paid = 191500

July	August	September
25/08	25/09	Total liability : 211000
₹67025	₹67025	(-) 67025
		(-) 67025
190000	85000	125000
(89000)	(25000)	(75000)
101000	60000	50000
= 211000		

Self Assessment Method :

July	August	September	
180000	207000	193000	580000 (+) 5000
(84000)	(185000)	(115000)	(384000) (-) 2000
96000	22000	78000	196000
↓	↓	(+) 5000	(-) 96000
		(+) 2000	(-) 22000
25 th	25 th	85000	78000
August	September	↓	+ 7000
		3B	85000
+ Sales bill missed out = 5000	+ ITC reversed = 2000		

Interest on short fall -

(i.) Fixed Installment Method :

If the short fall arises on account of Fixed Installment Method such short shall be paid upto due to file 3B for the quarter otherwise interest would be levied from 1st day after the due date of payment of tax.

(ii.) Self Assessment Method :

If the short fall arises due to Self Assessment Method then such short fall shall be paid upto the due date to file 3B otherwise interest would be

levied from 1st day after the due date on which such tax was due till the date of payment of tax.

NOTES:

a. If the cash balance is sufficient in E-cash ledger than no need to pay tax in the 1st month.

b. In the 2nd month if cash balance is sufficient to pay the liability of two months then no need to pay.

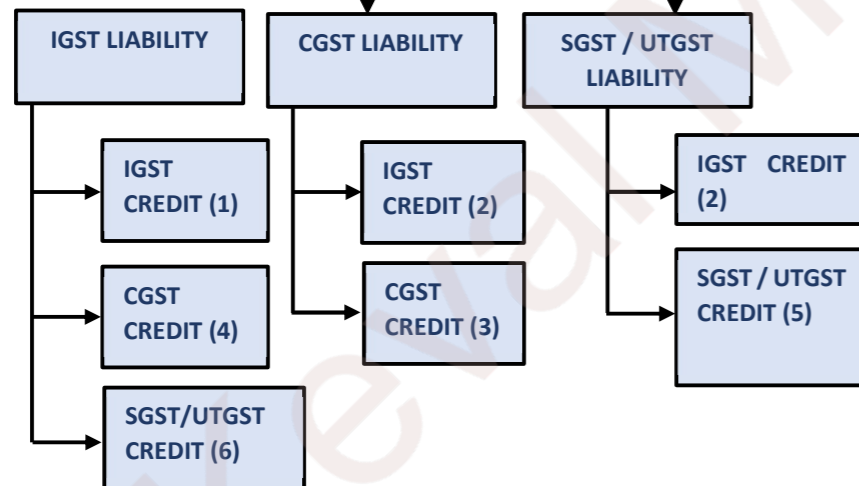
Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 – 88, 88A, B, C, D] (1/4)

1. Payment of Taxes (GST) can be done through utilising ITC availed or through Cash (Bank).

Payment of Taxes through Input Tax Credit (Section 49B r/w Rule 88A) inserted vide CGST Amendment Act, 2018.
Electronic Credit Ledger (ECL) (Rule 86)

Liability to pay tax, interest, penalty etc. appears in electronic liability register. Interest, penalty, late fees can only be paid through E - cash ledger

Registered person may pay SGST / UTGST Liability prior to CGST Liability or vice versa (any order)



1. CGST & SGST paid in different state is not available as ITC.
2. RCM Liability to be discharge in Cash
3. When a person claims refund of UNUTILISED ITC (NOT WITH PAYMENT OF TAX), electronic credit ledger is debited.

RULES FOR PAYMENT OF TAX THROUGH INPUT TAX CREDIT:

1. IGST ITC shall be used to discharge IGST liability
2. Balance IGST ITC can be used to pay CGST Liability & SGST liability in any proportion. Accordingly, it is to be noted that IGST ITC shall be fully exhausted before utilising any other (C&S) ITC.
3. CGST ITC cannot be utilised to pay SGST liability & SGST ITC cannot be used to pay CGST liability. Thus, cross utilisation of ITC is not allowed between CGST & SGST.
4. In case where, after paying IGST Liability through IGST ITC, IGST liability remains unpaid, then CGST ITC can be used for paying IGST Liability **BUT ONLY AFTER** CGST Liability is paid. Further, if still IGST liability is pending, then SGST ITC can be used for paying IGST Liability **BUT ONLY AFTER** SGST Liability is paid.

Imp Notes:

- RCM liability shall be paid only in cash, thus, to be added at the end.
- ITC shall be added (if eligible) in respect of RCM, in the same month, which can be used to pay output tax liability (FCM)

Payment of Tax through Electronic Cash Ledger [S. 49(1) r/w R. 87]

- 1) Any amount paid (by certain modes see point 4) by the taxpayer, TDS, TCS claimed will be reflected in the electronic cash ledger.
- 2) Registered person first utilises its ITC to pay of tax liability, balance liability can be paid off through cash ledger.

Major Heads	Minor Heads
IGST	Tax
CGST	Interest
SGST / UTGST	Penalty
Cess	Fees & Others

Cash ledger Balance can be transferred from any major head's minor head to any other major head's minor head by filing PMT 09 [R. 87(13)]. IGST Cash or CGST cash ledger of a distinct person, can be transferred to distinct person. However, no such transfer can be done if liability is outstanding [R. 87(14)].

- 3) Interest, Penalty & Late fee can be paid only through E – cash ledger.
- 4) Challan to be generated online (Manual is not allowed) in PMT 06 which will be valid for 15 DAYS:
 - ❖ Internet banking (authorized banks only)
 - ❖ Credit or debit card (authorized banks only), NEFT, RTGS, UPI, IMPS
 - ❖ Over-the-counter (OTC) payment (authorized banks only) for DEPOSITS UP TO RS. 10,000/- PER CHALLAN and per tax period by cash, cheque or demand draft. [OTC deposit of upto Rs 10,000 shall not apply to govt depts, PO or any other officer authorized to recover outstanding dues from a person (including recovery through attachment of property), or PO or any other officer authorized to collect amt by way of cash, cheque or DD during investigation/enforcement activity/ad hoc deposit]
- 5) Person supplying OIDAR services may also make deposit through international money transfer, from date to be notified by Board)
- 6) Unregistered person has to make payment on the basis of TRN generated

About Electronic Liability Ledger [GST PMT – 01]

It is ledger on GST Portal, showing liabilities of taxpayer such as 3B liability, Liability determined by officer.

(i) Order of discharge of tax and other dues

As per Section 49(8) of CGST Act, following shall be the order of discharge of dues:

- (i) Self-assessed tax and other dues for the past tax period
- (ii) Self-assessed tax and other dues for the current period
- (iii) Amount payable under section 73 or section 74 [“Other Dues” referred above mean interest, penalty, fee or any other amount payable]

(ii) What is Debited in Electronic liability ledger?

- ❖ The E-Liability register of a person shall be debited by (a) amt payable towards tax, interest & fees as per return furnished by him, (b) tax, interest, penalty or late fees determined by PO and (c) amt of interest that may accrue from time to time

3. DISALLOWANCE OF ITC IF AVAILED FRAUDULENTLY [R. 86A]

Officer **NOT BELOW THE RANK OF AN ASSISTANT COMMISSIONER** can restrict Utilisation of ITC from E – credit ledger if it is fraudulent ITC*.

*Fraudulent ITC means: -

- (a) ITC passed on by person who has not conducted business from regd. POB
- (b) ITC in respect of which GST not paid by Tax payer
- (c) ITC availed by person who has not conducted business from Regd. POB
- (d) No possession of tax invoice or debit note.

Other points: -

1. If commissioner is satisfied that above conditions does not exist then he may allow such debit [R. 86A (2)]
2. Restriction period – 1 year

4. PAYMENT OF INTEREST ON LATE PAYMENT OF TAX [SECTION 50 OF CGST ACT]

If GST is not paid within due date, then it shall be paid along with interest @ 18% from next day after due date till the date of payment ON NET CASH LIABILITY

Interest on Availment and utilisation of incorrect ITC

If recipient avails and utilises incorrect ITC, Int shall be levied @ 18% on incorrect ITC availed and utilised from date of utilisation till the date of reversal of ITC.

Date of utilisation of ITC would be as below:

If Tax is paid through return (3B): Due date to file 3B or actual filing date whichever is earlier.

If Tax is paid through other means (DRC 03): the date of debit in the electronic credit ledger (PMT 02) when the balance in the electronic credit ledger.

(Refer example on last page)

ANALYSIS OF PROVISIO TO SECTION 50 ON NET TAX LIABILITY:

If liability is determined by officer, then interest shall be levied on gross GST.

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (2/4)

Month	Opening Balance	Eligible ITC	Incorrect ITC	Total ITC	O/P liability	Tax	Closing Balance	Amount on which Interest is applicable
April	-	3,60,000	40,000	4,00,000	3,50,000	50,000		0 [As closing balance is more than incorrect availment]
May	50,000	2,50,000	-	3,00,000	2,80,000	20,000		20,000 [Electronic credit ledger balance i.e., 20,000 falls below Incorrect ITC 40,000 by Rs. 20,000. Thus, 20,000 is deemed to be utilised]
June	20,000	1,80,000	-	2,00,000	1,95,000	5,000		15,000 [Balance incorrect ITC was Rs. 20,000; however, electronic credit ledger balance was Rs. 5,000, Thus, interest would be levied on 15,000]
July	5,000	1,90,000	-	195,000	2,10,000	-		5,000 [Since credit ledger balance is 0, entire ITC has been utilised for payment of tax, thus, balance incorrect ITC would be liable to interest]

Issue: In case where IGST credit wrongly availed and utilised & IGST and balance in the electronic credit ledger has fallen below the amount of wrongly availed input tax credit of IGST, whether interest will be levied if IGST, CGST & SGST total taken together does not fall below the wrong availment and utilisation? - **Clarification:** Since, IGST ITC can be utilised to pay all the liabilities viz., IGST, CGST & SGST, total credit shall be considered to check whether balance of E – credit ledger has fallen below incorrect availment and utilisation.

RULE 86B: Turnover > 50 Lakhs per month - ITC shall be used to the extent of 99% of Gross Output Tax Liability (Subject to conditions)

As per rule 86B, if supplier's turnover in a particular month exceeds Rs. 50 lakh, then at least 1% liability shall be paid through E – cash ledger. (Exempt supply and zero-rated supply not to be considered for determining 50L)

Example: If rate of Tax on certain product is 18%, & a firm is supplying taxable goods & services amounting to Rs. 60,00,000. The amount of Rs. 10,800 [Rs. 60,00,000 x 18% x 1%] shall be payable in Cash.

Meaning of liability: RCM liability shall not be taken into consideration over here.

Exceptions [In below cases, a regd. person can use full Input tax credit for making payment of output tax]:

- (i) The said person or the proprietor or karta or the managing director or 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 two financial years for which the time limit to file return of income has expired.**
- (ii) Obtained refund of Unutilised Input Tax Credit > 1 Lakh for export of goods or services or supply to SEZ
- (iii) Cumulative Payment in Cash > 1% applied cumulatively: Every month (including current month) supplier shall check **[Liability discharged in cash divide by total liability]**. If it is more than 1%, then no need to pay GST in cash in current month.
- (iv) The registered person is Government Department; or a Public Sector Undertaking; or a local authority; or a statutory body.

IMP TERMS:

1. **Common Portal Identification Number (CPIN) – 14 DIGIT**

2. **CIN or Challan Identification Number** – 18 digits number (14 digits CPIN + 4 digits Bank Code).

Upon successful credit to authorized bank A/c, a Challan Identification No is generated and on the basis of this CIN, E-cash is credited.

3. **Bank Reference Number (BRN)**

4. **E – FPB (Authorised bank branches to collect GST, For NEFT/RTGS Transactions, RBI will act as E-FPB.)**

Rule 88C: Difference in liability reported in statement of outward supplies and that reported in 3B

If tax payable by supplier shown in GSTR 1 > GSTR 3B, then registered person shall be intimated of such difference by e-mailing, highlighting the said difference and directing him to:

- ❖ Pay the differential tax liability, along with interest under section 50,
- ❖ Explain the aforesaid difference in tax payable within a period of **7 days**.

The registered person shall, either: -

- ❖ Pay the amount of the differential tax liability, along with interest under section 50, or
- ❖ Furnish a reply electronically incorporating reasons

Where supplier does not pay or does not reply within 7 days then proper officer, can recover in accordance with the provisions of section 79 (recovery proceedings)

Tax Deduction at Source (S. 51)

WHO HAS TO DEDUCT TDS?

- a) A department or establishment of the Central or State Government,
- b) Local authority,
- c) Governmental agencies,
- d) An authority or a board or any other body, -
 - ❖ Set up by an Act of Parliament or a State Legislature; or
 - ❖ Established by any Government;
 with 51% or more participation by way of equity or control, to carry out any function;
- e) Society established by the CG / SG / LA under the Societies Registration Act, 1860
- f) public sector undertakings (PSU).

(Thus, when above mentioned persons would be recipients, they will deduct Tax at source as per provisions discussed below)

WHEN TO DEDUCT TDS? [Analysis of Whole provision]

- ❖ TDS shall be applicable only when **contract value exceeds Rs. 2,50,000 (excluding Taxes & Cess)**
- ❖ **Supplier shall be registered person** (incl. Composition) and the supplies shall be **taxable supplies**.
- ❖ TDS shall be deducted **even if individual supplies are upto Rs. 2,50,000**; provided contract value exceeds Rs. 2,50,000
- ❖ TDS shall be **deducted only at the time of payment** (incl. Advances) and shall be paid by 10th of subsequent month.
- ❖ It shall be noted that only "Taxable" proportion of contract shall be seen for determining applicability. *[Example: If a contract is of Rs. 9,00,000 (excl. GST), out of which Rs. 2,20,000 is taxable supply & 6,80,000 (exempt supply), TDS will not be applicable]*

RATE OF TDS: 1% CGST, 1% SGST (In case of IGST 2%)

WHEN NOT TO DEDUCT?

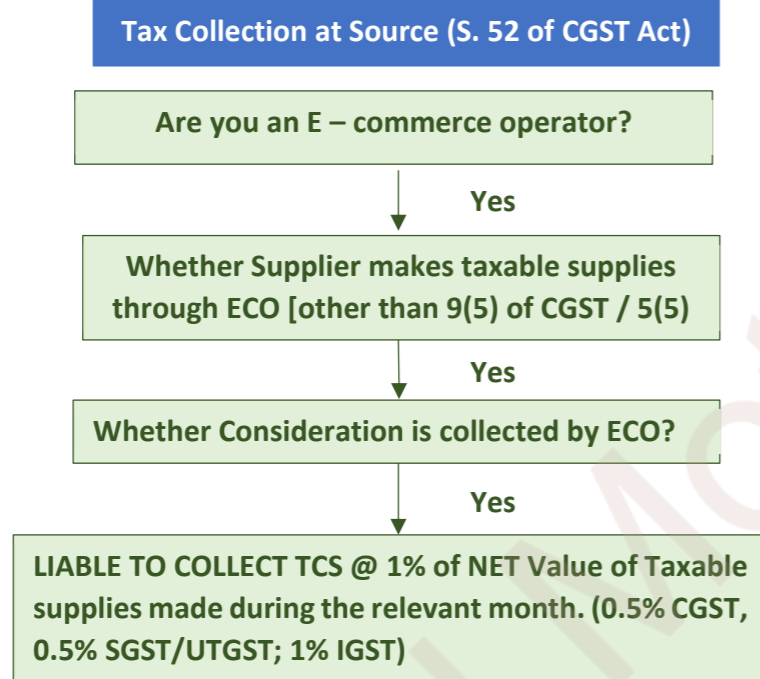
- ❖ When LOS = POS which is other than LOR, then not to be deducted. (whenever LOR is other than POS then not to be deducted)
- ❖ Further if supplier and recipient both are from (a) to (f) then not to deduct.

Other Points:

- ❖ Late payment attracts interest @ 18% p.a. from due date of payment till the date of actual payment.
- ❖ Supplier would be able to see the tax deducted in his cash ledger, meaning thereby he can use the said amount to pay his liabilities. TDS certificate is required to be issued by deductor (form GSTR – 7A) (the person who is deducting tax) in prescribed form to the deductee (the supplier from whose payment TDS is deducted).
- ❖ Tax Deductor has to obtain compulsory registration u/s 24 of CGST Act & return to be filed in Form GSTR 7

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (3/4)

6. TAX COLLECTION AT SOURCE [SECTION 52]



Rule 88D: New Rule Inserted to deal with difference in ITC reflecting in GSTR 2B & Claimed in GSTR 3B

If ITC availed by recipient in GSTR 3B > GSTR 2B in excess of notified %, then registered person shall be intimated of such difference by e-mailing, highlighting the said difference and directing him to:

- ❖ Pay the differential tax liability, along with interest under section 50,
- ❖ Explain the aforesaid difference in tax payable within a period of 7 days.

The registered person shall, either: -

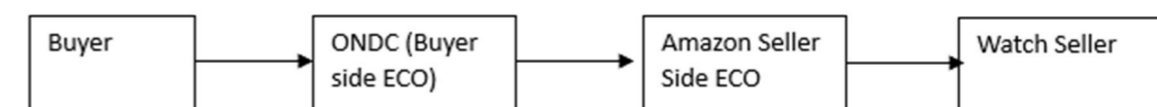
- ❖ Pay the amount of the differential tax liability, along with interest under section 50, or
- ❖ Furnish a reply electronically incorporating reasons

Where supplier does not pay or does not reply within 7 days then proper officer, can determine the liability as per section 73 or 74 as the case may be.

Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction. [Circular No. 194/06/2023-GST dtd. 17th July, 2023]

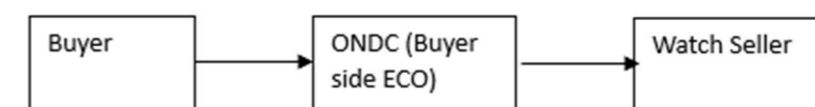
This circular discusses the liability to collect TCS in cases where there is involvement of more than one E-commerce operator. Government launched ONDC Network is a classic example of aggregators of E – commerce operators. ONDC is an app through which you can compare pricing of a certain product instantly on different ECO. For example, you want to buy watch you can check the comparative current pricing of watch together on Amazon, Flipkart, Watch suppliers' website etc. The said circular clarifies TCS liability aspects. Below example would help in explaining the provision much better:

Example 1:



In this case, ONDC collects payment through buyer and remits it to Amazon, in this case Amazon shall be liable to deduct TCS while paying to Watch seller.

Example 2:



In this case, ONDC collects payment through buyer and remits it to Watch seller, thus, ONDC shall be liable to deduct TCS.

Notes & interlinking of various chapters: -

- 1) A registered person has to claim TDS & TCS in order to appear in his E-cash ledger. No automatic updation is available currently.
- 2) Net Value of taxable supplies = Total Supplies (-) Returns
- 3) TCS to be deposited upto 10th of next month
- 4) E – statement in GSTR - 8 to be filed upto 10th of Next month
- 5) Annual statement by 31/12 of succeeding financial year (Not yet notified)
- 6) Time-limit to rectify mistake in monthly statement –
 - ❖ 30TH November of succeeding financial year or,
 - ❖ Actual date of furnishing Annual statement
 Whichever is earlier
- 7) 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. The operator is required to furnish such details within 15 working days. In case an operator fails to furnish the information, besides being liable for penal action under section 122, it shall also be liable for penalty up to Rs. 25,000.
- 8) ECO liable to collect TCS are compulsory liable to be registered (S.24 of CGST Act)
- 9) Person supplying goods (not fulfilling conditions) & services (other than 9(5)) of value > Rs. 10L/20L are liable to be compulsorily regd. (S. 24 of CGST)
- 10) TCS is not collected on Services provided by ECO u/s 9(5) of CGST Act.

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (4/4)

Case I: [Excess IGST ITC distributed Equally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,00,000	62,500	62,500

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC	(1,80,000)	(10,000)	(10,000)
CGST ITC	-	(62,500)	
SGST ITC	-		(62,500)
Net Liability	-	2,500	2,500

Notes: -

- ❖ IGST ITC of Rs. 2,00,000 will be first utilised to pay IGST Liability (to the extent required), here we require only Rs. 1,80,000/-
- ❖ Balance IGST ITC will be utilised in equal proportion to pay CGST SGST liability, thus, Rs. 10,000 of IGST ITC would be allocated to pay CGST Liability & Rs. 10,000 of IGST ITC would be allocated to pay SGST Liability.
- ❖ Net liability of Rs. 2,500 CGST & 2,500 SGST shall be paid in Cash

Case II: [Short IGST ITC]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	1,60,000	95,000	95,000

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC	(1,60,000)	-	-
CGST ITC	(20,000)	(75,000)	
SGST ITC	-		(75,000)
Net Liability	-	-	-
Balance c/f	-	-	20,000

Notes: -

- ❖ IGST ITC of Rs. 1,60,000 will be first utilised to pay IGST Liability. Thus, fully it shall be utilised.
- ❖ Balance IGST ITC shall be utilised to pay CGST SGST liability. However, in this case, excess IGST ITC is not there, thus no CGST & SGST liability can be paid.
- ❖ IGST liability can be paid through CGST Credit, however, only after CGST liability ITC is paid. Accordingly, Rs. 75,000 (CGST credit) shall be used to pay CGST liability balance 20,000 would be used to pay IGST liability.
- ❖ It is to be noted that in next month SGST balance would be higher than that of CGST Balance by Rs. 20,000/-

Case III: [Excess IGST ITC distributed Unequally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,10,000	62,500	82,500

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC (WN)	(1,80,000)	(25,000)	(5,000)
CGST ITC		(50,000)	
SGST ITC			(70,000)
Net Liability	0	0	0
Balance c/f	0	12,500	12,500
		(62,500-50,000)	(82,500-70,000)

WN to Distribute ITC: -

Particulars	CGST	SGST
	62,500	82,500
Balancing Figure [IGST ITC of 20,000 from Rs. 180,000 shall be first given to pay CGST liability]	*20,000	
	62,500	82,500
Balance IGST ITC (shall be distributed equally)	5,000	5,000
Total IGST Distribution	25,000	5,000

Steps:

- First write down CGST & SGST ITC balances
- Write higher total on both the sides
- Write balancing figure on shorter side (represents the amount of IGST to be distributed to pay particular liability)
- Then once equated it can be distributed equally

Notes: -

- ❖ IGST ITC of Rs. 2,10,000 will be first utilised to pay IGST Liability (to the extent required), here we require only Rs. 1,80,000/-
- ❖ Balance IGST ITC (Rs. 30,000) will be utilised in proportion (as determined above) to pay CGST & SGST liability.
- ❖ Net liability is 0

Case IV: [Excess IGST ITC distributed Unequally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,10,000	70,000	70,000

RCM liability = Rs. 2,500 CGST & 2,500 SGST (ITC is eligible)

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC (WN)	(1,80,000)	(15,000)	(15,000)
CGST ITC (incl. RCM)		(60,000)	
SGST ITC (incl. RCM)			(60,000)
Net Liability	0	0	0
RCM Liability		2,500	2,500
Balance c/f	0	12,500	12,500
		(70-60+2.5)	(70-60+2.5)

RCM liability is to be discharged in cash; therefore, it will be added in net liability and ITC.

Exemptions [Section 11 r/w NN 12/2017 - CTR] (1/7)

Before learning exemptions under GST following points must be noted: -

- 1) The person supplying exempt supplies will have to **reverse ITC** in accordance with section 17 of CGST Act, 2017.
- 2) **Zero rated** supplies are not exempt supplies thus **ITC can be availed**.
- 3) Even though **exempt supplies are exported**, registered person **can still claim refund** of taxes paid on manufacture / procurement of such exempt supplies.
- 4) As per section 2(47) of CGST Act, 2017 "**exempt supply**" means supply of any goods or services or both which attracts **nil rate** of tax (e.g., fruits & vegetables) or which may be **wholly exempt** from tax under section 11 (to be learnt in this chapter), or under section 6 of the Integrated Goods and Services Tax Act, and includes **non-taxable supply** (e.g., petrol);
- 5) If notification exemption is issued under CGST Act, the registered person can avail the benefit of same in SGST / UTGST Act also, however vice – versa is not possible. Also, notification issued under IGST Act will only be relevant for inter-state supply purposes only not for CGST / SGST purposes.
- 6) 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 Integrated Goods and Services Tax Act is **not liable to take registration** under GST Act.
- 7) Section 31(3)(c) of the CGST Act provides that a registered person **supplying exempt** goods or services or both **or paying tax** under the provisions of section **10 of CGST Act (composition) & presumptive levy** shall issue, instead of a tax invoice, a **bill of supply**.
- 8) **For supplying exempt goods E-way bill is not required to be generated.**

WAY AHEAD FOR THIS CHAPTER

EXEMPTIONS
1. Charitable Entity
2. Religious Institution
3. Agriculture Sector
4. Government Services
5. Healthcare Services
6. Education Sector
7. Banking & Financial Sector
8. Construction Industry
9. Goods Transportation
10. Passenger Transportation
11. Legal Services
12. Life Insurance
13. General Insurance
14. Leasing Services
15. Artist Services
16. Admission to various events
17. Services by Unincorporated Body / NPO / RWA
18. Miscellaneous Exemptions
19. Indepth Interlinking of Import of Services
20. IGST Exemptions

"Just when the caterpillar thought the world was ending, he turned into a butterfly."

1. CHARITABLE INSTITUTIONS

In order to avail the benefit of exemption for Charitable Trusts it has to satisfy two conditions:

- ❖ It should be registered under Section 12AA or 12AB of Income Tax Act.
- ❖ It should provide charitable activities

MEANING OF CHARITABLE ACTIVITY:

- ❖ **Care or counselling** of terminally ill person, HIV AIDS, narcotics drugs or alcohol; or public awareness of **preventive health, family planning**
- ❖ Advancement of **educational programmes** or skill development (Abandoned, orphaned or homeless children etc.)
- ❖ Advancement of **religion, spirituality or yoga**;
- ❖ Preservation of **environment** including watershed, forests and wildlife;

OTHER EXEMPTIONS RELATED TO THIS SECTOR:

❖ Training or coaching in recreational activities such as arts, culture provided by INDIVIDUAL including charitable entities is exempt.	Exempt
❖ Training or coaching in recreational activity in sports is exempt when provided by CHARITABLE ENTITY REGD UNDER 12AA/12AB	Exempt
❖ Camps where the fee charged includes cost of lodging and boarding where principal activity is charitable activity. (Circular 66/40/2018-GST dated 26-09-2018)	Exempt
❖ Hostel Accommodation for students (Circular 32/06/2018-GST dated 12-02-2018)	Taxable
❖ Import of Services (other than OIDAR)	Exempt
❖ Old age home run by 12AA/AB where consideration is up to Rs. 25,000/- per month per member to its residents aged 60 or more	Exempt (If more than Rs. 25,000/- entire would be taxable)

2. RELIGIOUS INSTITUTIONS [E. 13]

Sr. No.	Category	Taxable/Exempt
1	Conduct of religious ceremonies Religious ceremonies are life-cycle rituals including special religious poojas conducted in terms of religious texts by a person so authorized by such religious texts. Occasions like birth, marriage and death involve elaborate religious ceremonies.	100% of supplies made in this nature is exempt
2	Room rent	Taxable if Rs. 1000 or more per day
3	Renting of premises, community halls, Kalyan mandapam or open area etc.	Taxable if Rs. 10,000 or more per day
4	Charges for renting of shops or commercial spaces.	Taxable if Rs. 10,000 or more per month

3. AGRICULTURE SECTOR

Meaning of Agriculture produce: Agriculture Produce means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market.

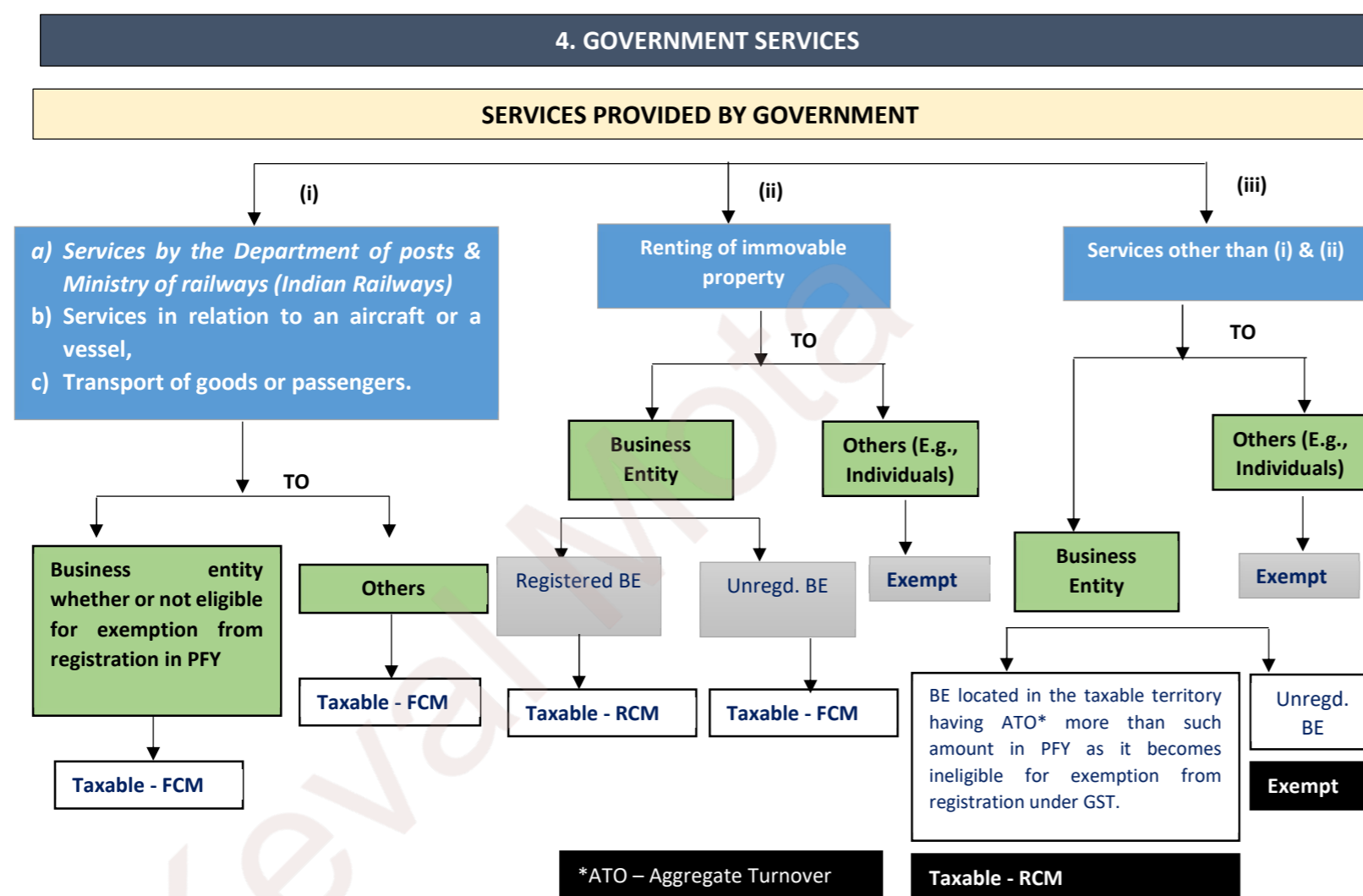
In respect of Agriculture Sector following are exempt:

- ❖ Operations on agriculture produce such as cultivation, Harvesting, Threshing, Testing of Agriculture Produce, Loading / unloading, supply of farm labor, tending, pruning, cutting, which do not alter essential characteristics for primary market are exempt.
- ❖ Renting / Leasing of Agro-machinery or Vacant Land, Services by APMC
- ❖ Agriculture extension services
- ❖ Pisciculture, sericulture, floriculture
- ❖ Whole gram pulse is agriculture produce but not normal pulse (like dal)

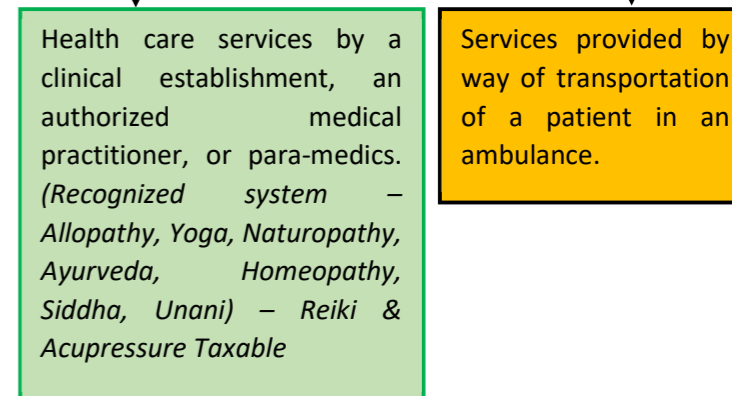
Other Important Points

- 1) Rubber, green tea leaves, coffee is exempt (processed coffee is taxable)
- 2) Lease of vacant land with storage shed meant for agriculture produce are exempt (for other purposes taxable)
- 3) Processed products of Black Tea, Green Tea, White Tea, Jaggery are taxable. However, whole grain pulse is exempt
- 4) Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which **do not change or alter the essential characteristics** of the said fruits or vegetables are exempt
- 5) Services provided by the National Centre for **Cold Chain Development** under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination are exempt.
- 6) Cleaning of **wheat outside farm, Sales commission for wheat – exempt**
- 7) **Milling of paddy into rice is taxable.**
- 8) Loading, unloading, packing, storage, or warehousing of agriculture produce including rice are exempt.
- 9) Artificial insemination of livestock (*other than horses*) are exempt.
- 10) Testing activities in relation to agriculture produce such as soil testing, animal feed testing etc. are exempt.
- 11) Services by way of storage or warehousing of cereals, pulses, fruits, and vegetables are exempt

Exemptions [Section 11 r/w NN 12/2017 - CTR] (2/7)



5. HEALTHCARE SERVICES



- 1) Room rent charged from in-patients in hospital is exempt if charges per day is upto Rs. 5,000/-. However, room rent charged from attendants is fully taxable. Further, the room rent charges are fully exempt irrespective of value if the room rented is ICU/ICCU/NICU/PICU.
- 2) GST is not applicable on consultancy by doctor.
- 3) **Treatment of Food Supplied by Hospitals:**
 - i) Food Supplied directly by Hospital to in-patients as advised by doctor – Exempt. (Food Supplied to Attendant of Patient is taxable)
 - ii) Supply of Food is outsourced by hospital to another agency – Agency will charge GST & Hospital will not get ITC (as providing exempt supplies)
- 4) GST will not be levied on Retention money. E.g. If hospital charges Rs. 10,000/- from patient and pays Rs. 7500/- to doctors & keeps Rs. 2500/- with them for ancillary expenses, Rs. 2500 will also be exempt.
- 5) Ambulance services by NHM – Exempt
- 6) Services by recognised rehabilitation professionals are exempt
- 7) Veterinary services are exempt.
- 8) Services provided as IVF (In vitro fertilisation) or ART (Assisted Reproductive Technology) are healthcare services, thus exempt.

Important Points for Services provided BY CG/SG/UT/LA.:-

- 1) Services of other than (i) above provided by CG/SG/UT/LA to CG/SG/UT/LA are exempt.
- 2) For the purpose of services referred in (ii) & (iii) above, provided by CG/SG/UT/LA where Gross consideration does not exceed Rs. 5,000 are exempt.
- 3) Services by CG/SG/UT/LA by way of guaranteeing loan taken by their undertakings or PSUs from banking companies & financial institutions are exempt.
- 4) Services by CG/SG/UT/LA for testing/calibration/safety check or certification relating to protection or safety of workers & consumers are exempt.
- 5) Issuance of passport, visa, driving license, birth certificate or death certificate are exempt
- 6) Services provided way of tolerating non-performance of a contract entered into by the CG/SG/UT/LA where payments received by CG/SG/UT/LA by way of fines, penalty etc. for tolerating non-performance of contract are exempt.
- 7) Excess Royalty Collection Contractor is a person to whom govt authorized to collect royalty on their behalf from mining lease holder. Mining leaseholders are liable to GST under RCM on such services. ERCC & Govt enters into contract wherein ERCC is required to collect the amount as per agreement entered. Accordingly, services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders are exempt. This exemption is restricted to amount of GST paid by mining lease holder and ERCC shall be liable to pay GST on difference between GST exempted & GST paid by mining lease holders if GST paid by mining lease holder is less than amount of GST exempted.

Important Points for Services provided TO CG/SG/UT/LA.:-

- 1) Pure services (labor contracts) or; Composite supplies where value of goods is not more than 25% of Total value, in relation to any function entrusted to a Panchayat under Article 243G or Article 243W
- 2) Services by Govt. entity to CG/SG/UT/LA in form of grants
- 3) Services to CG/SG/UT by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin
- 4) Services provided to the CG/SG/UT under any insurance scheme for which total premium is paid by CG/SG/UT
- 5) Services provided to CG/SG/UT Administration where 75% or more of expenditure is borne by them are exempt
- 6) Sanitation & Conservancy services are procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th Schedule, in the manner as a local authority does for the general public, they are taxable
- 7) Accommodation services provided by Air Force Mess and other similar messes, to their personnel or any person other than a business entity are exempt.

Services provided to a Governmental Authority by way of water supply; public health; sanitation conservancy; solid waste management; and slum improvement and upgradation are exempt.

Exemptions [Section 11 r/w NN 12/2017 - CTR] (3/7)

6. EDUCATION SECTOR [E. 66]

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

- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course.

An approved vocational education course means,

Trainings by NCVT & SCVT in designated trade:-

- a) Course run by an Industrial training institute/Industrial training centre affiliated to the National Council for Vocational Training (NCVT) or State Council for Vocational Training (SCVT) offering courses in designated trades notified under the Apprentices Act, 1961 or
- b) A Modular Employable Skill Course, approved by the NCVT.
- c) As per Clarifications issued by CBIC any authority, board or body set up by the CG, SG, including National Testing Agency for conduct of entrance examination for admission to educational institutions shall be treated as educational institution.

Educational Services exemption we will learn in 2 parts as below

(A) Provided BY Educational Institutions (OUTPUT SERVICES)

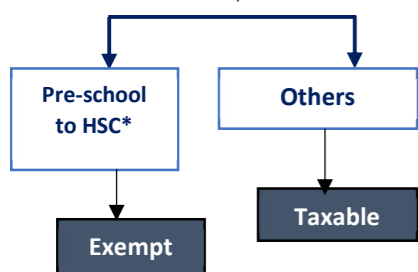
To its students, faculty & staff are exempt

By way of conduct of entrance examination against consideration in the form of entrance fee are exempt

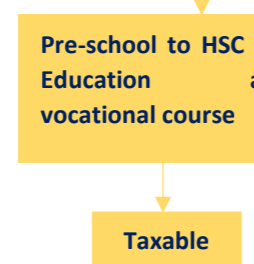
(B) Provided TO Educational Institutions (INPUT SERVICES)

TCS:

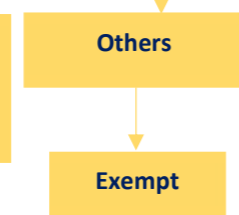
- 1) Transportation of students, faculty, and staff*;
- 2) Catering, including any mid-day meals scheme sponsored by CG/SG/UT.
- 3) Security or cleaning or house-keeping services performed in such educational institution;



4) Services relating to admission to, or conduct of examination by, such institution. Always Exempt



5) Online education journal & periodical



*The supply of services, by way giving on hire the motor vehicle to a person who is providing services to educational institution providing pre-school to HSC education, are exempt. [E. 22(c)]

6. EDUCATION SECTOR [E. 66] [Continued]

Other Important Points:-

- 1) Education as a part of curriculum for obtaining qualification recognized under any law in India is exempt (E.g. Pursuing CA)
- 2) Services provided by Boarding Schools along with residence & food is exempt as predominant supply is of education.
- 3) Service of giving motor vehicle on hire for transportation of students, faculty & staff to educational institution of pre-school to HSC – Exempt.
- 4) Placement services provided to educational institutions are taxable.
- 5) Catering services provided by educational institutions is exempt. However, if provided by third party to educational institutional providing pre-school to HSC education then its exempt, otherwise it would be taxable.
- 6) Services by ITI (Industrial Training Institutes) including private ITI:-

Circular 55/29/2018-GST dated 9th August, 2018

Sr. No.	Category	Exemption / Taxable
1	Vocational training provided by private ITIs in designated trades (as per apprentice act e.g. Barber/Hair Cutter/Dresser, CAD-CAM Operator-cum-Programmer, Chemical Laboratory Assistant)	Exempt
2	Vocational training provided by private ITIs in other than designated trades.	Taxable
3	Service, provided by a private Industrial Training Institute for conduct of examination against entrance fees [Sl. No. 66 of notification No. 12/2017-CT(Rate)]	Exempt

- 7) Foreign courses by private institutes are taxable, education for non-recognized qualification is taxable.
- 8) Maritime Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST.
- 9) Issuance of migration certificate to the leaving or ex-students – Exempt

Summary of Taxability of Input & Output Supplies

Services	Pre-school to HSC	Education as qualification under law (Other than pre-school to HSC)	Coaching Centre	NCVT/SCVT
INPUT SERVICES AVAILED BY THESE INSTITUTIONS				
Transportation of students, faculty and staff	Exempt	Taxable	Taxable	Taxable
Catering, including any mid-day meals scheme sponsored by CG/SG/UT (OUTDOOR CATERING)	Exempt	Taxable	Taxable	Taxable
Security, cleaning house keeping	Exempt	Taxable	Taxable	Taxable
Printing of papers content supplied by institutions, Honorarium, rental	Exempt	Exempt	Taxable	Exempt
Honorarium to paper setter	Exempt	Exempt	Taxable	Exempt
Online education journal	Taxable	Exempt	Taxable	Taxable
OUTPUT SUPPLIES PROVIDED BY THESE INSTITUTIONS				
Any Services (including catering whether or not inhouse)	Exempt	Exempt	Taxable	Exempt
Uniforms (Goods)	Taxable	Taxable	Taxable	Taxable
Entrance fees for conduct of exams	Exempt	Exempt	Taxable	Exempt

TAXABILITY OF COURSES OFFERED BY IIM (INDIAN INSTITUTE OF MGT):

W.e.f. 31st January, 2018 onwards, all long duration programs (one year or more) conferring degree/ diploma as recommended by Board of Governors as per the power vested in them under the IIM Act, 2017 including one- year Post Graduate Programs for Executives are exempt from GST

All short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law are taxable under GST

(7) Banking & Financial Sector

- 1) Services by RBI are taxable. (TO RBI are also Taxable).
Note:- Services to RBI by members of overseeing committee, GST will be paid by RBI under RCM. (Refer RCM Chapter)
- 2) Services by way of—
(a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);
(b) inter se sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers are exempt.
- 3) Services provided by international finance corporation & Asian development bank are exempt.
- 4) GST shall not be charged on charges charged by bank of payment of upto Rs. 2,000/- made by any person through debit / credit card / RuPay / BHIM UPI. The said exemption is to encourage online transaction for small amounts made by credit card, debit card, charge card or other payment card service. (Sl. 34)
- 5) Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR) are exempt.
- 6) Services by the following persons in respective capacities are exempt—
(a) business facilitator (BF) or a business correspondent (BC) to a banking company with respect to accounts in its rural area branch; (urban area branches covered under RCM)
(b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
(c) business facilitator or a business correspondent to an insurance company in a rural area.

Your circumstances reflect what you have been thinking about

Exemptions [Section 11 r/w NN 12/2017 - CTR] (4/7)

8. CONSTRUCTION INDUSTRY

- Pure labour contracts** of construction, or any work of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for **All (Urban) Mission or Pradhan Mantri Awas Yojana** are exempt.
- Services by way of erection or construction of original works pertaining to single residential unit otherwise as a part of a residential complex;
Residential complex means any complex comprising of a building or buildings, having more than one single residential unit.
- Transfer of Development Rights / FSI / Lease Land for construction of residential apartments:** -
Exemption is available to in respect of transfer of development rights, FSI made after 1-4-2019 or upfront amount for long term lease paid after 1-4-2019 to the extent of residential apartments by promoter, when sale is made by promoter during construction (i.e. consideration received before completion certificate or first occupation w.es. earlier)

Amount of Exemption on: -

TDR & FSI for Construction of residential properties OR Long-Term Lease (LTL) (>30 years) for construction of residential apartments

$$\text{GST Payable on TDR / FSI or for LTL} \times \frac{\text{Carpet Area of Residential Apt}}{\text{Total Carpet Area of Residential Apt + Commercial Apt.}}$$

Further, promoter will be liable to pay GST under RCM on un-booked flats as on date of CC or first occupation whichever is earlier as per below formula:

$$\text{GST Exempted as per above formula on TDR/FSI or for LTL Construction to the extent of residential apts.} = \frac{\text{Carpet Area of Residential Apt which remain un-booked on date of CC or first}}{\text{Total Carpet Area of Residential Apt}}$$

In simple words, the exemption is to the extent of residential apartments booked before CC or first occupation whichever is earlier.

Location charges or preferential location charges (PLC) collected in addition to the lease premium for long term lease of land are also exempt.

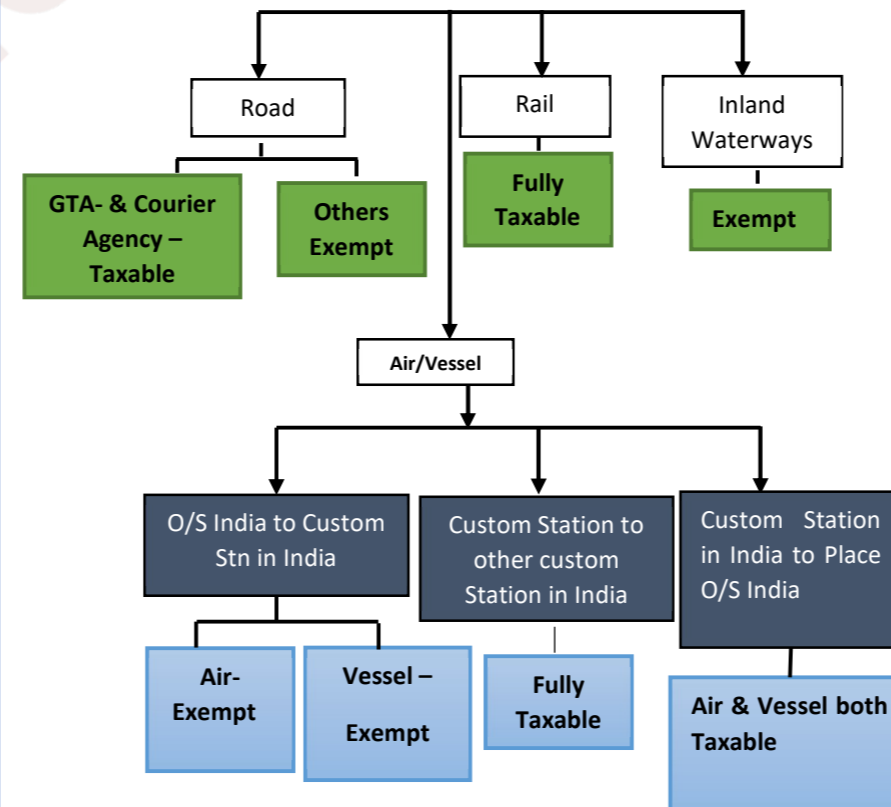
9. GOODS TRANSPORT SECTOR

Exemption on Transportation of specific goods & Value exemption:

- ❖ Agricultural produce;
- ❖ Transportation by rail or a vessel or by GTA of relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; defence or military equipment; newspaper or magazines registered with the Registrar of Newspapers; or materials; agricultural produce; milk, salt and food grain including flours, pulses and rice; and organic manure.
- ❖ **Transportation of railway equipment or materials by rail or vessel is taxable**
- ❖ Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States (E. 61A) **are exempt.**

are exempt.

Exemption on Mode of Transportation of Goods

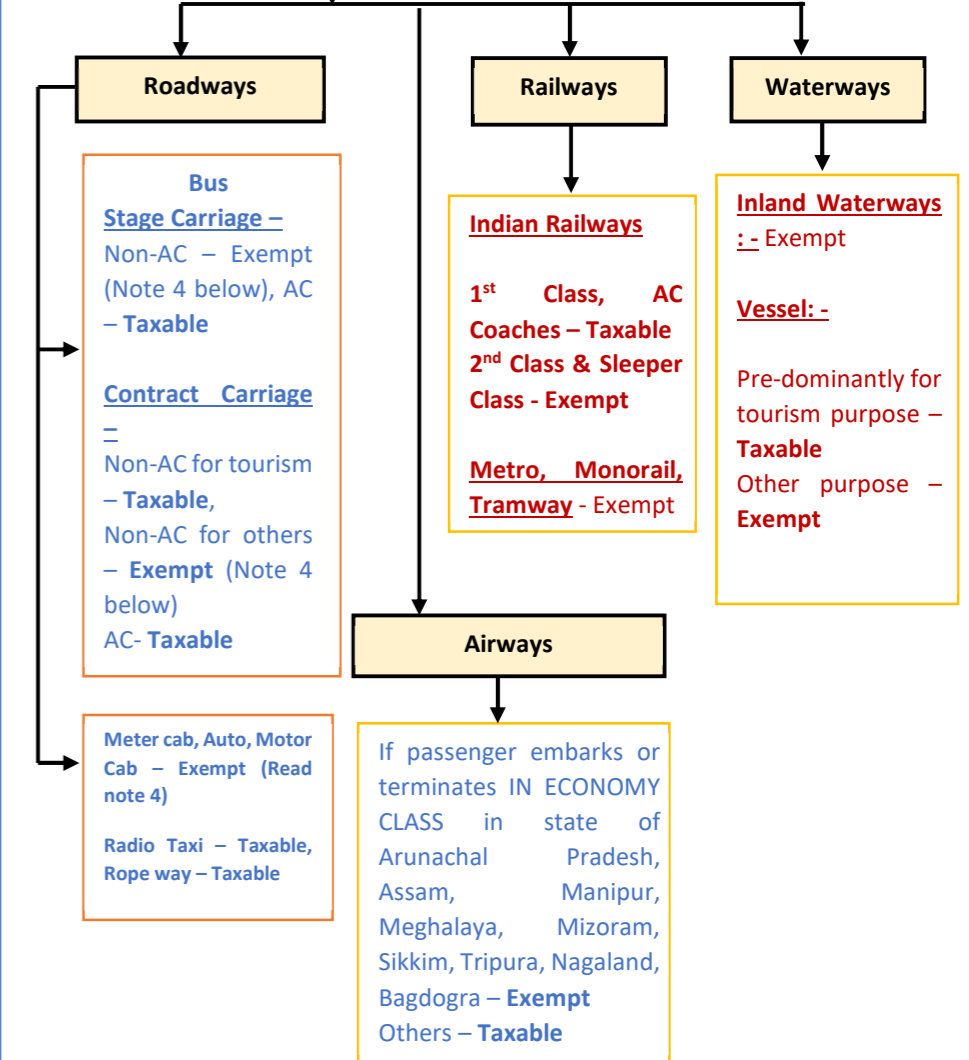


Supply through pipelines or conduit are fully taxable

Other Important Points: -

- GST on supply of services associated with transit cargo to Nepal and Bhutan are exempt. In this regard, it is clarified that exemption under Entry 9B covers services associated with transit cargo both to and from Nepal and Bhutan.
- GST is not leviable on private ferry used for passenger transportation. It is further clarified that, the expression 'public transport' used in the exemption notification only means that the transport should be open to public. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

10. PASSENGER TRANSPORT SECTOR

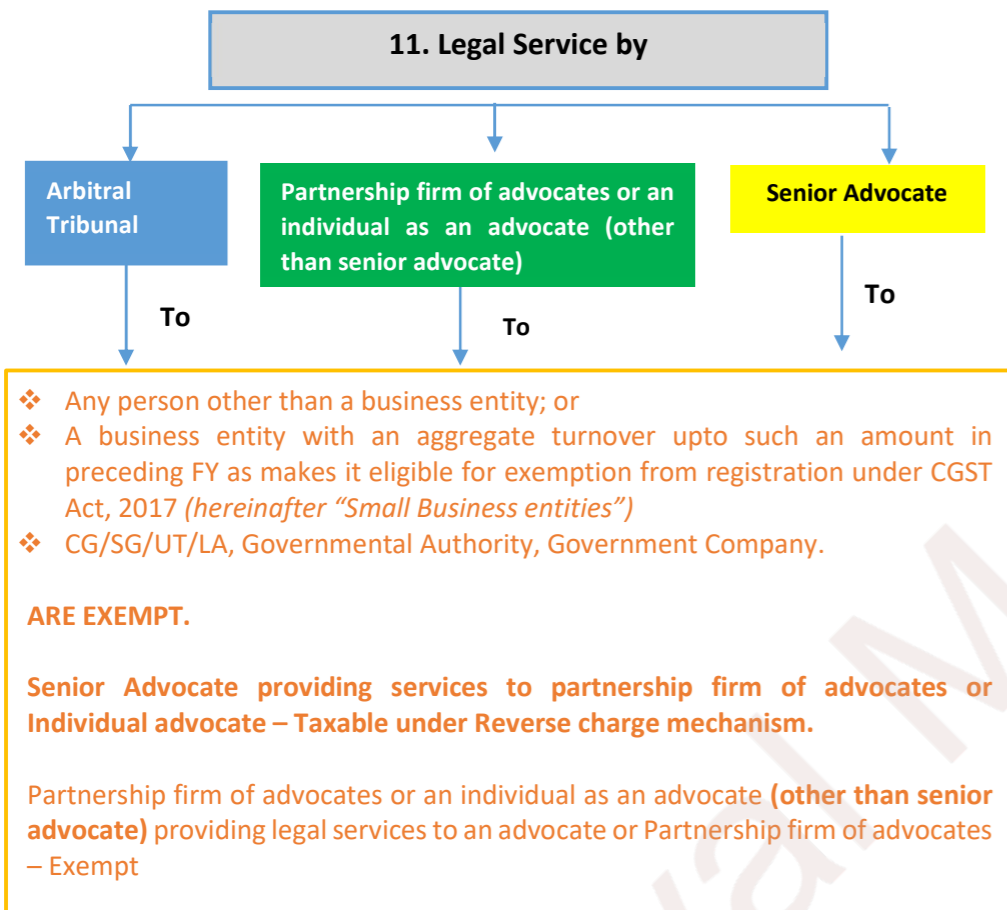


Other Important Points: -

- Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.
- Services provided by a tour operator to foreign tourist which is performed partly in India and partly outside India is exempt to the extent of the value of the tour operator service which is performed outside India. (Refer last page)
- Example of Contract Carriage, if a bus is operating between Mumbai & Delhi, it must pick up all its passengers before leaving Mumbai & must drop all its passengers at Delhi & not have any stops in between.
- Stage Carriage can be understood as a MV adapted to carry more than 6 passengers (excluding driver) at separate fares for individual depending on length of journey.
- The services would not be exempt if they are provided through an electronic commerce operator and notified under section 9(5) of CGST Act. (Please refer Section 9(5) wherein few service providers are notified in this regard)

"Whenever you see a successful person, you only see the public glories, never the private sacrifices to reach them."

Exemptions [Section 11 r/w NN 12/2017 - CTR] (5/7)



13. LIFE INSURANCE BUSINESS

- ❖ Services of life insurance business provided by way of annuity under the **National Pension System** regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013);
- ❖ Life Insurance to members of army, navy, Airforce, under group insurance scheme of CG are exempt.
- ❖ W.e.f. 1st October, 2019, Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force are exempt
- ❖ Coastal Guards under Naval Group Insurance Funds are also exempt.
- ❖ Life Insurance scheme **under various schemes**: - (only imp covered)
 - (i) Janashree Bima Yojna
 - (ii) Life – Micro insurance product approved by IRDA having **MAXIMUM** cover of **Rs. 2,00,000/-** are exempt
 - (iii) PM Jeevan Bima Yojana
 - (iv) PM Jan Dhan Yojana & Vaya Vandan Yojna are exempt

16. ADMISSION TO VARIOUS EVENTS

- (i) Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.
- (ii) Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any other law for time being in force.
- (iii) Services by way of right to admission to, -
 - ❖ Circus, dance, or theatrical performance including drama or ballet;
 - ❖ Award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event;
 - ❖ recognised sporting event & planetarium where the consideration for admission in not more than Rs. 500 per person **are exempt.**

14. LEASING SERVICES

- Lease Long term (> 30 years) – Charges payable as upfront amount is exempt if it is
- ❖ Provided by SG Industrial Development or entity having ownership >20% of CG/SG/UT and,
 - ❖ Provided to Industrial units or developers in any industrial / financial business
- Note: - Even if upfront amount is paid in instalment, it is exempt provided it is determined.

15. ARTIST SERVICES

Services by an artist by way of a performance in folk or classical art forms of Music, or Dance, Theatre, if the consideration charged for such performance is upto Rs. 1,50,000/- are exempt. This exemption shall not apply to service provided by such artist as a brand ambassador.

Service recipient	Supplier - Senior Advocate	Supplier - Individual advocate or Partnership firm of advocates (Other than Senior Advocate)
Other than B.E.	Exempt	Exempt
B.E. having turnover of less than threshold in PFY (registered in CY)	Exempt	Exempt
CG, SG, UT, LA, Govt. Authority, Govt. company	Exempt	Exempt
Individual advocate or Partnership firm of advocates or senior advocate	Taxable, FCM	Exempt
B.E. having turnover more than threshold in PFY (registered in CY)	Taxable, RCM	Taxable, RCM

12. GENERAL INSURANCE BUSINESS (ONLY IMP COVERED)

- ❖ Hutt / Cattle Insurance
- ❖ Insurance for Tribals
- ❖ PM Fasal Bima Yojna
- ❖ PM Suraksha Bima Yojna
- ❖ Nirmaya Health Insurance Scheme
- ❖ w.e.f. 1st October, 2019; Bangla Shasya Bima (Entry 35) are exempt. Note: - Re-insurance of above is also exempt.

"Try not to become a person of success, but rather try to become a person of value."

17. SERVICES BY UNINCORPORATED BODY OR NOT FOR PROFIT ORGANISATION

(i) Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –

- ❖ As a trade union;
- ❖ For the provision of carrying out any activity which is exempt from the levy of GST;
- ❖ Up to an amount of **Rs. 7,500/-** per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.

Legal position on taxability of maintenance charges collected by RWA (Circular No.109/28/2019- GST dated 22nd July, 2019)

Annual Turnover	More than Rs. 20L/-	More than Rs. 20L/-	Less than or equal to Rs. 20L/-	Less than or equal to Rs. 20L/-
Charges per month per member for each residential apartment	More than Rs. 7,500/-	Less than or equal to Rs. 7,500	More than Rs. 7,500/-	Less than or equal to Rs. 7,500
Taxability	Taxable	Exempt	Exempt	Exempt
Notes	Entire amount is taxable not just in excess of Rs. 7,500/-	NA	NA	NA

ITC on Inputs / Input Services & Capital Goods

- ❖ RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services provided: -
- ❖ Amount charged by RWA is more than Rs. 7,500/- per month per member & RWA is registered under GST (i.e. annual turnover is more than Rs. 20 Lakhs).
- ❖ Further, it is important to note that if charges per member are less than or equal to Rs. 7,500/- and RWA is registered under GST, RWA shall be liable to reverse ITC as per Section 17 of CGST Act)

Work to become a resourceful person, make yourself a treasure of knowledge. Do not work only for money, it shall be a by-product. Live a life with a purpose, otherwise you will be alive without liveliness - CA Keval Mota

18. MISCELLANEOUS EXEMPTIONS (ONLY IMP)

1. Services provided to a **recognised sports body** by (a) an **individual** as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body; (b) **another recognised sports body is exempt.**
2. **Royalty & License Fees included in transaction value u/r 10(1)(c) of Customs Valuation Rules is exempt.**
3. GTA Services to recipient registered only for the purpose of deduction of TDS is exempt.
4. Services by **sponsorship** of event organised by **National Sports Federation, Indian Sport Council for Deaf, Paralympic, Indian Olympic Association etc. are exempt**
5. Services by **National Skill development corporation / sector skill council** in relation to recognised skill development program is **exempt.**
6. Transfer of business as a going concern is exempt
7. Services by way of **renting of residential dwelling to any person other than registered person for use as residence is exempt**
8. **Services by a hotel, inn, guest house, club or campsite etc. for residential or lodging purposes are taxable**
9. Services by way of **giving on hire** to
 - ❖ To a **state transport undertaking**, a motor vehicle meant to carry > 12 passengers;
 - ❖ To a **GTA**, a means of transportation of goods; or
 - ❖ **Motor vehicle for transport of students, faculty and staff**, to a person providing services of transportation of students, faculty and staff to an **educational institution** providing services by way of **pre-school education and education upto higher secondary school or equivalent**,
 - ❖ To a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; to a goods transport agency, a means of transportation of goods.
 - ❖ **are exempt.**

[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 12/2017 – CTR.]
10. Service by way of access to a road or a bridge on payment of **toll charges or Additional toll / fees collected from non-fastag vehicle is exempt**
11. Transmission or distribution of electricity by an **electricity transmission or distribution utility – exempt.**
12. Services provided by an incubatee up to a total turnover of Rs. 50 Lakhs in a financial year subject to the following conditions, namely: -
 - the **total turnover had not exceeded Rs. 50 lakhs during the preceding financial year;**
 - and a period of **three years has not elapsed** from the date of entering into an agreement as an incubatee are exempt
13. Services by way of **public conveniences** such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets **are exempt.**
14. Service provided by (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India is exempt
15. Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020 whenever rescheduled are exempt.
16. Satellite launch services are exempt

1) ANALYSING CONCEPT OF ERC CONTRACTOR

It is pertinent to note that there are two considerations flowing from miner to state govt. viz. Dead (fix) Rent at periodic interval & Royalty to State Government. Dead Rent is pre-determined amount, royalty % is determined on suitable basis such as % of sales by miner etc.

Excess Royalty Collection Contract" means a contract for specified mineral(s) and area given to collect royalty in excess of annual dead rent, on behalf of the Government from the holder of mining lease (s) under the contract whereunder the contractor shall pay a fixed amount annually to the Government as per terms of the contract.

Example if ONGC Limited has obtained license from Maharashtra State Government. Maharashtra State Govt. agrees to receive dead rent of Rs. 5,00,000/- per annum. Further, they agree that royalty shall 10% of Sales value for first 3 years i.e. contract period. Maharashtra SG appoints Mr. Kumar as a person to collect revenue for this contract. Maharashtra State assigns right to collect royalty from ABC Ltd to Mr. Kumar for Rs. 85,00,000. Thus, Mr. Kumar is treated as ERCC. Determine Taxability in below cases

- i) ONGC Ltd. was able to sell 8,30,00,000 of mineral
- ii) ONGC Ltd. was able to sell 5,50,00,000 of mineral

Let us understand taxability of above example as per Entry 65B & Notification 13/2017 – CTR.

Case (i) ONGC Ltd. was able to sell 8,30,00,000 of mineral

➤ Tax Impact on Miner – ONGC

Thus, ONGC is liable to pay GST under reverse charge as per entry no. 4 of Notification 13/2017 – CTR

Amount on which reverse charge is to be discharged: -

- a) Fixed Rentals: - Rs. 5,00,000 x 3 years = 15,00,000
- b) Royalty: - 8,30,00,000 x 10% = 83,00,000

Totalling to Rs. 98,00,000 x 18% = 17,64,000

(Please note that Tax has to be discharged in accordance with Time of Supply provisions)

➤ Tax Impact on ERCC Contractor i.e. Mr. Kumar

As per Entry No. 65B Mr. Kumar will get an exemption of Rs. 85,00,000. Since total tax is paid by ONGC Ltd. on amount exceeding 85,00,000/-. ERCC will not be liable to pay tax.

Case (ii) ONGC Ltd. was able to sell 5,50,00,000 of mineral

➤ Tax Impact on Miner – ONGC

Thus, ONGC is liable to pay GST under reverse charge as per entry no. 4 of Notification 13/2017 – CTR

Amount on which reverse charge is to be discharged: -

- a) Fixed Rentals: - Rs. 5,00,000 x 3 years = 15,00,000
- b) Royalty: - 5,50,00,000 x 10% = 55,00,000

Totalling to Rs. 70,00,000 x 18% = 12,60,000/-

(Please note that Tax has to be discharged in accordance with Time of Supply provisions)

➤ Tax Impact on ERCC Contractor i.e., Mr. Kumar

As per Entry No. 65B Mr. Kumar will get an exemption of Rs. 85,00,000 when he will pay this amount to SG (at first instance). However, since ONGC Ltd. discharged tax on Rs. 70,00,000/-, ERCC Contractor has to pay GST on shortfall of Rs. 15,00,000 [85,00,000 (-)70,00,000].

2) Liquidated Damages: -

(a) Fines / Penalties or liquidated damages payable to Government

As per entry 62 of NN 12/2017 – CTR Fines / Penalties or liquidated damages payable to Government or Local Authority are Exempted, therefore, **NO GST IS CHARGED NOR EVEN PAYABLE ON RCM BASIS.**

(b) Fines / Penalties or liquidated damages payable by Government

However, as per Circular 178/10/2022, Liquidated damages will not be "supply."

**SERVICES TO FOREIGN TOURIST WHERE TOUR IS PERFORMED PARTLY IN India AND OUTSIDE India
[ENTRY 52A]**

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.

Explanation. - "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.

Illustrations:

- (a) A tour operator provides a tour operator service to a foreign tourist as follows: - (a) 3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: Rs.1,00,000/- Exemption: Rs.40,000/- (=Rs.1,00,000 x 2/5) or, Rs.50,000/- (= 50% of Rs.1, 00, 000/-) whichever is less, i.e., Rs.40, 000/- (i.e., Taxable value: Rs.60, 000/-);
- (b) 2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: Rs.1,00,000/- Exemption: Rs.60,000(=Rs.1, 00, 000/- x 3/5) or, Rs.50,000/- (= 50% of Rs.1,00,000/-) whichever is less, i.e., Rs.50, 000/- (i.e., Taxable value: Rs.50, 000/-);
- (c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: Rs.1,00,000/- Exemption: Rs.54,545 (=Rs.1,00,000/- x 3/5.5) or, Rs.50,000/- (= 50% of Rs.1,00,000/-) whichever is less, i.e., Rs.50,000/- (i.e., Taxable value: Rs.50, 000/-).

MEET THE AUTHOR



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He has handcrafted GST Charts which he very strongly believes that "Anyone can definitely clear toughest of the paper of Indirect Taxes, with the help of his Charts which gives 100% coverage with analysis of all the provisions"

He has deliberated in-depth revision lectures on his YouTube Channel on GST, Customs & FTP which covers entire syllabus in 60 odd hours.

Further, he has also recorded audios for all the chapters which in turn works as saviour for Indirect Taxes on last day of exams as well as for quicker revision and refreshing concepts.

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