



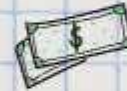
CA / CMA Inter

GST



Handwritten Notes

by VG Sir



Revised Edition



FREE
For ALL



Relevant For
Sep 24 & Jan 25



MEANING of Tax

Tax is a **Compulsory** exaction of money by **Public Authority** for **Public purpose**, **enforceable by law**.

→ 4 Conditions must be satisfied :-

- Compulsory Payment**
- ⊕
- Demand by Public Authority (Cb/Sb/LA, etc.)**
- ⊕
- For Public Purpose**
- ⊕
- Enforceable by law.**

अगर 4 Conditions Satisfy होगी, तभी को Payment Tax में Cover होगी।

Example :- **Income Tax, GST, Custom, Interest on delayed Payment, etc....**

→ Origin of Tax : **Latin word 'TAXO'**, implies : a **Compulsory charge** Under an Act.

→ The **money** that you have to **pay** to **the Govt.** so that it can **Provide Public Services**.

→ Types of Tax :
i) DIRECT TAX
ii) INDIRECT TAX

→ Meaning of DT & IDT

Direct Tax: Direct Tax is a Tax which is **Levied/Incidence** on a person

AND **Burden/Impact** of Tax on **Same person**.

Indirect Tax: IDT is a Tax which is **Levied/Incidence** of Tax on Person

AND **Burden/Impact** of Tax on **Different Person**.

→ Difference between DT & IDT

Basis	DIRECT TAX	INDIRECT TAX
Meaning	Levy and Burden on Same Person.	Levy and Burden on Different Person.
Example	Income Tax, Gift Tax, etc...	GST, Custom, etc....
NATURE	<p>PROGRESSIVE ↓</p> <ul style="list-style-type: none"> जैसे - जैसे Income बढ़ती वैसे - वैसे TAX बढ़ता These are linked with Paying Capacity. Rich Person will pay more Tax in comparison to a Poor Person. 	<p>REGRESSIVE</p> <ul style="list-style-type: none"> FIX NATURE These are not linked with Paying Capacity. IDT is Uniform, whether Goods OR Services Purchased by Rich or Poor
Concept of PY and AY	Income of Previous year assessed in Assessment year.	No Concept of PY and AY.
Distribution (or) Payment of Revenue	Normally Central Govt.	Central (or) State Govt. as the case maybe.
Department	CBDT (Central Board of Direct Taxes)	CBIC (Central Board of Indirect Taxes and Custom)
Taxable Event	When Income arise	<ul style="list-style-type: none"> → Supply of Goods or Services or both. → Import/Export of Goods

➤ CRUX OF INCOME TAX VS GST VS CUSTOMS

Particulars	Income Tax	GST	Customs
Tax On	Total Income	Goods or Services or Both	Only Goods
When is Tax Imposed	When Income arise	Supply	Import or Export

➤ Meaning of Income Tax, GST & Custom

Income Tax = Tax on Total Income

↳ How to Compute Total Income
↓

Will discuss under Income Tax.

➤ GST [Article 366(12A)]

GST is a Tax
which is levied on Supply
of Goods (or) Services (or) both
except Alcoholic Liquor for
Human Consumption.

➤ Custom : Custom is a Duty which is levied on
Import (or) Export of Goods.

GST (45 Marks)

Goods and Services Tax

Chapter - 1

Concept of IDT / Basics of GST / Constitutional Provisions related to GST

Topic 1 = Basic of GST

- 1) GST is an Indirect Tax.
- 2) Indirect Tax = means a Tax which is levied on a Person and Burden of Tax falls on different Person.
- 3) IDT is Regressive in Nature (i.e. FIX NATURE)
- 4) GST is not linked with Paying Capacity of Consumer.
- 5) Full form of GST = Goods and Services Tax
- 6) GST Levied on Goods Services both
- 7) Department of GST = CBIC (Central Board of Indirect Tax & Custom)
- 8) GST Applicability
 - All over India Except J/K = w.e.f. 1/7/17 to 7/7/17
 - All over India including J/K = w.e.f. 8/7/17
- 9) Service charge on Bill is not a Service Tax GST
(It is a Tip charged by Restaurants and is optional to Pay)

10) Types of GST

(I) CGST

(II) SGST

(III) IGST

(IV) UTGST

- 11) Combination of GST = a) CGST + SGST → Intra State Supply
- b) CGST + UTGST → Intra State Supply
- c) only IGST → Inter State Supply .

12) Definition of GST (Article 366 (12A))

-) GST is a TAX
-) which is LEVIED on SUPPLY
-) of GOODS OR SERVICES OR BOTH
-) EXCEPT the Tax on Supply of Alcoholic liquor for Human Consumption .

13) Taxable Event of GST = SUPPLY (Defined u/s 7)

14) GST is a Consumption / Destination based Tax .



•) GST में किसी भी state की तरफकी इस बात पर निर्भर नहीं करती की वहाँ पर कमाने वाले लोग कितने हैं बल्कि इस बात पर निर्भर करती है कि वहाँ पर खाने वाले लोग कितने हैं ।

•) GST में किसी भी person का Registration Origin State में होता है, But जो Revenue मिलता है वो Consumption State को मिलता है ।

15) GST is a VALUE ADDED TAX .

Topic 2 = Law making Authority / Constitutional Provisions

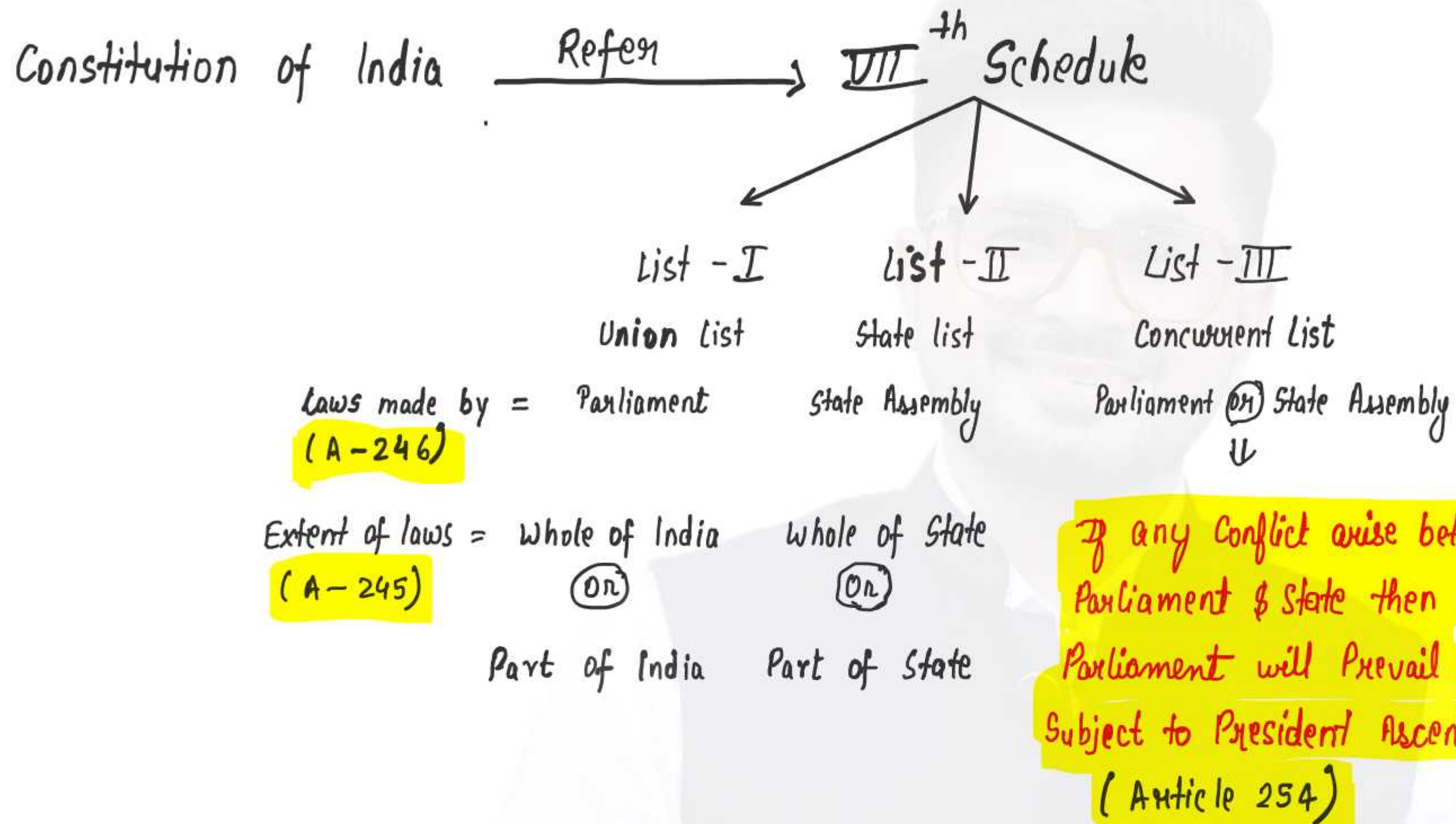
1) Supreme Authority of India = Constitution of India

-) Architect of Indian Constitution = Dr. B.R Ambedkar
-) Uniqueness of Indian Constitution = Longest written Constitution
-) Effective Date = 26 Jan, 1950 .
-) Total Article = 395
-) Total Schedule = 12
-) Article Covered in Syllabus = 12
-) Schedule Covered in Syllabus = 1 i.e. VIIth Schedule .

List of Articles & Schedule to Cover

<u>Old Article</u>	<u>New Article</u>	<u>Amended Article</u>
Article - 245	Article - 246A	Article 270
Article - 246	Article - 269A	Article 01
Article - 248	Article - 279A	
Article - 254	Article - 366(12A)	
Article - 265		
Article - 271		

Analysis of Article 245, 246, 248 & 254



Entry no. of Taxation

List I		List - II		List - III
ENTRY NO.	MATTER	ENTRY NO.	MATTER	
82	Taxes on Income other than Agriculture Income.	46	Taxes on Agriculture Income	NO TAXATION
83	Custom Duty.			
84	Excise Duty.			
85	Corporate Tax.			

GST किसी भी List की किसी भी Entry में Cover नहीं है।
 GST का Origin Article - 246A से हुआ है।

GST is applicable All over India w.e.f. 8/7/17

Meaning of India Under GST

DIAGRAM - 01

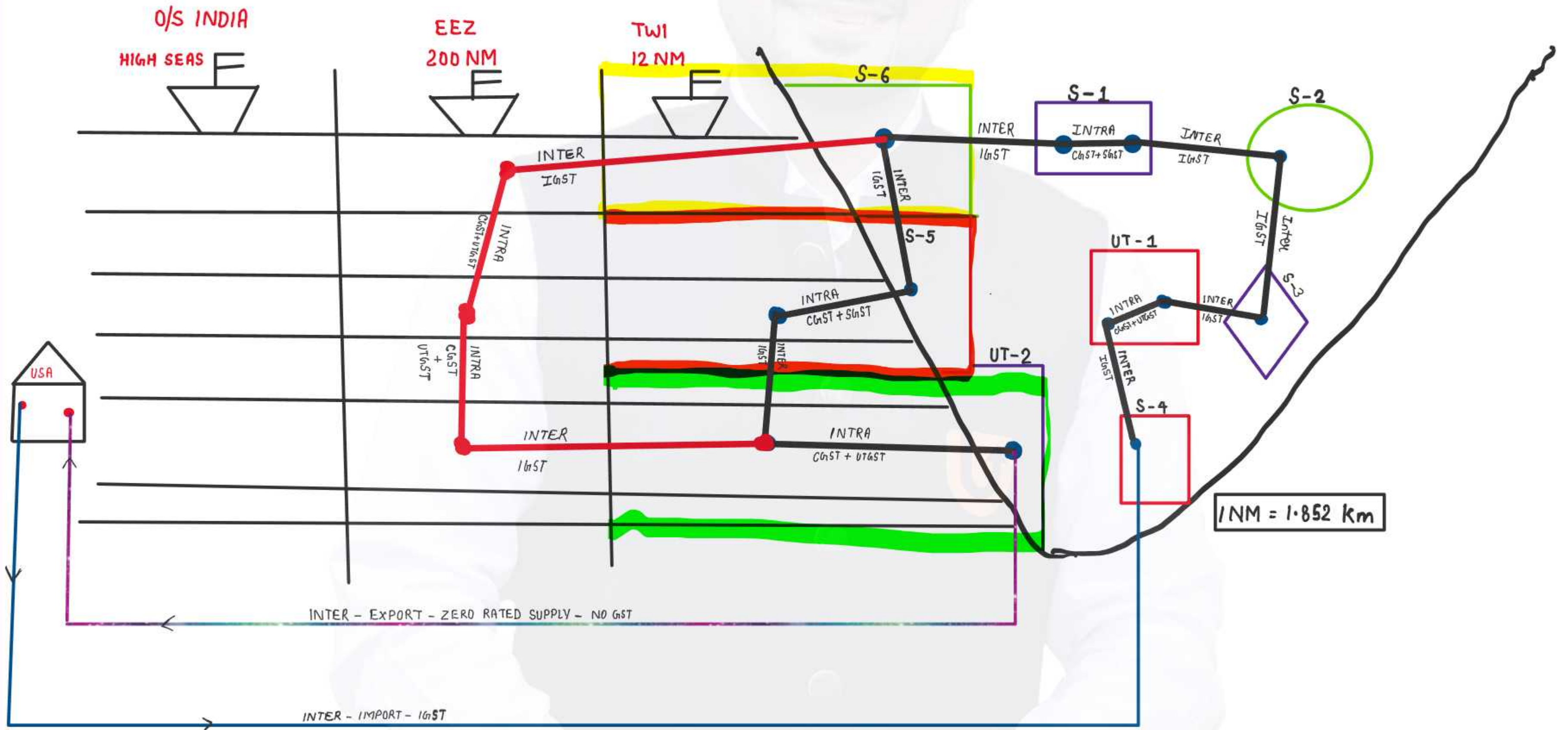
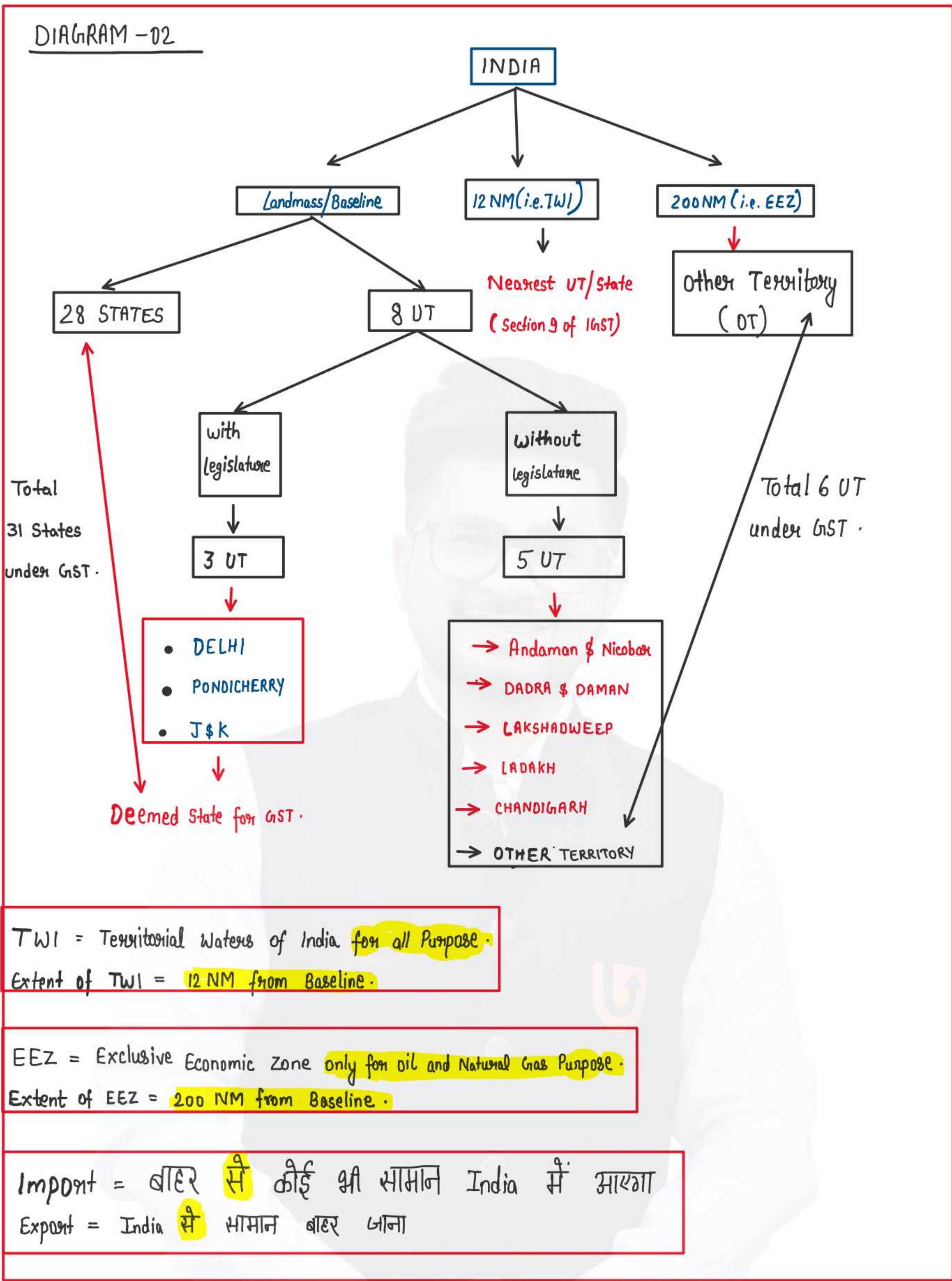


DIAGRAM - 02



TWI = Territorial Waters of India for all Purpose.
Extent of TWI = 12 NM from Baseline.

EEZ = Exclusive Economic Zone only for oil and Natural Gas Purpose.
Extent of EEZ = 200 NM from Baseline.

Import = बाहर से कोई भी सामान India में आना
Export = India से सामान बाहर जाना

ARTICLE 248 : Residuary Article

If any Matter is not covered in any list then laws made by Parliament from Entry no. 97 of List I .

ARTICLE 265

No Tax shall be levied (or) Collected without Authority of Law i.e. ACT .

ARTICLE 271 : Power to levy Cess (or) Surcharge by Parliament

Parliament may at any time increase any Tax by surcharge for the Purpose of Union .

Concept of Cess

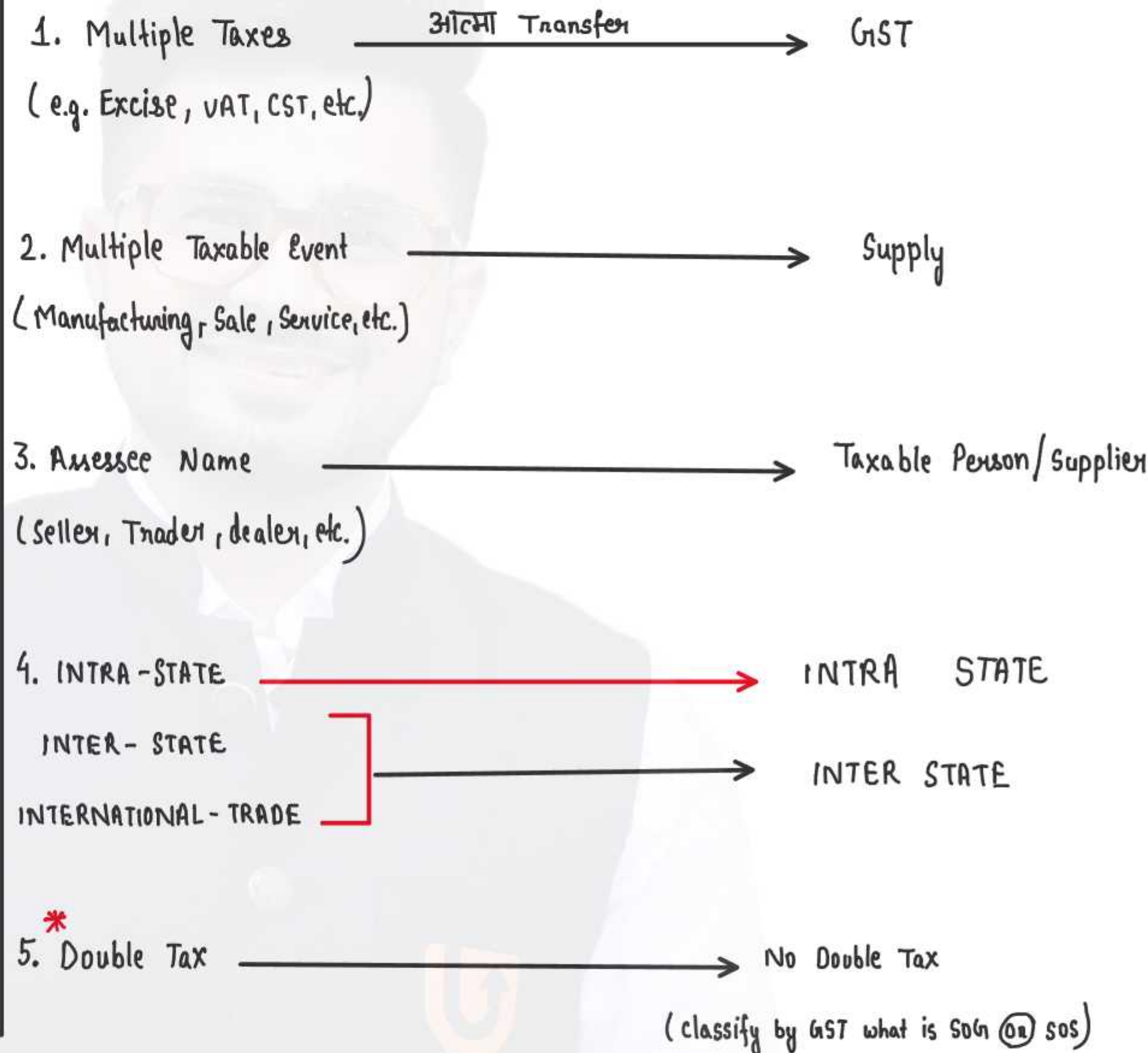
	INCOME TAX	GST
Name of Cess	Health & Education Cess	GST Compensation Cess
DOB	Finance Act 2018	GST Compensation Act , 2017
Levy On	TAX	VALUE
Nature	Direct Tax	INDIRECT TAX
Rate	4%	3% - 290%

Before Starting GST Discussion in Detail, we have to find out what were the Limitations in old System of IT?

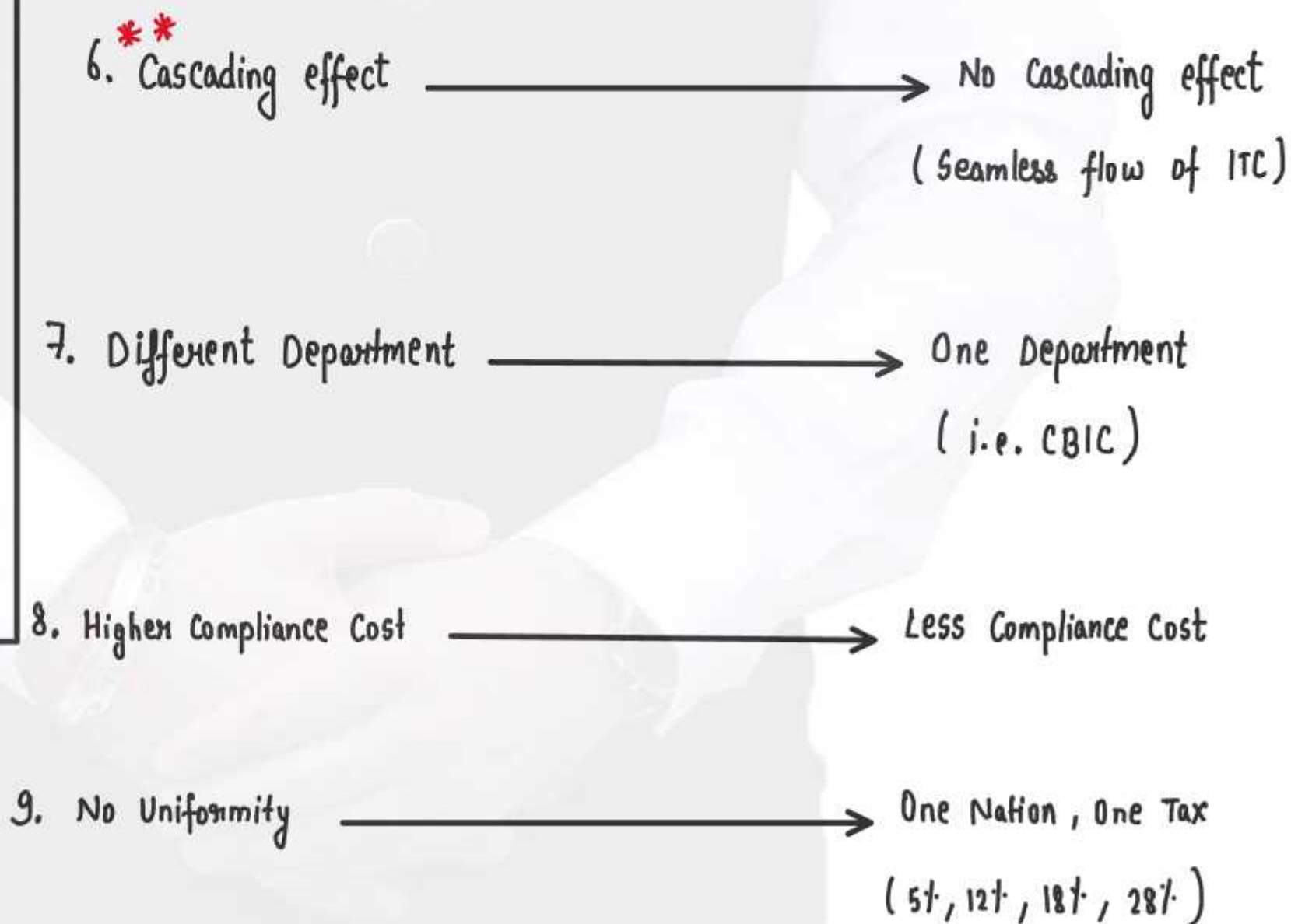
- Problems and Limitations in old System
- 1) Multiple Taxes
 - 2) Multiple Taxable event
 - 3) Cascading effect
 - 4) Double Taxation
 - 5) No Uniformity
 - 6) Classification Issue
 - 7) Different Departments
 - 8) Higher Compliance Cost, etc...

To Remove the mentioned Problems, GST was introduced in India

Picture After GST



* Double Tax	** Cascading effect
Value = 10,000	Value = 10,000
Excise duty = 1,000 @ 10% ① Tax	VAT = 1250 @ 12.5%
11,000	11,250
S. Tax = 1,500 @ 15% ② Tax	S. Tax = 1,688 @ 15%
12,500	12,938/-
① and ② = Double Tax	* Tax on Tax



Article-246A Special Provision with respect to GST

Article overruled = A-246 and A-254

Article - 246A

246A(1)

INTRA-STATE SUPPLY

Provision made by Parliament and State Assembly.

GST charge

C₁ GST + S₁ GST
C₁ GST + UT₁ GST

Payment to S₁ (Consumption state)

Payment to C₁. Payment to C₁.

246A(2)

INTER-STATE SUPPLY

Provision made by only PARLIAMENT.

GST charge

Only I₁ GST

Payment to C₁ but apportioned to S₁ as per A-269A.

Above GST is not applicable on the following Goods :

- ① Petroleum Crude
- ② High Speed diesel
- ③ Motor Spirit
- ④ Natural Gas
- ⑤ Aviation Turbine Fuel

GST on 5 Petroleum Products applicable on the date when GST Council will recommend.

* Meaning of INTRA - STATE SUPPLY and INTER - STATE SUPPLY

Section 8 of 16GST Act

A-246(1)

INTRA STATE SUPPLY

Where the,

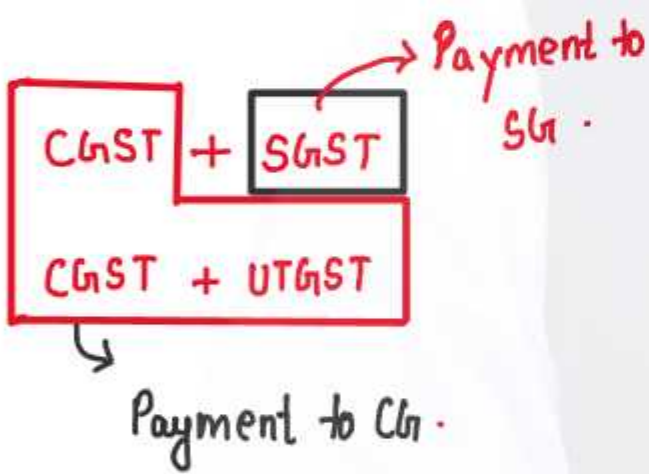
Location of Supplier

AND

Place of Supply



- Same State
- Same UT



Section 7 of 16GST Act

A-246A(2)

INTER-STATE SUPPLY

Where the,

Location of Supplier

AND

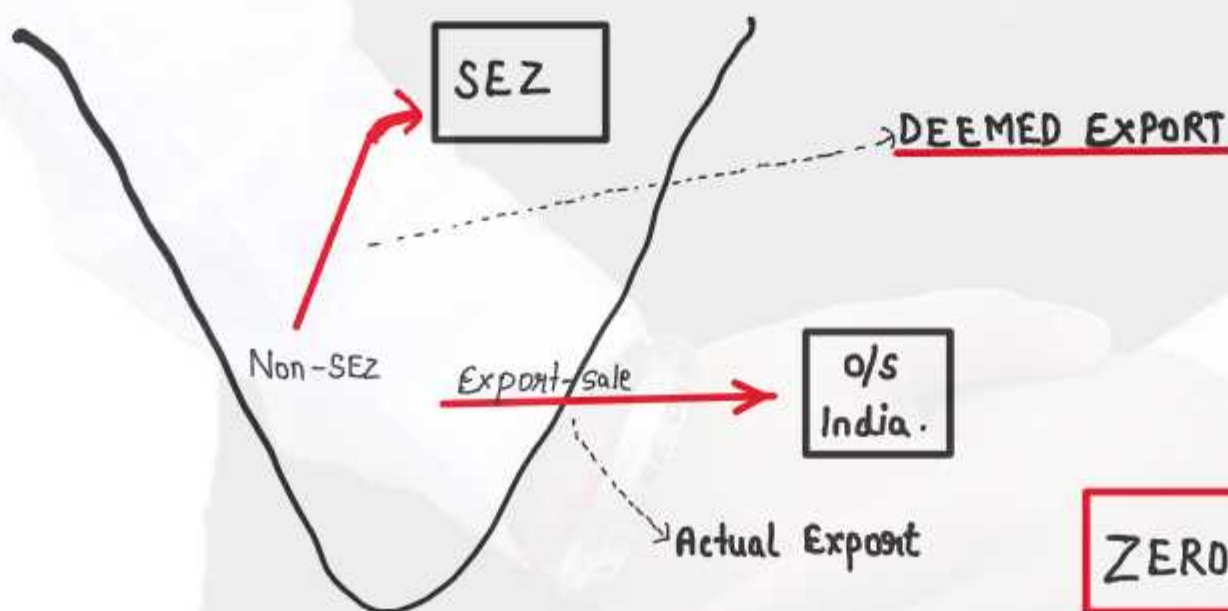
Place of Supply



- Two different States
- Two different UT
- Two different Countries
- One State One UT
- Supply to SEZ
- Supply by SEZ
- Supply to Tourists.

16GST → Payment to Ctr.

* Zero - Rated Supply [section 16 of 16GST Act]



ZERO RATED SUPPLY → NO GST

GOVT. THUMB RULE = Import the Goods HIGHER THE TAXES. Export the Goods NOT THE TAXES.

Example - (Section 7, 8, 16).

Location of a Supplier	Actual Supply	Place of Supply	Nature	GST
① DELHI	DELHI	DELHI	INTRA	CGST + SGST
② DELHI	DELHI	HARYANA	INTER	IGST
③ HARYANA	PUNJAB	HARYANA	INTRA	CGST + SGST
④ LADAKH	LADAKH	LADAKH	INTRA	CGST + UTGST
⑤ Jammu & Kashmir	J&K	J&K	INTRA	CGST + SGST
⑥ BIHAR	BIHAR	USA	INTER	EXPORT - ZRS
⑦ UTTARAKHAND (UK)	UK	PUNJAB	INTER	IGST
⑧ CHENNAI	MAHARASHTRA	JAPAN	INTER	EXPORT - ZRS
⑨ JAPAN	JAPAN	DELHI	INTER	IMPORT - IGST
⑩ HARYANA	HARYANA	HARYANA (SEZ)	INTER	EXPORT - ZRS
⑪ HARYANA (SEZ)	DELHI	DELHI	INTER	IMPORT - IGST
⑫ MAHARASHTRA	MAHARASHTRA	6NM (near MH)	INTRA	CGST + SGST
⑬ 6 NM (near MH)	6 NM (near MH)	8 NM (near Kerala)	INTER	IGST
⑭ GUJRAT	GUJRAT	164 NM (near GUJRAT)	INTER	IGST
⑮ 164 NM (near GUJRAT)	164 NM (near GUJRAT)	100 NM (near MH)	INTRA	CGST + UTGST

ACTUAL PLACE OF SUPPLY IS IR-RELEVANT and USELESS.

Article 270: Distribution of Taxes between Union and state.

- All of the Taxes and Duties referred in Union List.
- Shall be levied and Collected by Govt. of India.
- Shall be distributed between Union and State.

Amendment made after GST

- CGST Levied on Intra State Supply shall also be distributed among CG and SG.
- IGST component apportioned to Union shall also be distributed.

Name of Taxes	Payment to	Apportionment
INCOME TAX	CG	✓
CGST	CG	✓
SGST	SG	✗
UTGST	CG	✓
IGST	CG	<pre> IGST / \ CG SG / \ CG SG / \ CG SG </pre> <p>→ A-263A (for SG) → A-270 (for CG)</p>

Article 269A : Apportionment of IGST

Shall be apportioned between Union and State, Provided by Parliament, by Law on the recommendation of GST Council.

In Nutshell, IGST is Sum total of CGST and SGST.

UVI

Article 279A : Formation of GST Council

President \rightarrow within 60 days from 8/9/16.
(Formation of CAA, 101)

GST Council Formed \rightarrow 10/9/16

GST Council Notified \rightarrow 12/9/16

Total members in GST Council = 33 members

1. CHAIRPERSON \rightarrow UNION FINANCE MINISTER (1)
 2. MEMBER OF Cn \rightarrow UNION MINISTER OF STATE (1)
 3. MEMBER FROM S_n \rightarrow FM OF STATE OR OTHER NOMINATED (31)
 4. VICE CHAIRMAN \rightarrow ONE MEMBER FROM \uparrow
 5. Quorum Required \rightarrow Minimum 50%
 6. Voting in Favour \rightarrow 75% (3/4th)
 7. C_n share \rightarrow 1/3 ; 33.33%
 8. S_n share \rightarrow 2/3 ; 66.67%
- 33 Members

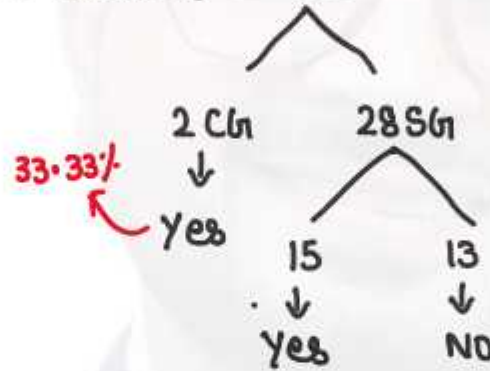
GST Council makes recommendations on the following:

- (1) Taxes to be Subsumed.
- (2) Goods/Services to be exempted from GST.
- (3) Apportionment of GST.
- (4) Special Rate for Specified Period.
- (5) Threshold limit of Turnover.
- (6) Special Provisions for Special Category States.

Example 1

Total members = 33

Members Present = 30



Solⁿ: Cn Share = 33.33%

Sn Share = $\frac{66.67}{28} \times 15 = 35.7\%$

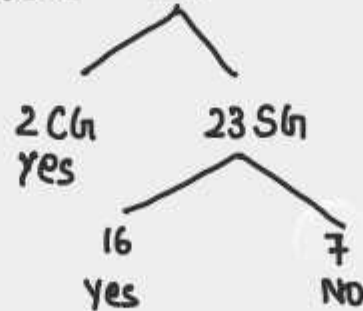
votes in favour = $33.33 + 35.72 = 69\%$
(Cn + Sn)

∴ Decision will not be approved as votes in favour is less than 75%

Example 2

Total members = 33

Members Present = 25



Solⁿ:

votes in favour: Cn Share = 33.33%

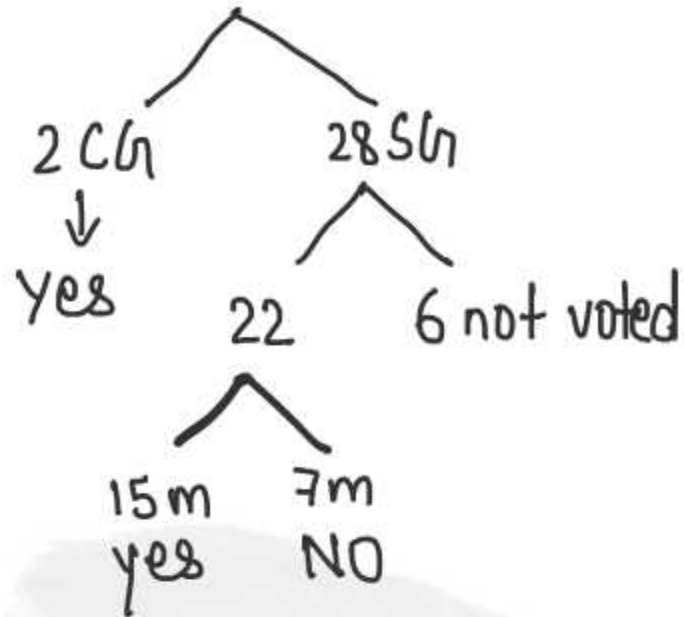
Sn Share = $\frac{66.67}{23} \times 16 = 47\%$

Total votes in favour = $47\% + 33.33\%$
 $= 80\%$

∴ Decision Approved, votes in favour > 75%

Example 3

Total members = 33
Members Present = 30



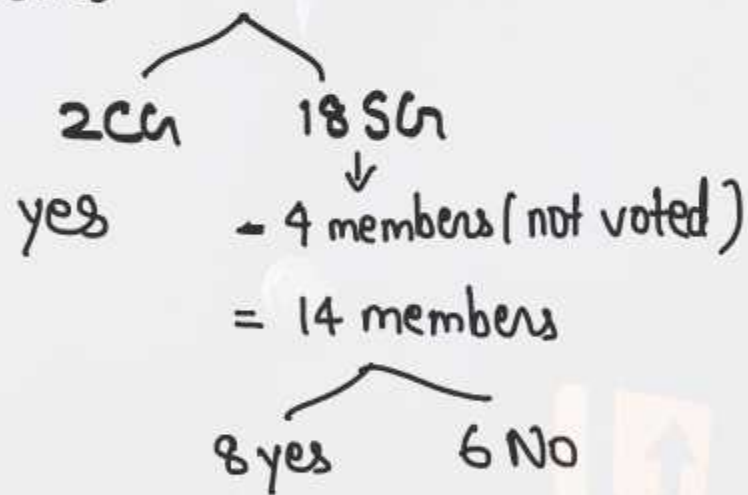
Solⁿ: votes in favour: Cln Share = 33.33%
Sln Share = $\frac{66.67}{22} \times 15 = 45\%$

Total votes in favour = 78%

Decision Approved, votes in favour $> 75\%$

Example 4

Total members = 33
Members Present = 20



Solⁿ: Cln Share = 33.33%
Sln Share = $\frac{66.67}{14} \times 8 = 38\%$

votes in favour = 71%

Decision not approved, votes in favour $< 75\%$

* Taxes Subsumed in GST : Total **17 Taxes**

Central level Taxes [9]

State - Level Taxes (8)

1. Tax on Sale or Purchase of Newspapers

2. Excise Duty levied under Medicinal & Toiletaries Preparation Act.

3. Additional duties on excise.

4. Excise Duty.

5. Service Tax.

6. Countervailing Duty.

7. Surcharge and Cess.

8. Special Additional Duty of Custom.

9. Central Sales Tax (CST)
except 5 Petroleum Products
and Alcohol.

1. VAT (Except 5 P.P. and Alcohol)

2. Entry Tax and OCTROI

3. Purchase Tax

4. Luxury Tax

5. Entertainment Tax

6. Tax on Advertisement.

7. State Cess and Surcharge

8. Taxes on
• Lottery
• Betting
• Gambling.



* Taxes not subsumed in GST

Central Taxes

1. Export Duty
2. Other Custom Duty like Anti-Duty.
3. Safeguard Duty
4. Basic Custom Duty
5. Excise Duty on S.P.P. and Alcohol.

STATE TAXES

1. Road and Passenger Tax
2. Toll Tax
3. Property Tax
4. Stamp Duty
5. Electricity Duty.
6. Professional Tax.
7. Mandi Tax.

GST

FOCUS AREA : Tobacco and Tobacco Products would be subject to GST. In Addition to GST, Central Govt. would have the power to levy Central excise duty (i.e. Double Taxation).

Goods	GST	EXCISE DUTY	VAT	CST
1) Alcoholic Liquor for H.C.	NO	Yes (state Excise)	Yes (state VAT)	Yes
2) OPIUM/INDIAN HEMP/NARCOTICS	Yes	Yes (State Excise)	NO	NO
3) 5 Petroleum Products	NO	Yes (Central Excise)	Yes (state VAT)	Yes
4) Tobacco & Tobacco Products	Yes	Yes (Central Excise)	NO	NO
5) other goods	Yes	NO	NO	NO

Benefits of GST

To Govt : ① Unified Common National market .

② Boost to Exports .

③ Boost to 'MAKE IN INDIA' .

④ Increase in Revenue .

To Trade/Business : ⑤ Simpler Taxation System .

⑥ Easy / Less Compliance .

⑦ Ease of doing business .

⑧ Increase in Revenue of business .

To Consumer : ⑨ Reduction in Price of Goods/Services .

⑩ Reduction in Cascading .

⑪ Reduction in Double - Tax .

➤ Background of GST

1. GST was first levied by FRANCE in 1954.
2. Last Country to adopt GST is MALAYSIA
3. GST is Destination/Consumption based Tax.
4. India has the highest Rate of GST in world i.e. 28% and next Highest Rate is in ARGENTINA i.e. 27%
5. GST is technically Paid by Supplier but is actually Paid by Consumer.
6. Indian GST has 5 Rates under GST applicable on All Goods (on) Services except ^{*} Some Specified Goods.
(0% 5% 12% 18% 28%)

* Precious Metal like Gold, Silver = 3%

Rough Diamond = 0.25%

➤ Model of GST

- 1) Australian Model
- 2) Canadian Model → Followed in India
- 3) Kelkar - Shah Model
- 4) Bagchi - Podder Model

NOTE :

1. India follow dual GST model i.e. CGST+SGST.
2. Brazil and Canada also follow dual GST Model.
3. There is a Special Purpose vehicle called "GSTN" to cater IT needs.
 - # GSTN = Goods and Services Tax Network (100% Govt. Owned)
 - # GSTIN = Goods and Services Tax Identification Number (15 Digit Alpha-Numeric Code).

Taxation Principles under GST

There are 2 Principles of Taxation :

1) Destination Principle

2) Origin Principle

GST is based on Destination Principle.

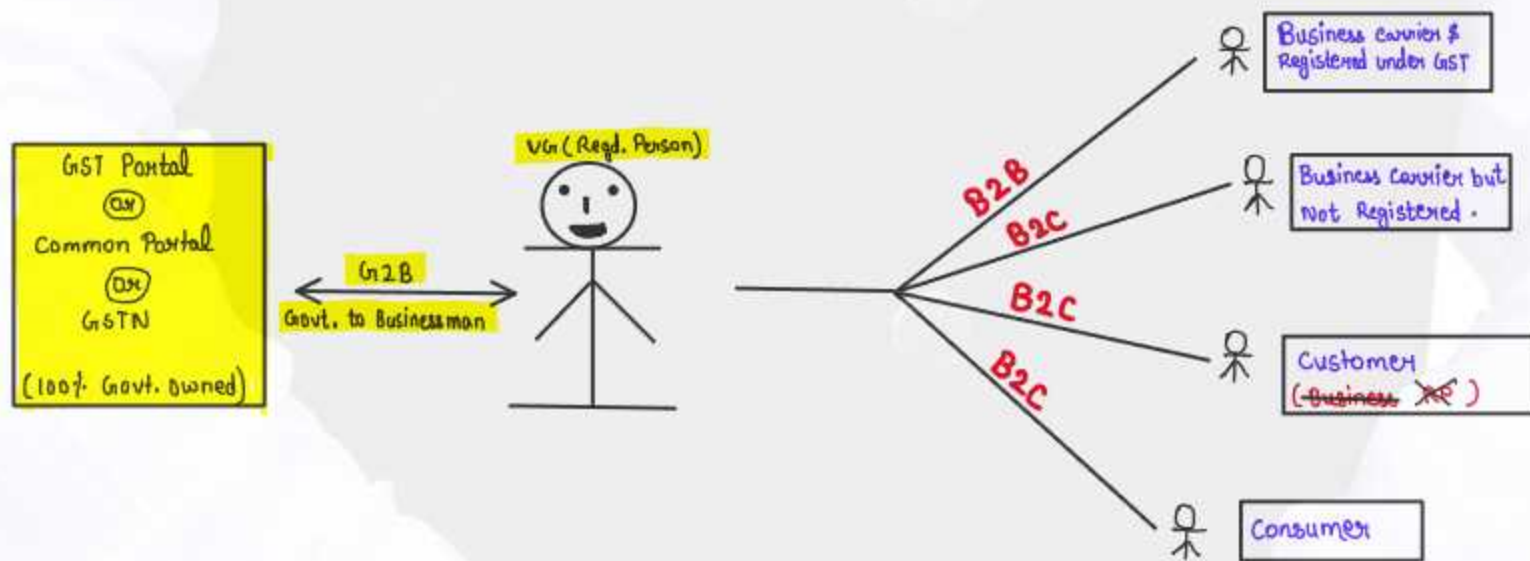
Q. What is GSTN and its role in GST along with the functions of GSTN ?

→ GSTN stands for Goods and Services Tax Network (GSTN).

GSTN is a Not for Profit, limited by Shares, 100% Govt. Company wholly owned by Cb and Sg. GSTN has been set-up for providing shared IT infrastructure and services to Cb, Sg, Taxpayers and other stakeholders.

GST Portal is referred as "Common Portal". The Portal is the Taxpayer Interface with Govt (i.e. G2B Portal).

Important Point



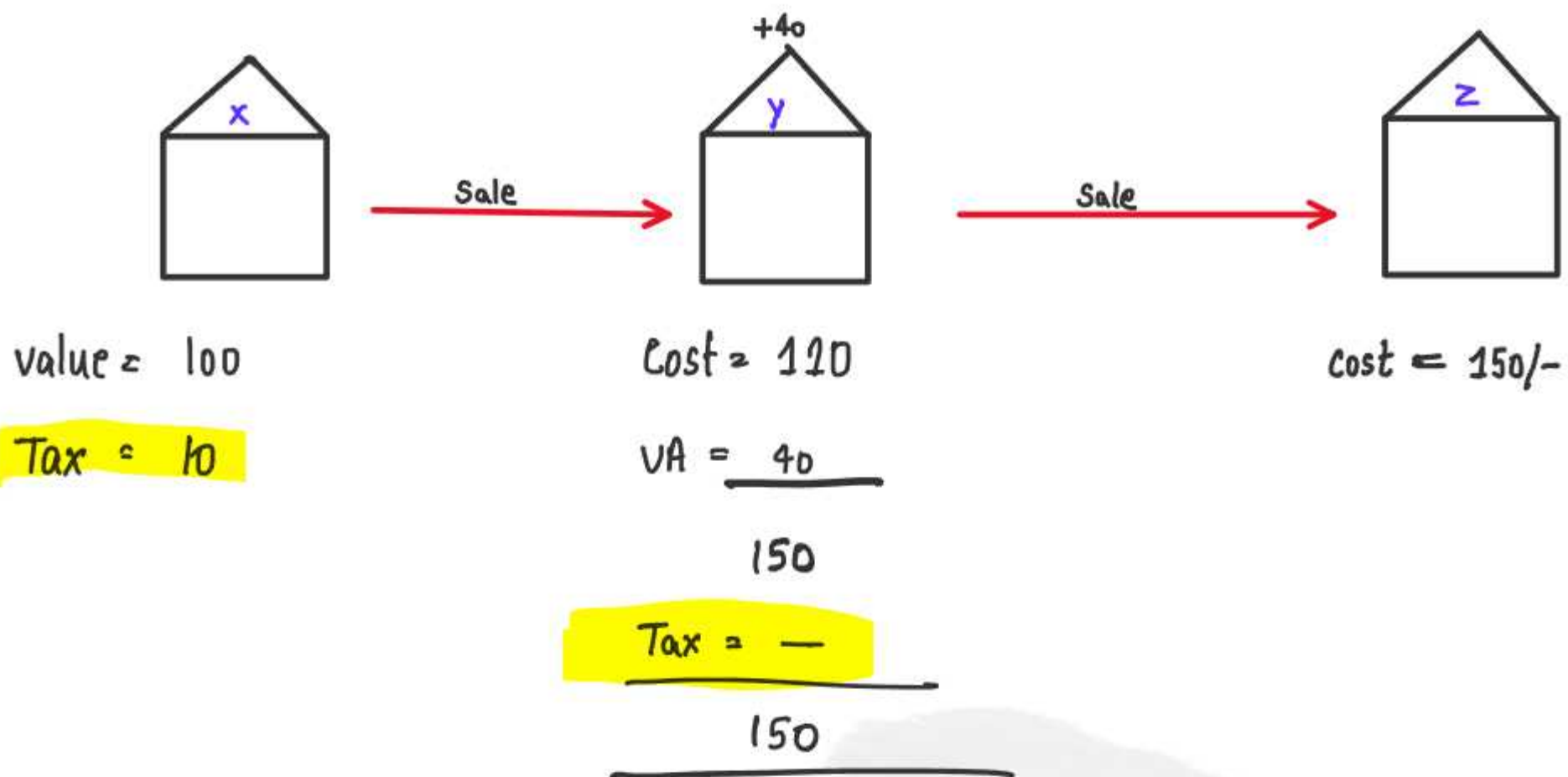
→ Some important Functions Performed by GSTR :

- ① Facilitation of Registration
- ② Payment of GST
- ③ Return filing under GST
- ④ Maintenance of Ledgers of Taxpayers.
- ⑤ Matching of ITC.
- ⑥ Distribution/ Apportionment of IGST.
- ⑦ Sharing Information in Taxpayer Return with Cb/Sr.
- ⑧ Computation and settlement of IGST.
- ⑨ Providing time to time Report to Cb/Sr.

→ System of Tax collection (worldwide).

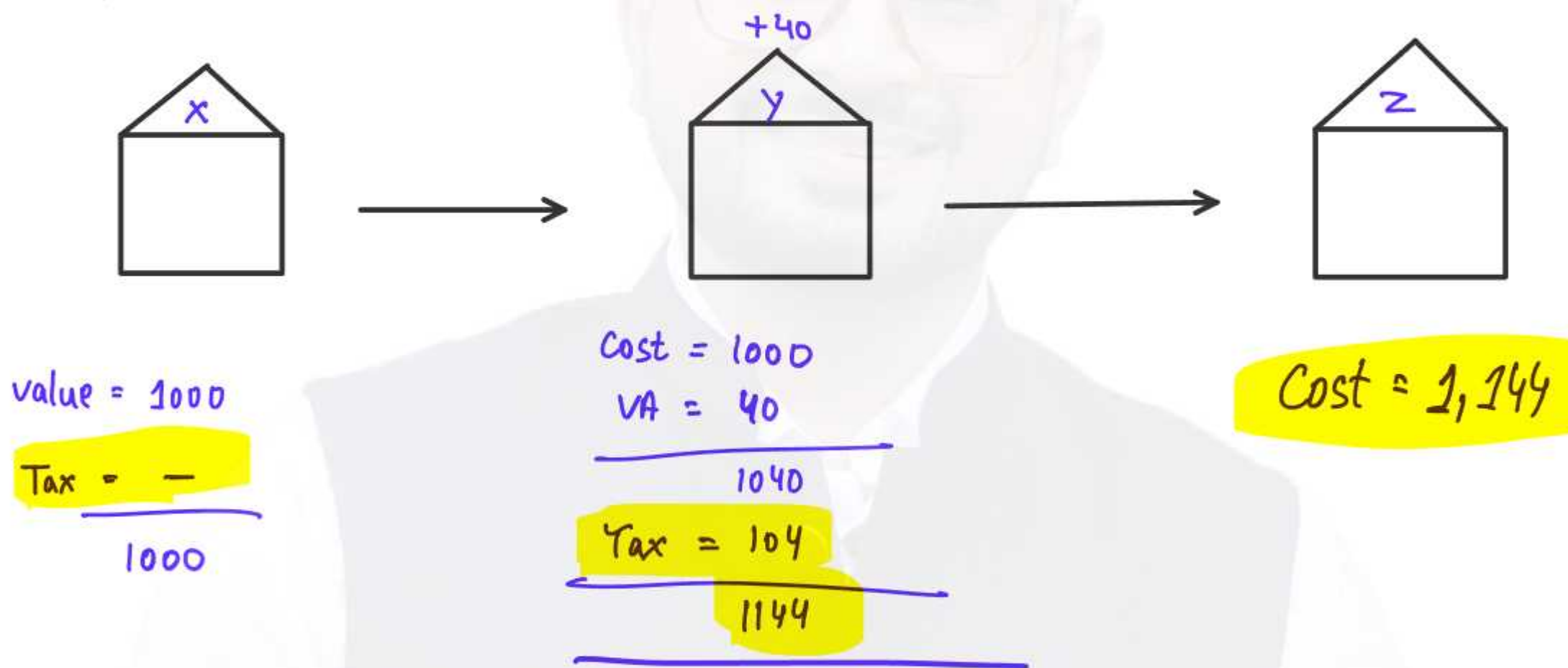
1. First Point Collection
2. Last Point Collection
3. Multipoint Collection
4. Multipoint Collection with ITC.

1. FIRST POINT COLLECTION



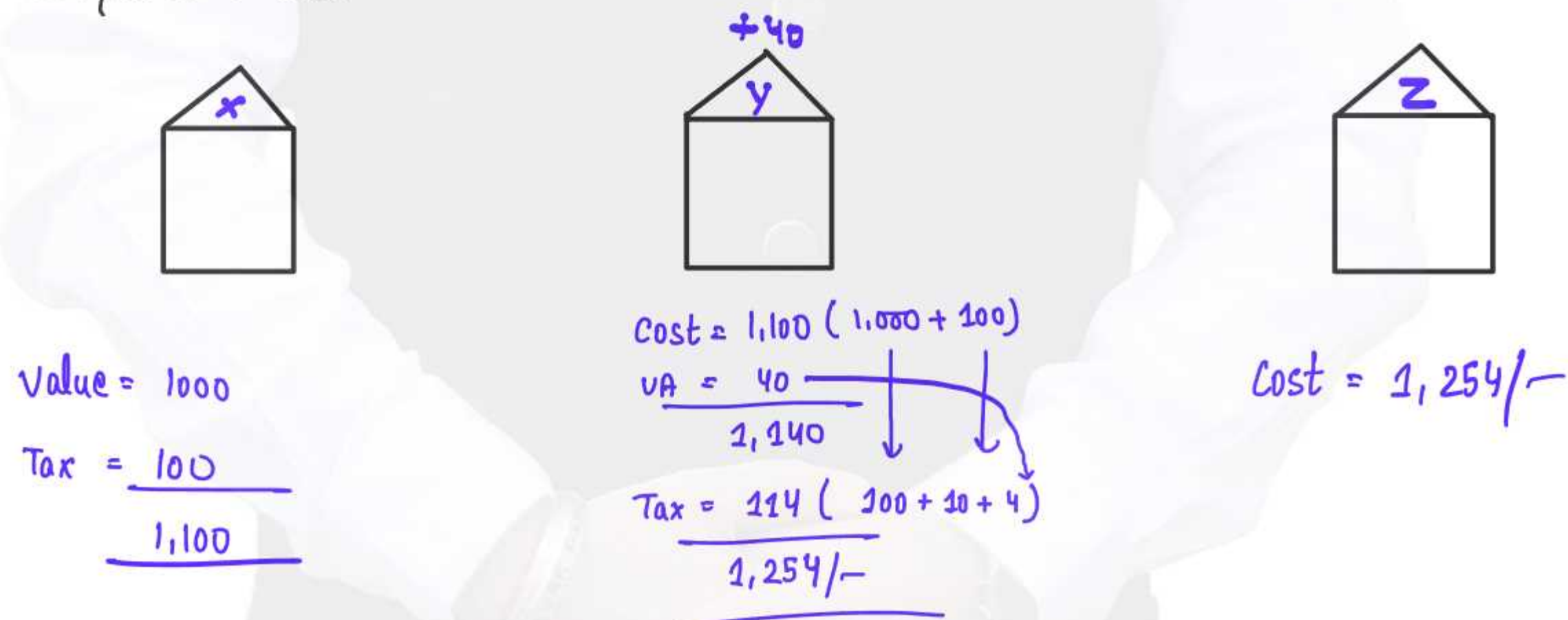
Not followed in India

2. Last point Collection



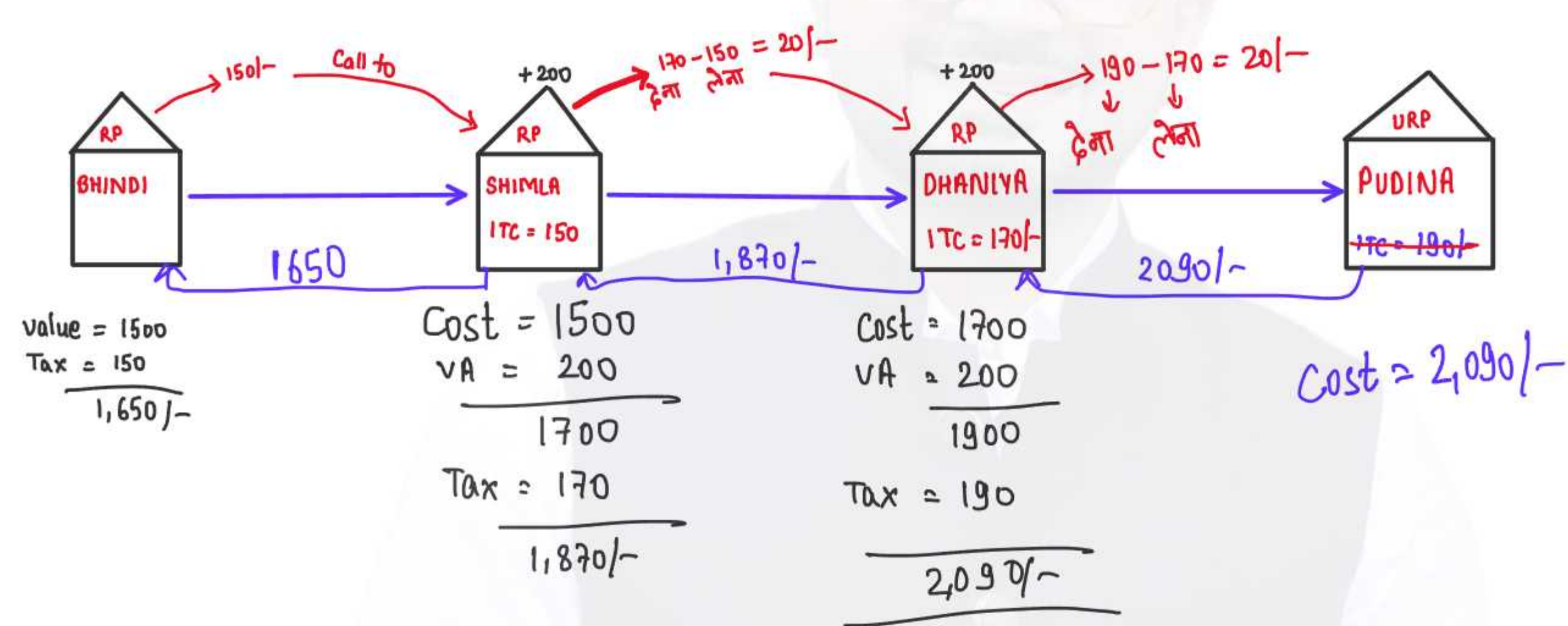
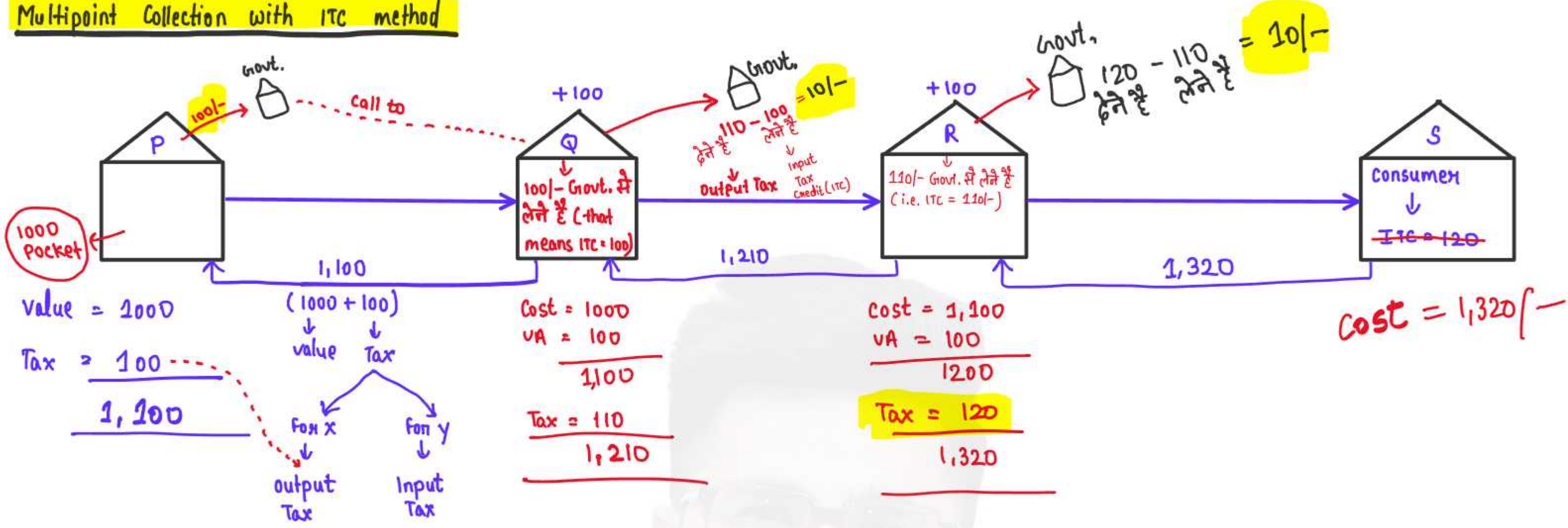
Not followed in India

3. Multipoint Collection



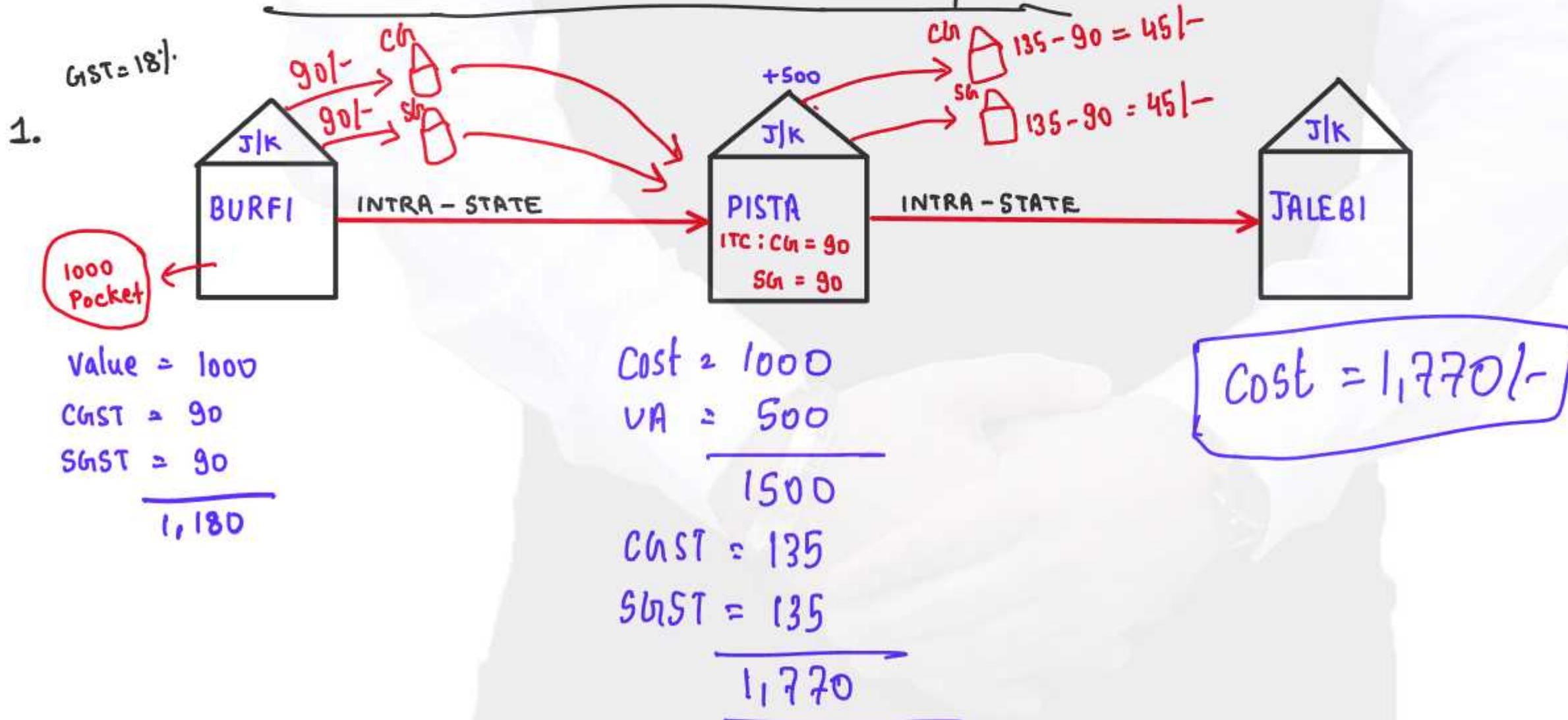
Not followed in India Since Cascading Exist.

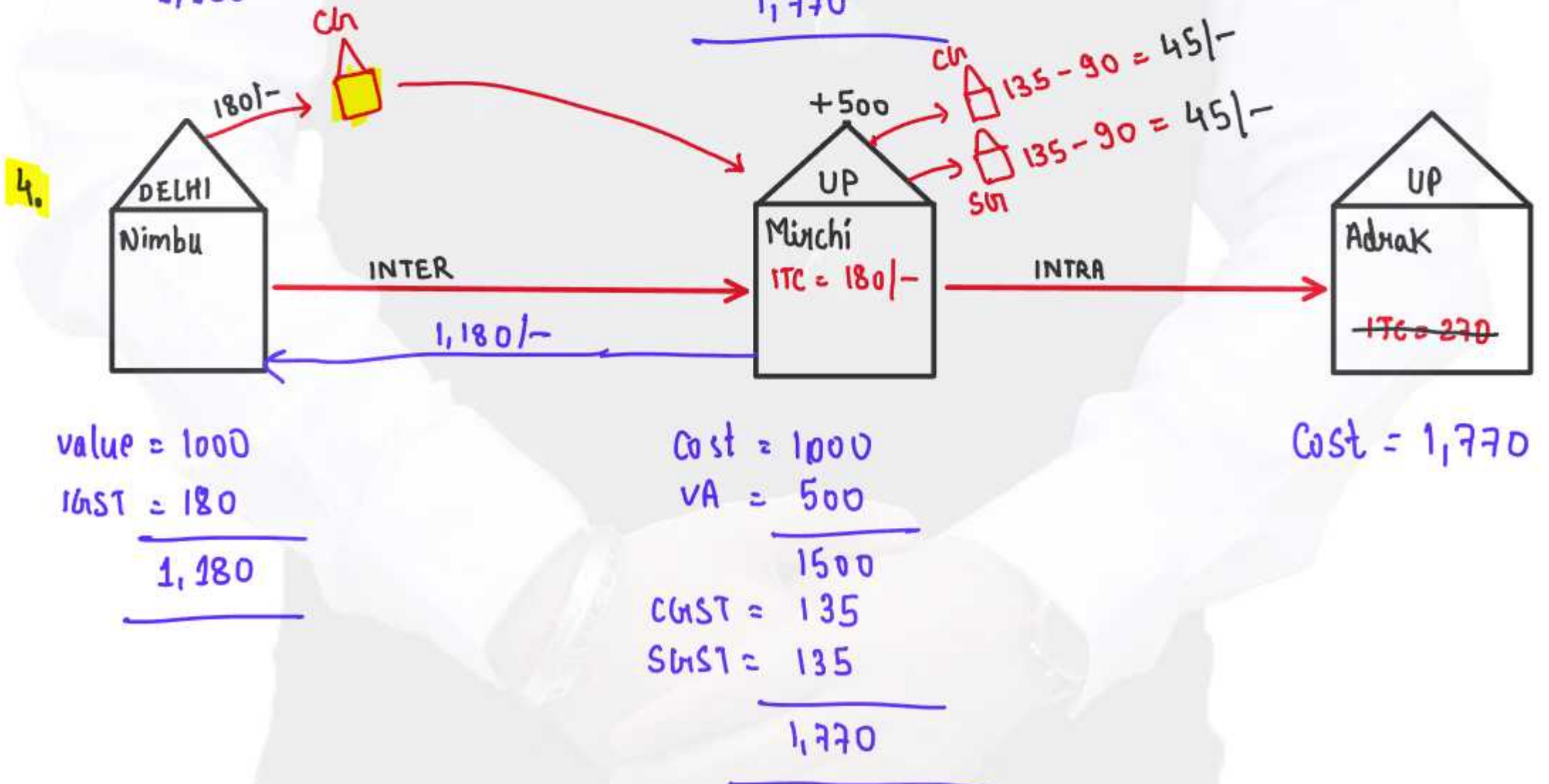
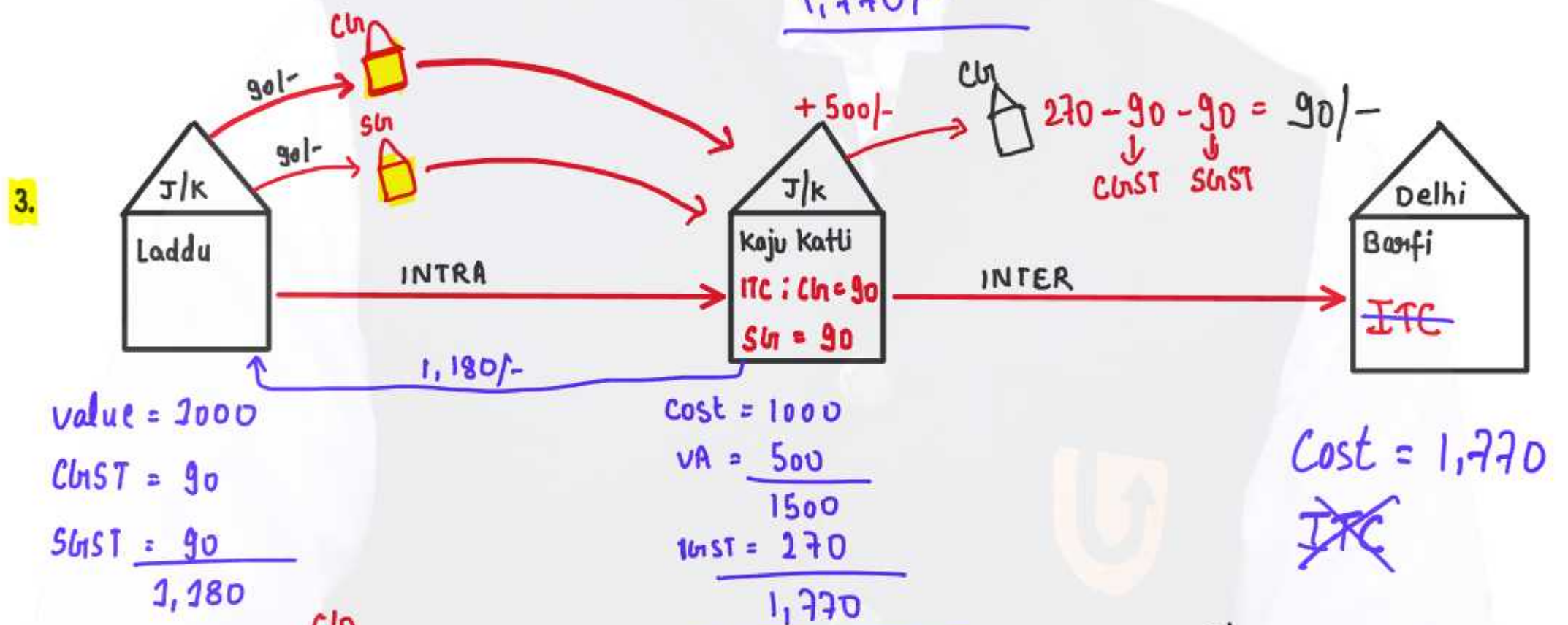
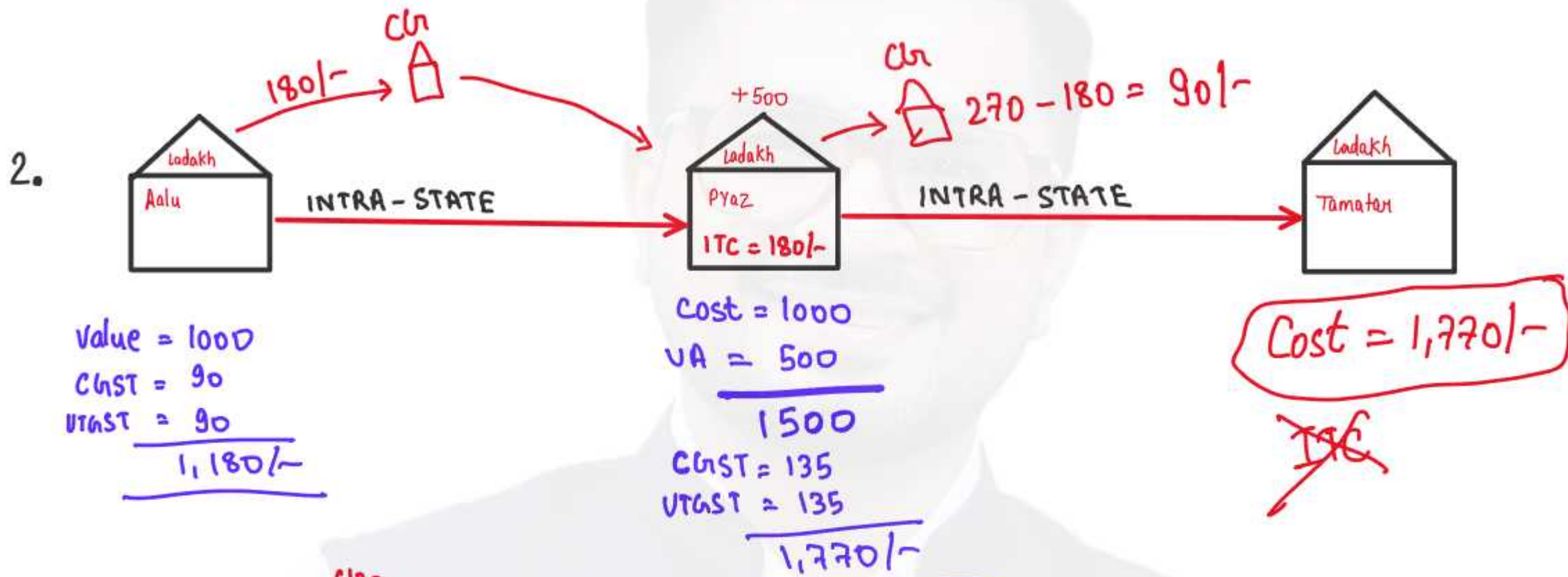
4. Multipoint Collection with ITC method



GST is VALUE ADDED TAX.

Let's understand this with Examples





NOTE: IGST utilized in equal Ratio (i.e. 50% in CGST and 50% in SGST).

Order & Manner of ITC Utilisation

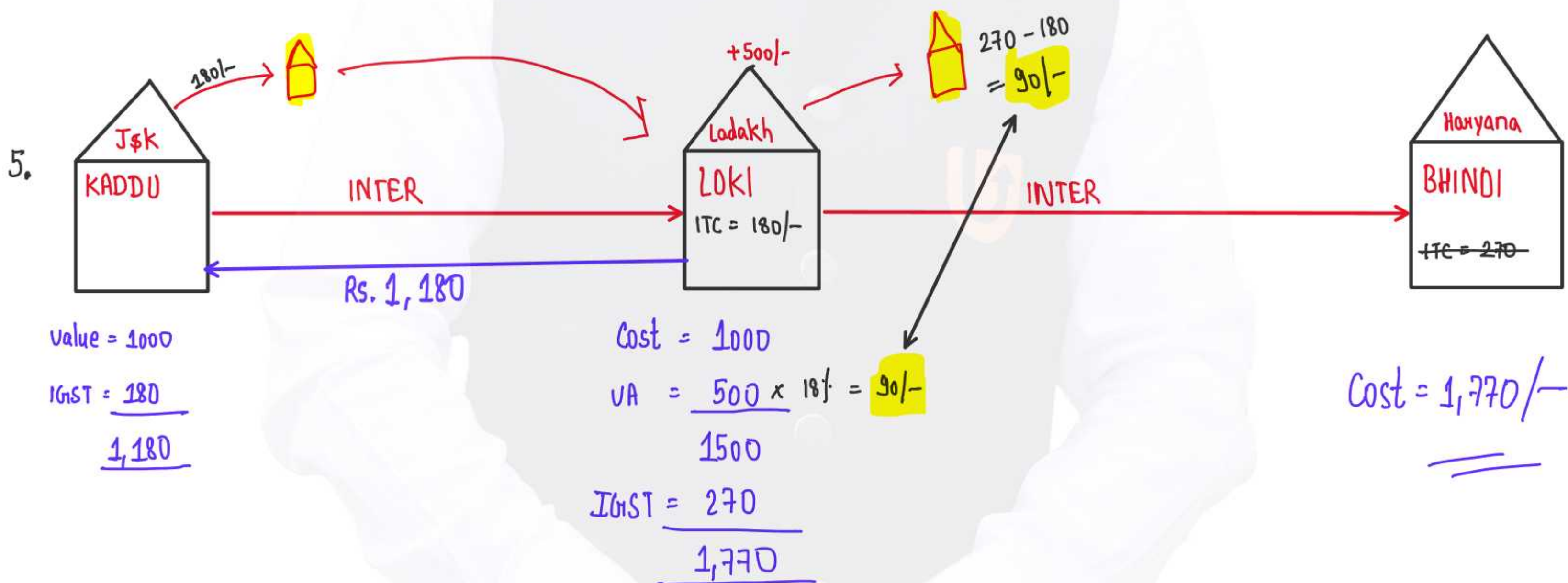
Section 49 Read with Rule-88A

- ① I GST Credit can be utilised for the Payment of Ist I GST, then C GST (or) S GST at any manner, at any Ratio.
- ② C GST credit can be utilised for the payment of Ist C GST, then I GST.
- ③ S GST Credit can be utilised for the Payment of Ist S GST, then I GST.
- ④ U GST Credit can be utilised for the Payment of Ist U GST, then I GST.

NOTE: C GST Credit can't be utilised for the payment of S GST/U GST (or) vice-versa.

Crux of Manner and Order of ITC Utilisation

Order of Utilisation	Manner of Utilisation	
	Credit	Payment
I	I GST	I st I GST 2 nd C GST (or) S GST
II	C GST	I st C GST 2 nd I GST
III	S GST	I st S GST 2 nd I GST



6.	ITC CREDIT	GST Payment
IGST	1,20,000	95,000
CGST	80,000	70,000
SGST	80,000	90,000

Compute Net GST liability after the utilisation of ITC

Ans Computation of Net GST liability

Particulars	IGST	CGST	SGST
GROSS GST liability	95,000	70,000	90,000
(-) Input Tax credit			
1) IGST	(95,000)	(15,000)	(10,000)
2) CGST	-	(55,000)	-
3) SGST	-	-	(80,000)
Net GST liability	Nil	Nil.	Nil
ITC c/f	Nil	25,000	Nil

Working Notes

1) we will exhaust 1st IGST in the following manner:

1st = Payment of IGST (i.e. 95,000)

2nd = Payment of SGST (i.e. 10,000)

3rd = Payment of CGST (i.e. 15,000)

2) we will exhaust 2nd CGST in the following manner

1st = Payment of CGST (i.e. 55,000).

Balance Credit of Rs. 25,000 can be c/f.

3) we will exhaust 3rd SGST in the following manner

1st = Payment of SGST (i.e. 80,000)

No Balance ITC.

7. Compute Net GST liability after utilisation of ITC on the basis of following details:

Particulars	ITC	Payment
1GST	1,85,000	1,27,000
CGST	82,000	1,10,000
SGST	90,000	1,40,000

Ans Computation of Net GST liability

Particulars	1GST	CGST	SGST
GROSS GST liability	1,27,000	1,10,000	1,40,000
(-) Input Tax Credit			
1) 1GST	(1,27,000)	(28,000)	(30,000)
2) CGST	-	(82,000)	-
3) SGST	-	-	(90,000)
Net GST liability	Nil.	Nil.	20,000
ITC C/F	Nil.	Nil.	Nil.

Working Notes

1. We will exhaust 1st 1GST credit in the following manner:

1st = Payment of 1GST (i.e. 1,27,000)

2nd = Payment of CGST (i.e. 28,000)

3rd = Payment of SGST (i.e. 30,000)

2. We will exhaust 2nd CGST credit completely for the Payment of CGST (i.e. 82,000)

3. We will exhaust 3rd SGST credit completely for the Payment of SGST (i.e. 90,000)

Net liability of SGST = Rs. 20,000.

8. a) Mr. Kaddu (UP) purchase Goods from Mr. Bhindi (Delhi) for ₹ 11,80,000 (incl. 18% GST).
 b) Mr. Kaddu (UP) Purchase Goods from Mr. Minchi (UP) for ₹ 12,00,000 and Paid GST @ 5% Separately.
 c) Mr. Kaddu Sold Goods to Mr. Pyaz (UP) after 10% value addition and charge GST @ 12%.

Ans Computation of GROSS GST Liability

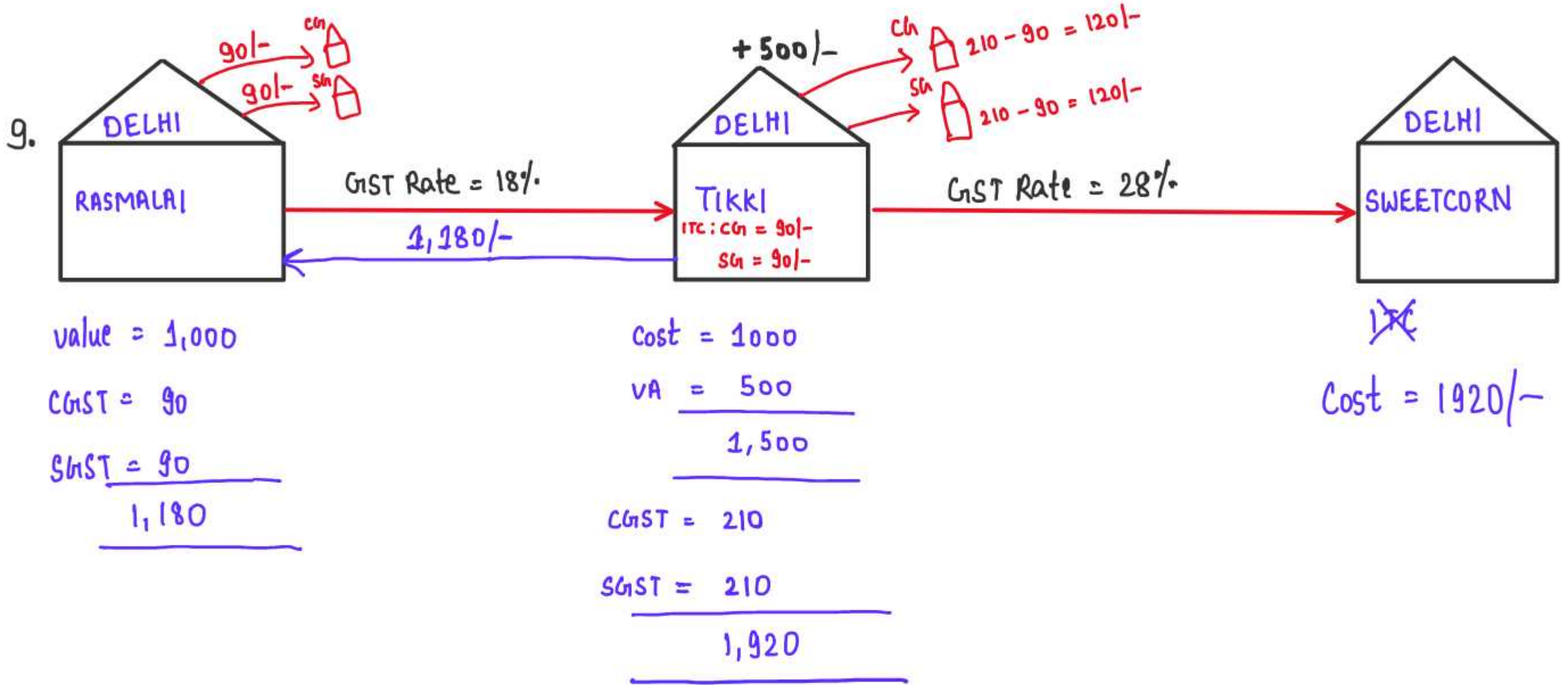
	IGST	CGST	SGST
INTRA - STATE SUPPLY (Total Cost = 22,00,000 + VA = 2,20,000 24,20,000 CGST @ 6% = 1,45,200 SGST @ 6% = 1,45,200 27,10,400	-	1,45,200	1,45,200
GROSS GST Liability	Nil.	1,45,200	1,45,200

Computation of Input Tax Credit

	IGST	CGST	SGST
1) Inter State Purchase $\left[\frac{11,80,000}{118} \times 18 \right] = 1,80,000$	1,80,000	-	-
2) Intra - State Purchase $12,00,000 \times 2.5\% = 30,000$ $12,00,000 \times 2.5\% = 30,000$	-	30,000	30,000
	1,80,000	30,000	30,000

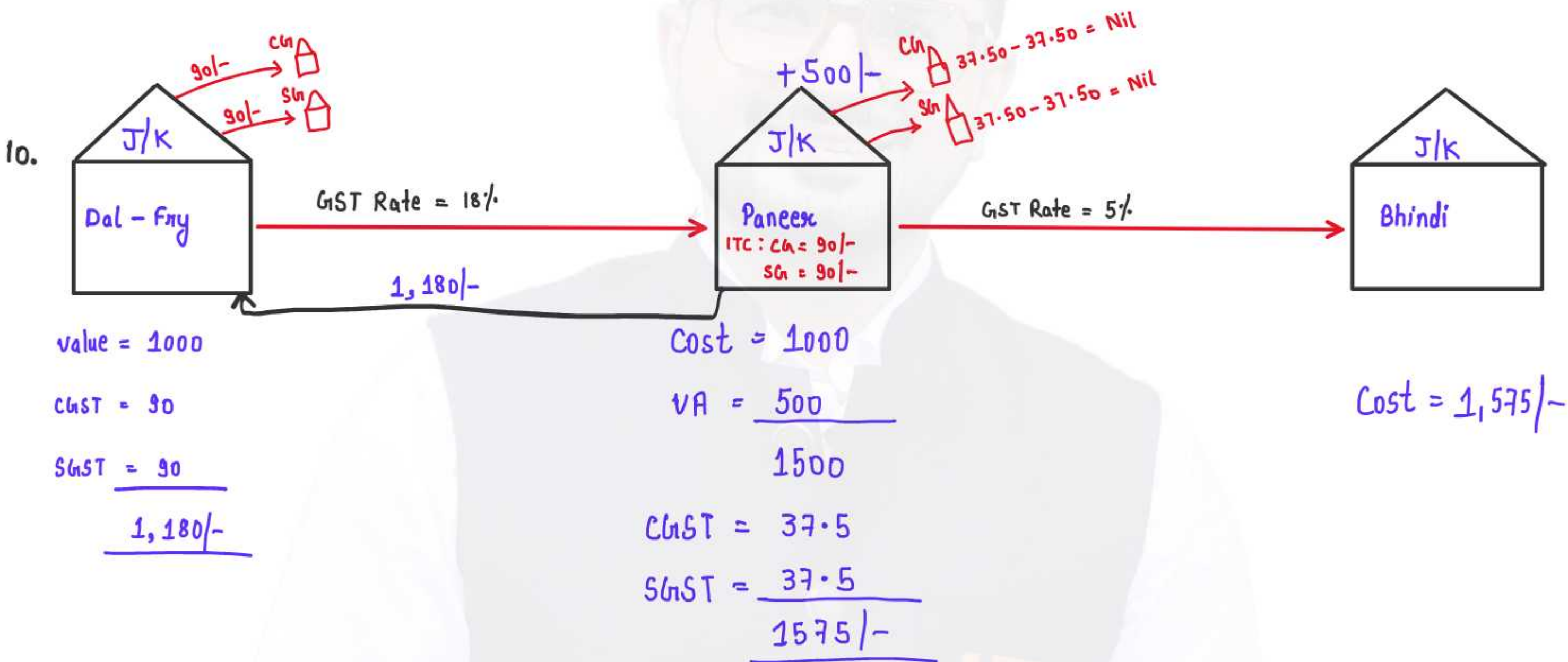
Computation of Net GST Liability

	IGST	CGST	SGST
GROSS GST Liability	Nil.	1,45,200	1,45,200
(-) Input Tax Credit			
1) IGST (50% CGST, 50% SGST)	-	(90,000)	(90,000)
2) CGST	-	(30,000)	-
3) SGST	-	-	(30,000)
Net GST Liability	Nil.	25,200	25,200



Cross-Verification of ₹ 240

500 New value addition × 28% = 140
1000 old value × 10% Rate increase = 100
(28% - 18%)
240



Cross-verification

CGST = 90 - 37.50 = 52.50/-

SGST = 90 - 37.50 = 52.50/-

Excess ITC = 105/-

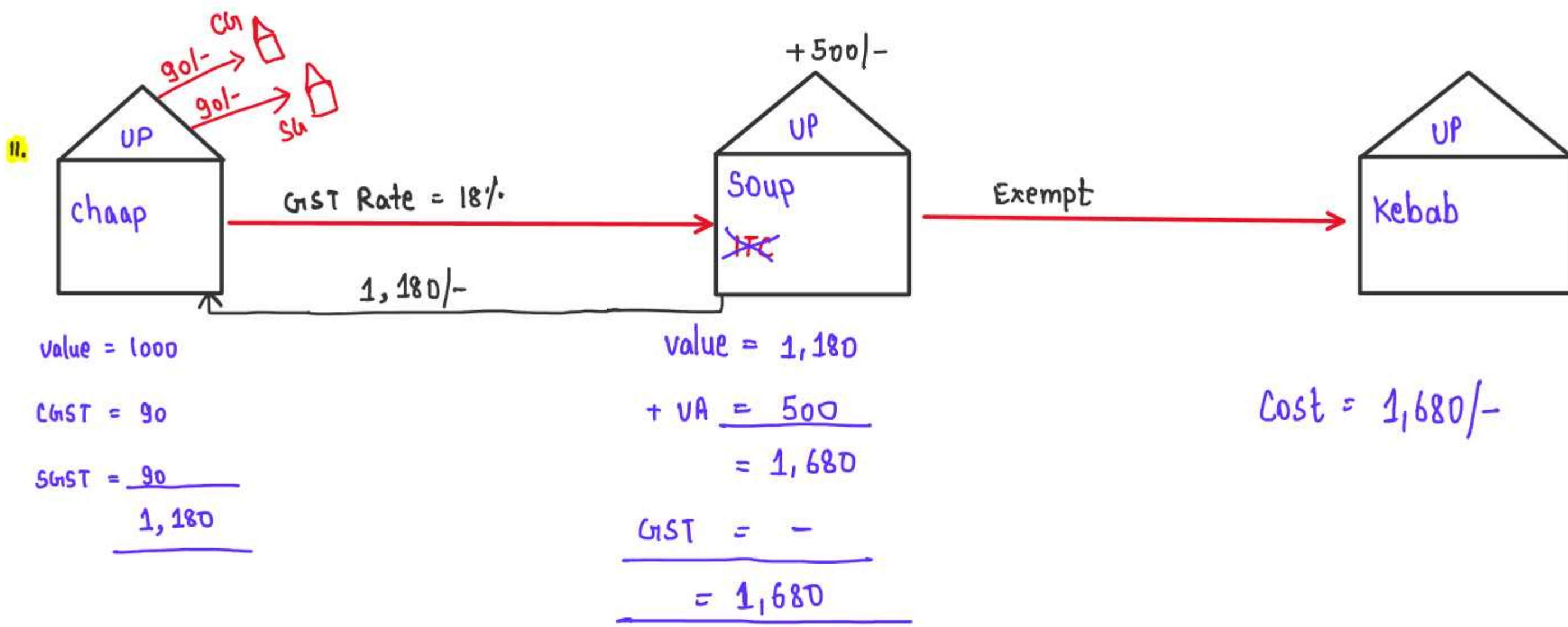
1000 × 18% = 180 Pay किया था

1000 × 5% = 50 देना चाहिए था

Excess Payment = 130 Eligible for Refund

(-) GST Payable on VA = (25)
(500 × 5%)

105 - Eligible for Refund



Govt. Says under GST

तुम मुझे 'खून' दी
मैं तुम्हें 'आजादी' दूँगी

- खून मतलब GST
- आजादी मतलब ITC

CRUX - अगर आगे (outward supply) खून/GST है
तो पीछे (Inward supply) के GST का ITC मिलेगा

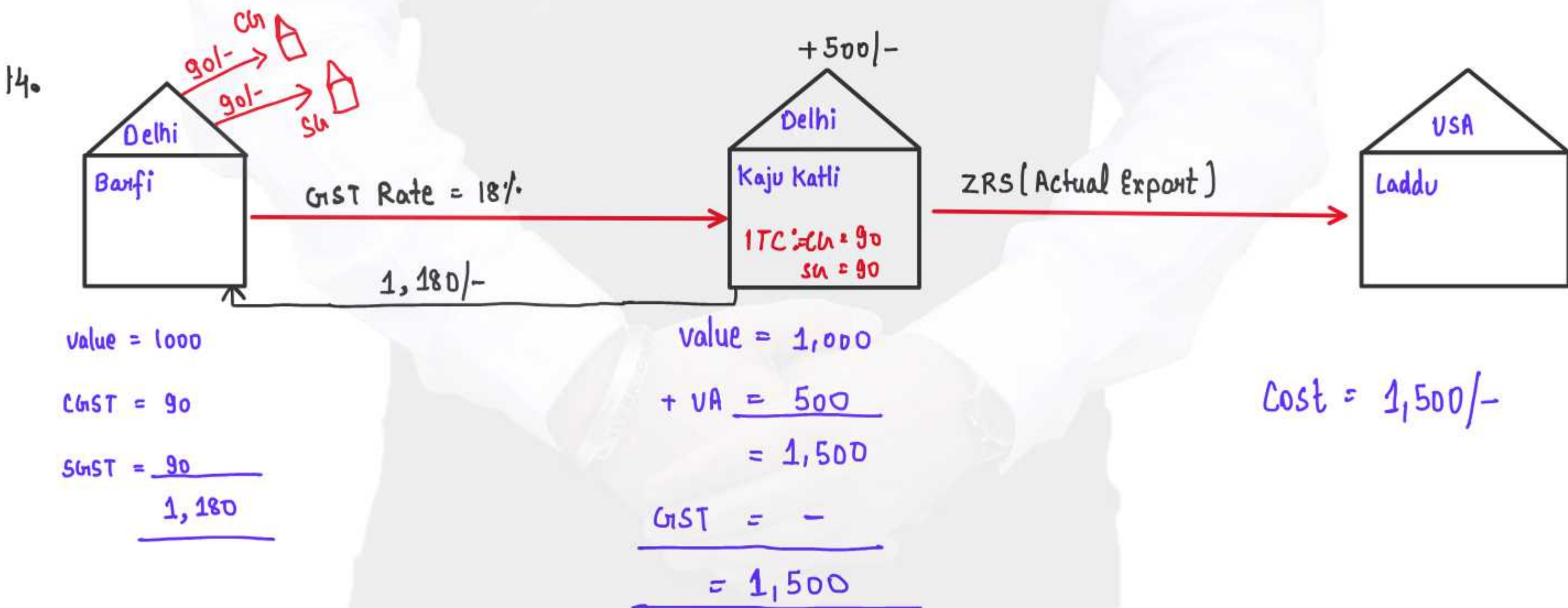
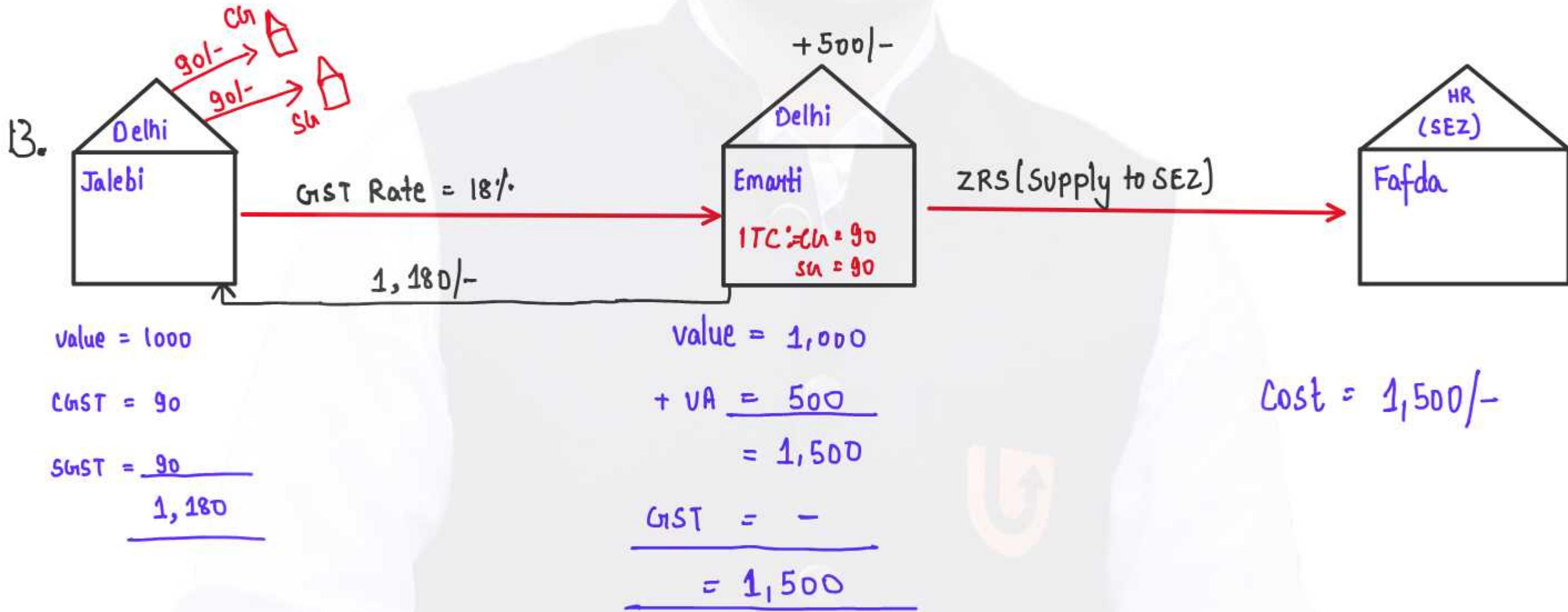
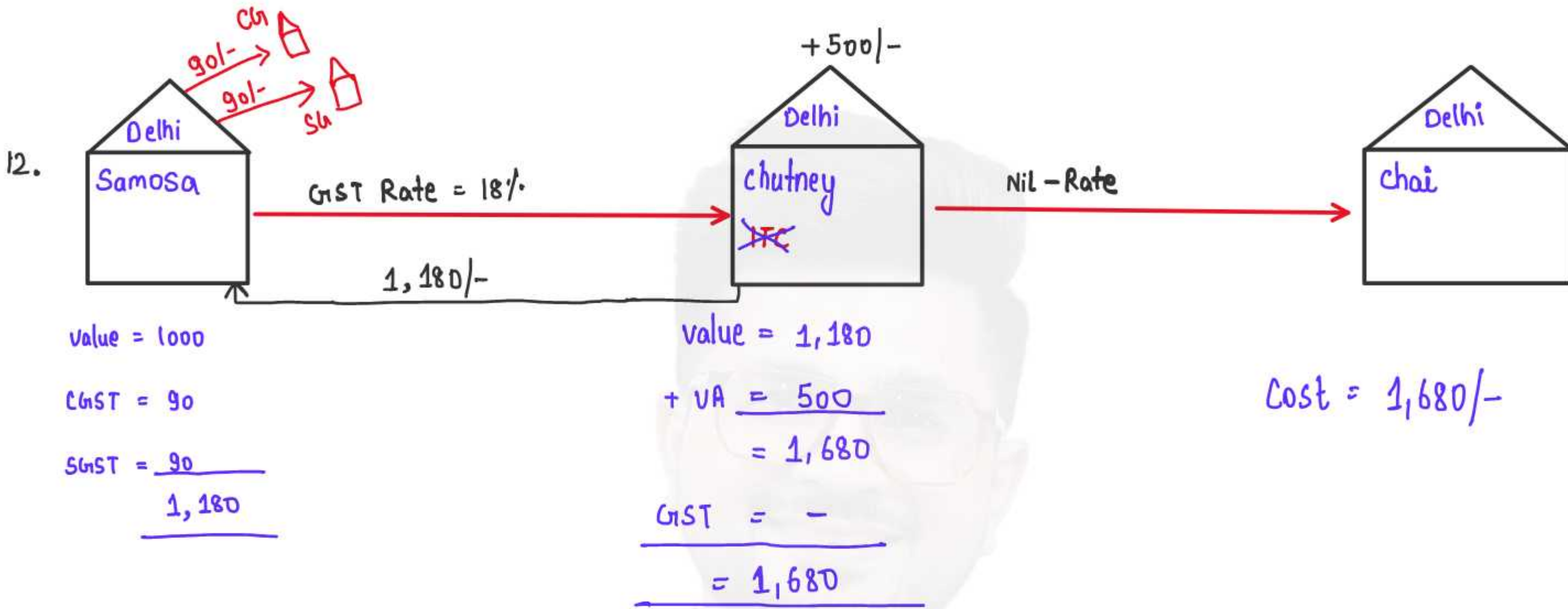
Exception of Above Provision

ZERO RATED SUPPLY (i.e. Export or Supply to SEZ).

↳ आगे NO खून (GST)
But ITC Available } → Assessee can claim Refund.

Reason of NO Tax/GST Payable on outward Supply

<u>Outward Supply</u>	<u>Availability of ITC</u>
Exempted	X
Nil Rated	X
Non Taxable	X
Export (i.e. ZRS)	✓
Supply to SEZ (i.e. ZRS)	✓



15. a) Mr. Nimbu (UP) purchase Goods A from Mr. Kaddu (UP) for ₹ 11,55,000 (incl. 5% GST)

b) Mr. Nimbu purchased Goods B from Mr. Pyaz (DELHI) for ₹ 12,00,000 & 18% GST Paid Separately.

c) Mr. Nimbu Sold Goods A to Ms. Mirchi (UP) after 10% value addition and GST Rate is 5%.

d) Mr. Nimbu Sold Goods B to Mr. Adrak (Delhi) after 5% value addition and due to notification Rate would be Nil on Such Supply.

Computation of Gross GST Liability

	IGST	CGST	SGST
Intra - State Supply Cost = 11,00,000 + VA = 1,10,000 <u>12,10,000</u> CGST @ 2.5 = 30,250 SGST @ 2.5 = 30,250 <u>12,70,500</u>	-	30,250	30,250
INTER - STATE SUPPLY Cost = 14,16,000 VA = 70,800 <u>14,86,800</u> GST = - (Nil Rated Supply) Final Price = 14,86,800	-	-	-
GROSS GST Liability	Nil.	30,250	30,250

Computation of Input Tax Credit

	IGST	CGST	SGST
1) Intra - State Purchase $\left(\frac{11,55,000}{105} \times 5 \right) = 55,000$ CGST = 27,500 SGST = 27,500	-	27,500	27,500
2) Inter State Purchase (IGST Paid by Nimbu but NO ITC is available as further Supply is Nil - Rated)	-	-	-
	-	27,500	27,500

Computation of Net GST Liability

	IGST	CGST	SGST
GROSS GST Liability	Nil.	30,250	30,250
(-) Input Tax Credit			
1) IGST	-		
2) CGST	-	(27,500)	
3) SGST	-		(27,500)
Net GST Liability	Nil.	2,750	2,750

16. a) Mr. Kaddu (UP) purchase Goods A from Mr. Pyaz (UP) for ₹ 17,92,000 (incl. 28% GST)

b) Mr. Kaddu purchased Goods B from Mr. Nimbu (Delhi) for ₹ 11,80,000 (incl. 18% GST)

c) Mr. Kaddu Sold Goods A to Mr. Aalu (HRJ) after 10% value addition and GST Rate is 5%

d) Mr. Kaddu Sold Goods B to Ms. Broccoli (USA) after 5% value addition and GST Rate is 5%

Computation of GROSS GST Liability

	IGST	CGST	SGST
INTER-STATE SUPPLY (Cost = 14,00,000 + VA = 1,40,000 <u>15,40,000</u> IGST = 77,000 <u>16,17,000</u>	77,000	—	—
INTER-STATE SUPPLY (ZRS) (No Liability because further supply is Export i.e. Zero Rated Supply)	—	—	—
GROSS GST Liability	77,000	—	—

Computation of Input Tax Credit

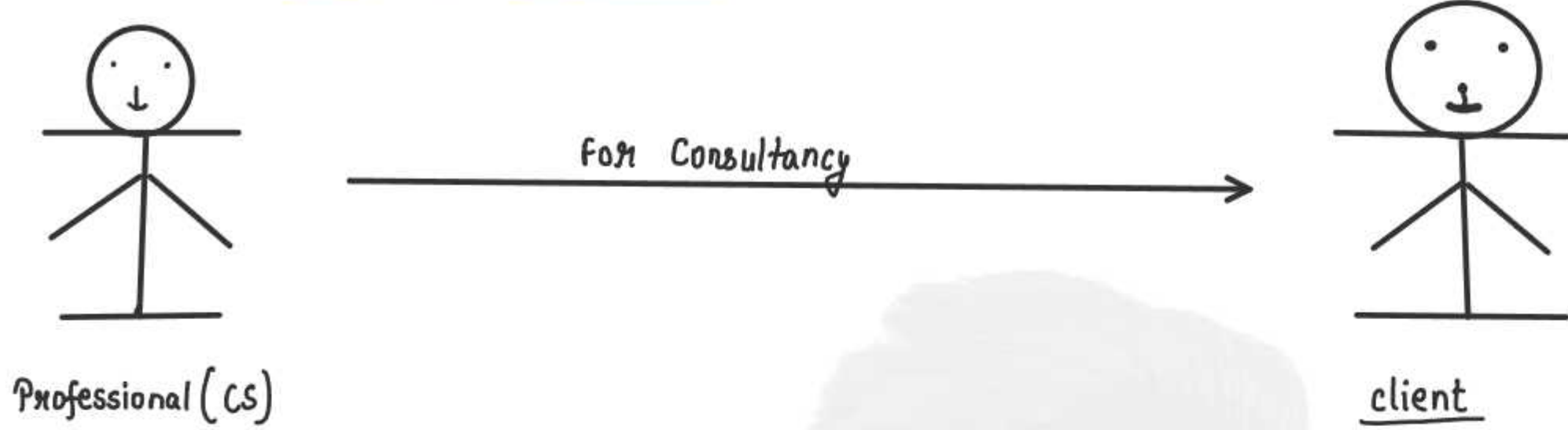
	IGST	CGST	SGST
1) Intra-state Purchase $\left(\frac{17,92,000}{128} \times 28 \right) = 3,92,000$ CGST = 1,96,000 SGST = 1,96,000	—	1,96,000	1,96,000
2) Inter State Purchase (Cost = 10,00,000 IGST = 1,80,000 <u>11,80,000</u>	1,80,000	—	—
	1,80,000	1,96,000	1,96,000

Computation of Net GST Liability

	IGST	CGST	SGST
GROSS GST Liability	77,000	—	—
(-) Input Tax Credit 1) IGST (77,000) 2) CGST 3) SGST	(77,000)	—	—
Net GST Liability	Nil.	—	—
Credit C/F	1,03,000	1,96,000	1,96,000

Roadmap of GST

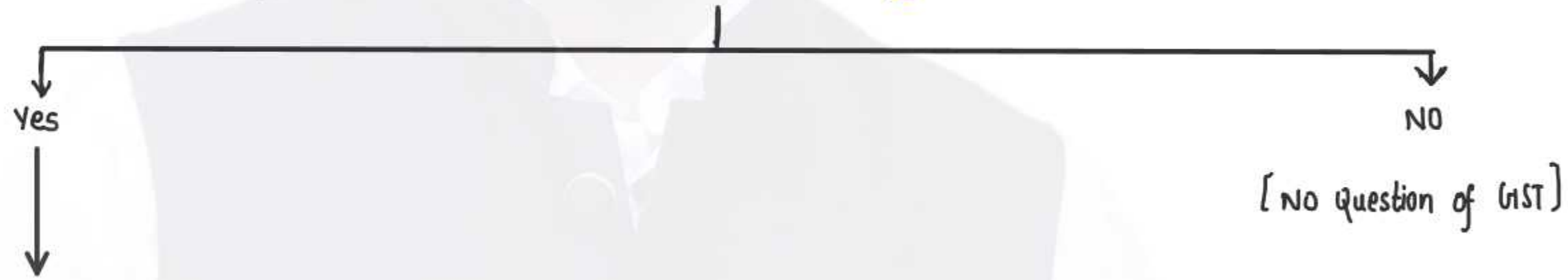
Total checkpoints = 13



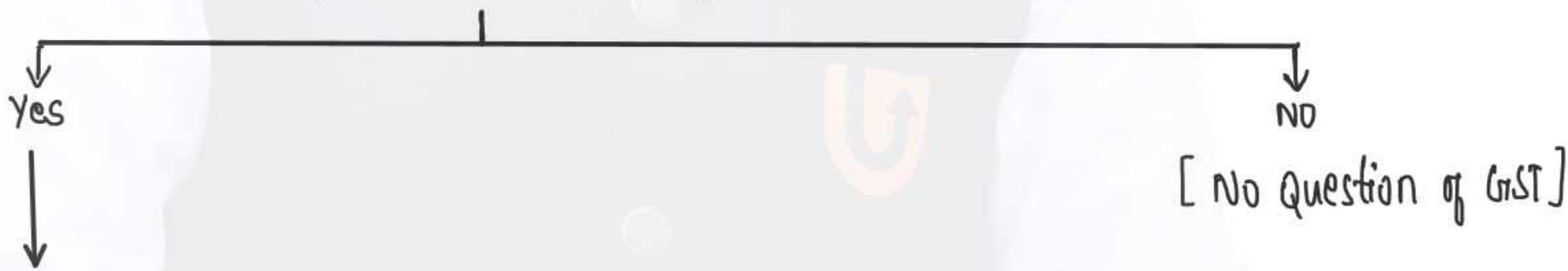
Checkpoint 1 :- Elements Covered in the Definition of Goods/Services or both.



Checkpoint 2 :- Whether Such Activity/Transaction is Covered under Supply ?



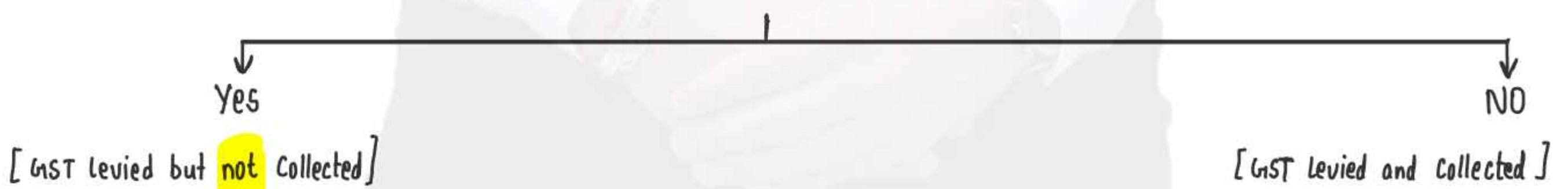
Checkpoint 3 :- Whether place of Supply is in Taxable territory (i.e. INDIA)



Checkpoint 4 :- whether the person is covered under the definition of Taxable Person ?



Checkpoint 5 :- Whether Such Supply is Covered under 100% exemption notification ?



Checkpoint 6 :- Value of Supply (Section 15)

Checkpoint 7 :- Rate of GST

Checkpoint 8 :- Who is Liable to pay GST ?

Supplier
[Forward charge]

Recipient/Receiver
[Reverse charge]

3rd Party (i.e. *ECO)
[Special Provision under GST]
* ECO = ELECTRONIC COMMERCE OPERATOR

Checkpoint 9 :- When 'GST' is Liable to be Paid?

: Time of Supply / Point of Taxation

Checkpoint 10 :-

AIM

4R

ITC

EC

E = E-Way Bill

C = Composition Levy

A = Audit

I = Invoice

M = Manner of Payment

R = Return

R = Record

R = Refund

R = Registration

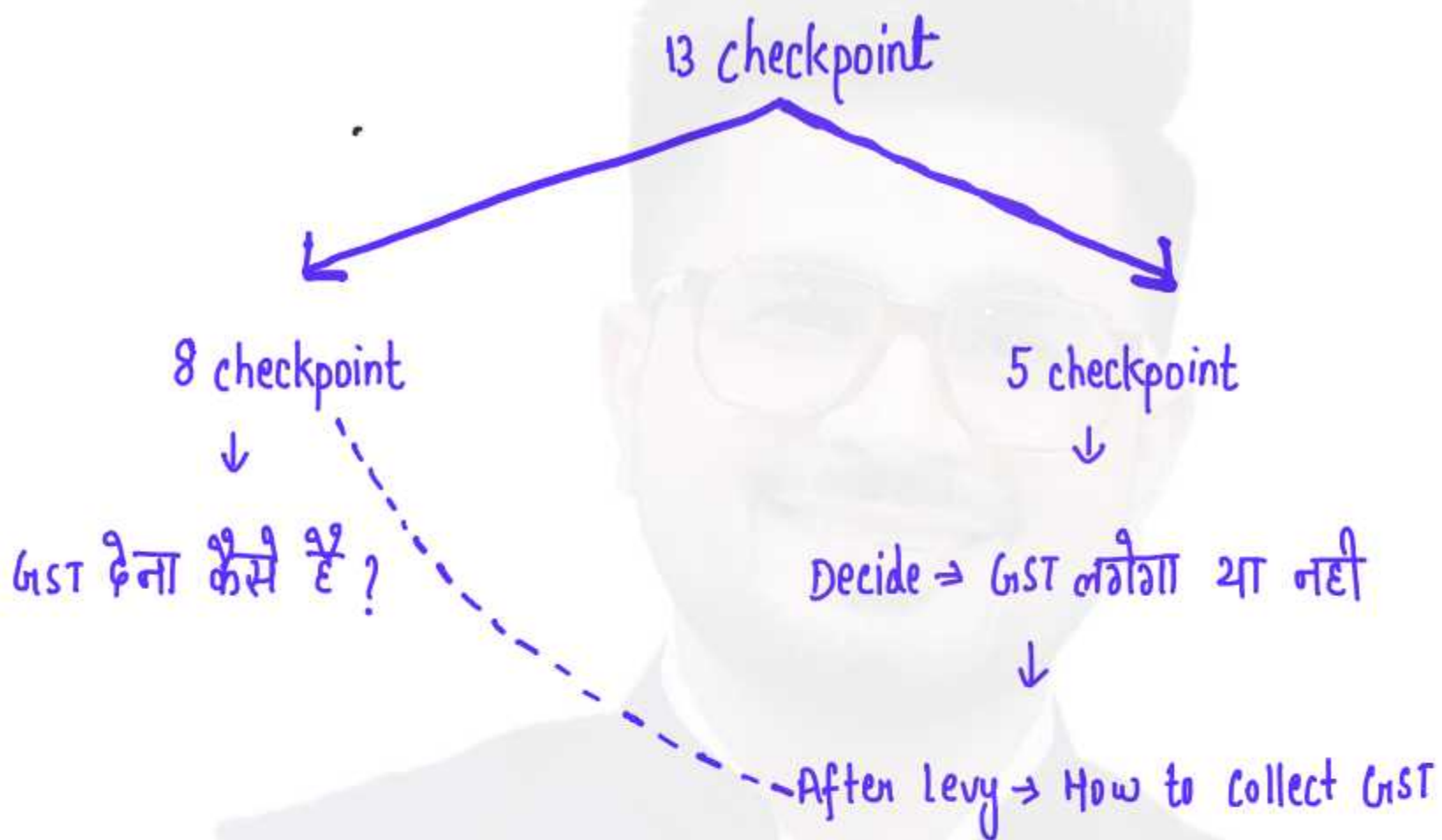
Input Tax Credit

Checkpoint 11 :- Assessment / Inspection under GST

Checkpoint 12 :- Appeal and Advance Ruling

Checkpoint 13 :- Interest / Penalty and other penal Proceedings.

Cmux of above 13 checkpoint



5 Conditions must be Satisfied for Applicability of GST

① Element Goods or Services की Definition में Cover होना चाहिए

and

② Activity or Transaction Supply की Definition में Cover होनी चाहिए

and

③ Place of Supply Taxable Territory में होना चाहिए

and

④ Supply करने वाला Taxable Person होना चाहिए

and

⑤ Supply Exemption में Cover नहीं होना चाहिए

If all above 5 Conditions Satisfied



GST ✓

If ANY ONE Condition not Satisfied



GST X

Let's understand checkpoint -1 in detail

Q. What is Goods or Services Under GST ?

Ans → Goods defined u/s 2(52) of CGST Act, 2017

"Goods" means every kind of movable Property other than money and Securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

Services defined u/s 2(102) of CGST Act, 2017

"Services" means anything other than Goods, money and Securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

[Explanation – For the removal of doubts, it is hereby clarified that the expression "Services" includes facilitating or arranging transactions in Securities.]

Analysis of Section 2(52) and 2(102)

Definition of Goods and Services

Goods



Means (Exhaustive Definition)



Provision = 2(52) of CGST Act
Every kind of "Movable Property".

Excludes = * Money (or) ** Securities

Includes = Actionable claim, growing crops, biomass which are agreed to be severed before supply or under a contract of supply.

* Money : 2(75)

Money means : Indian Legal Tender

Foreign Currency

Promissory Notes

Cheque

Bill of Exchange

Draft

Letter of Credit, etc.

But does not include any currency that is held for its numismatic value (old coins)

→ FV ≠ Market value

Services



Means (Exhaustive Definition)



2(102) of CGST Act
"Anything / Everything".

Goods, money (or) Securities

Activities relating to Use of money, conversion of money, where separate consideration is charged.

** Securities (Not defined under GST)

Securities defined under SCRA, 1956 :

- Shares → Bonds → options
- Debentures → Futures → Derivatives, etc.
- Units of Mutual funds

What is Transaction in money and Transaction not only in money ?

Transaction only in money = No supply (Neither Goods nor Service)
Hence, No GST.

Example 1) Money deposit in Bank

2) Money withdraw from Bank

3) cheque deposit in Bank

4) ₹ 500 Note change into 100 Rs. Note (100 Rs. x 5)

Transaction not only in money = Supply under GST (Supply of Service)
Hence, GST may be applicable.

Example

1) Extending loan/Deposit/advances (for Interest) = Interest-portion (Service)

2) Conversion of ₹ into DD = charges/Commission → Service

3) Conversion of ₹ into FC = charges/Commission/margin → Service

4) Payment of credit Card Bill with Interest = Interest portion → Service.

What is Transaction of Security (TOS) and not TOS ?

Transaction in Security = No Supply (Neither Goods nor Services)

Hence No GST.

Example = Disposal / Sale of Securities.

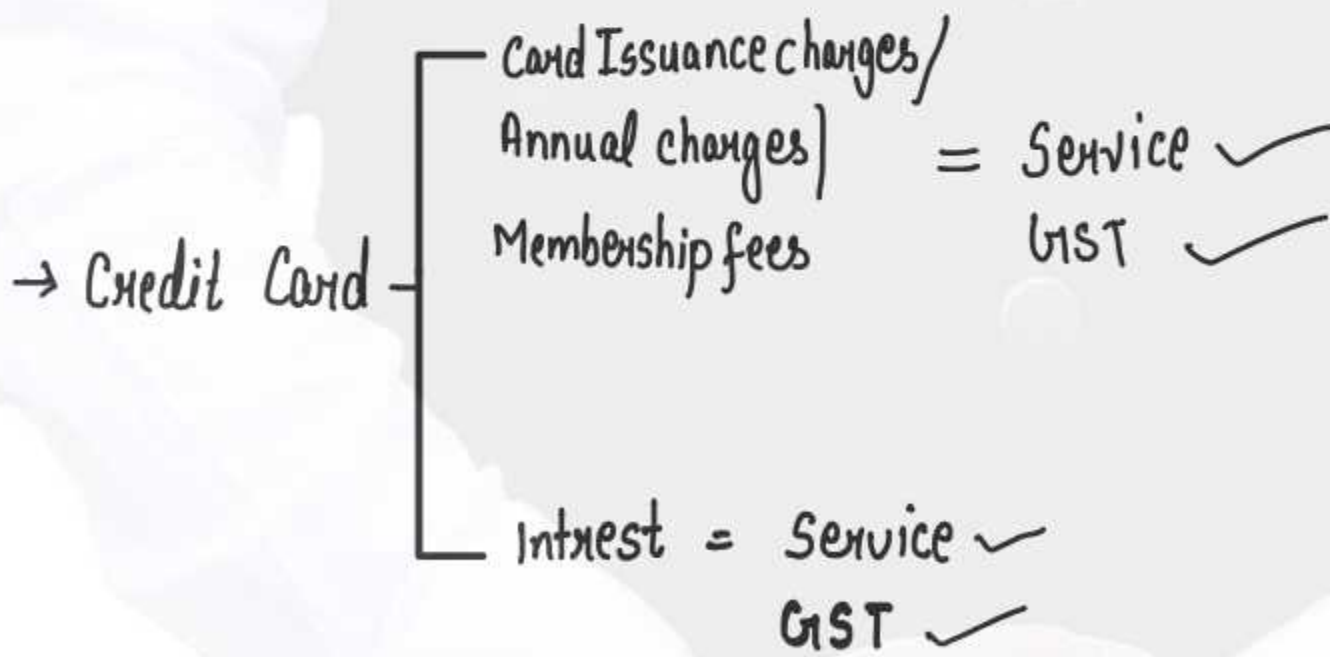
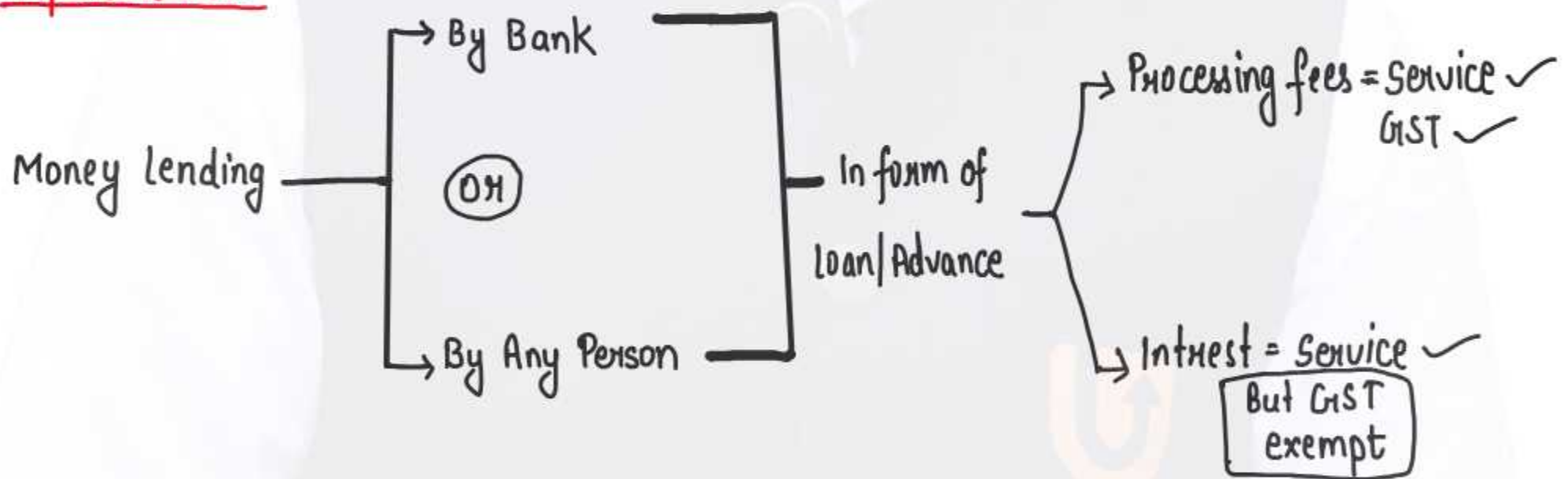
Transaction not in Security = Supply (Supply of services)

GST maybe applicable.

Example

- 1) facilitation of Sale of Securities = charges/ commission/ Brokerage = Service
- 2) Lending of Securities = Fees/charge from borrower = Service = GST ✓

Important Note

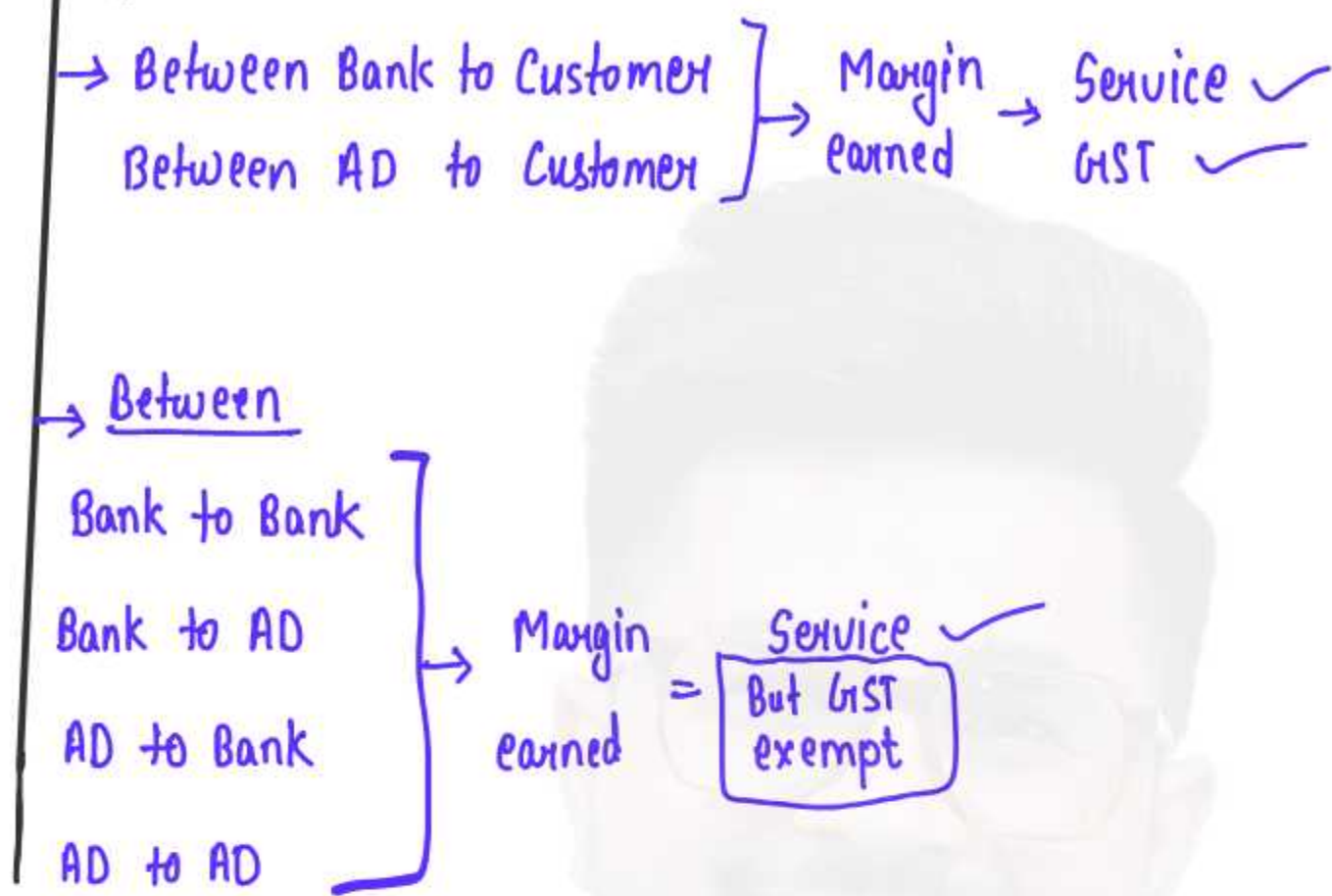


CRUX Loan or Advance or Interest Exempt ✓

but

Credit Card or Interest Exempt or ✓ |

Money change (Forex)



Example

Particulars	Goods	Services
Money	X	X
Shares	X	X
Furniture	✓	X
Standing Crops	✓	X
Growing Crops	✓	X
AC	✓	X
DP charges for Sale of Securities	X	✓
₹ 500 Note	X	X
Mobile	✓	X
Building	X	✓
Interest on loan	X	(But GST Exempt)
Interest on Credit Card	X	(GST लागू)
Margin money of Conversion (₹ - \$) (Bank to Customer)	X	✓
Margin money of Conversion of Currency (Bank to Bank)	X	(GST exempt)
Commission Draft	X	✓
Watch	✓	X
Telecom Towers	X	✓

SUPPLY

➤ Basic Introduction of Supply

A Taxable Event is any transaction that results in a Tax Consequence.

Before levying any tax, taxable event needs to be ascertained.

It is the **foundation stone** of any Taxation system. It determines the point at which Tax would be levied.

Under old Indirect tax system, many Taxable events existed but GST law resolved these issues by laying down **one Comprehensive Taxable Event i.e. Supply.**

Concept of Supply

The concept of Supply is the key stone of the GST.

The provisions relating to the scope of supply are contained in

Chapter III of the CGST Act, read with relevant sections,

Rules and Schedules.

➤ **The concept of supply covered under the following sections & Schedules :**

Section 7 : Scope of supply

Section 8 : Tax treatment of Composite & Mixed Supply

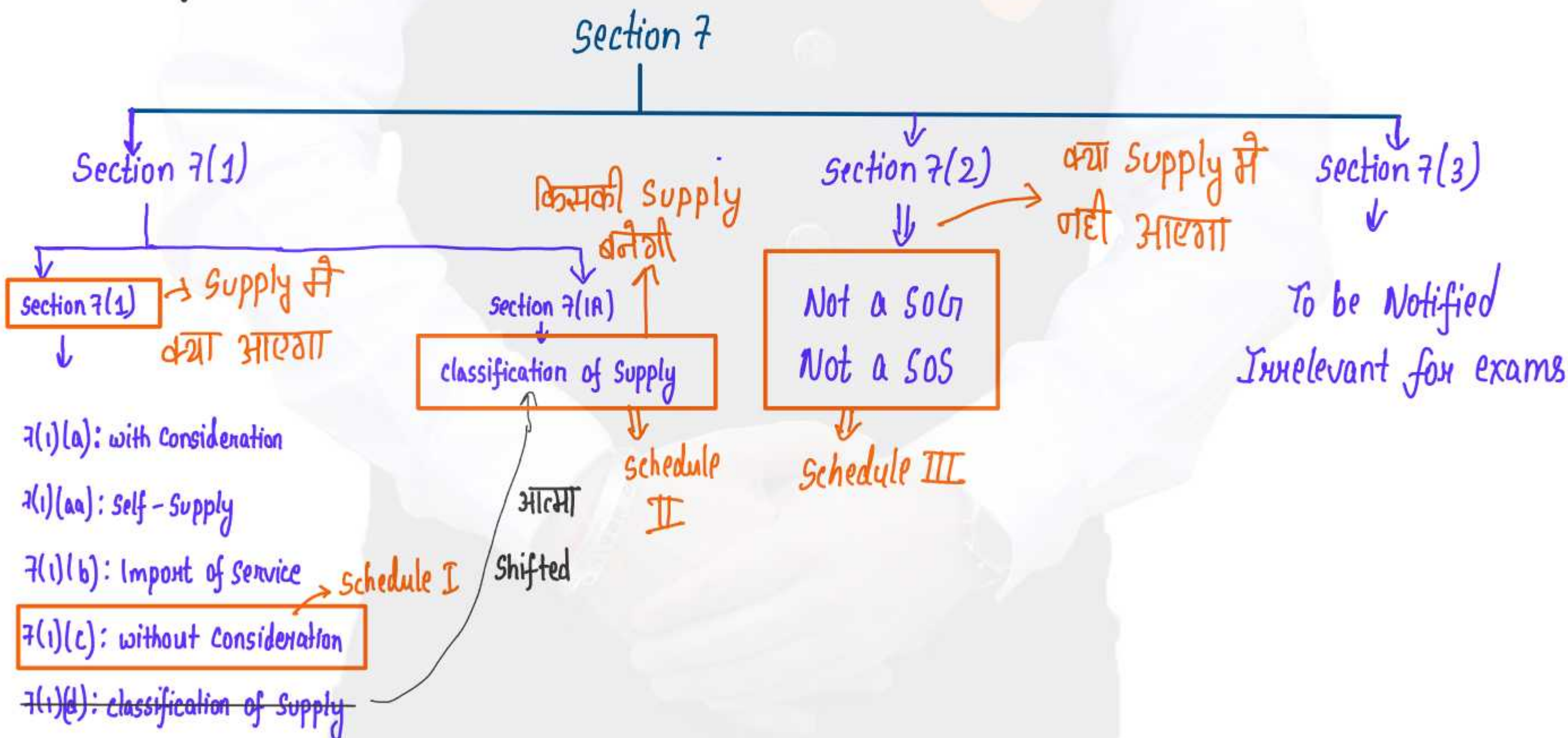
Schedule I : Activities to be treated as supply even made without consideration.

Schedule II : Activities (Or) Transactions to be treated as "Supply of Goods" (Or) "Supply of Services".

Schedule III : Activities (Or) Transactions which shall be treated neither as "Supply of Goods" nor "Supply of Services".

➤ Section 7 : Scope of Supply

Structure of Section 7



Section 7(1)

For the purposes of this Act, the expression 'Supply' includes—

(a) all forms of supply of goods or services or both such as sale, transfer, disposal, barter, exchange, license, lease, rental made or agreed to be made for a consideration by a person in the course or furtherance of business;

Analysis of Section 7(1)(a)

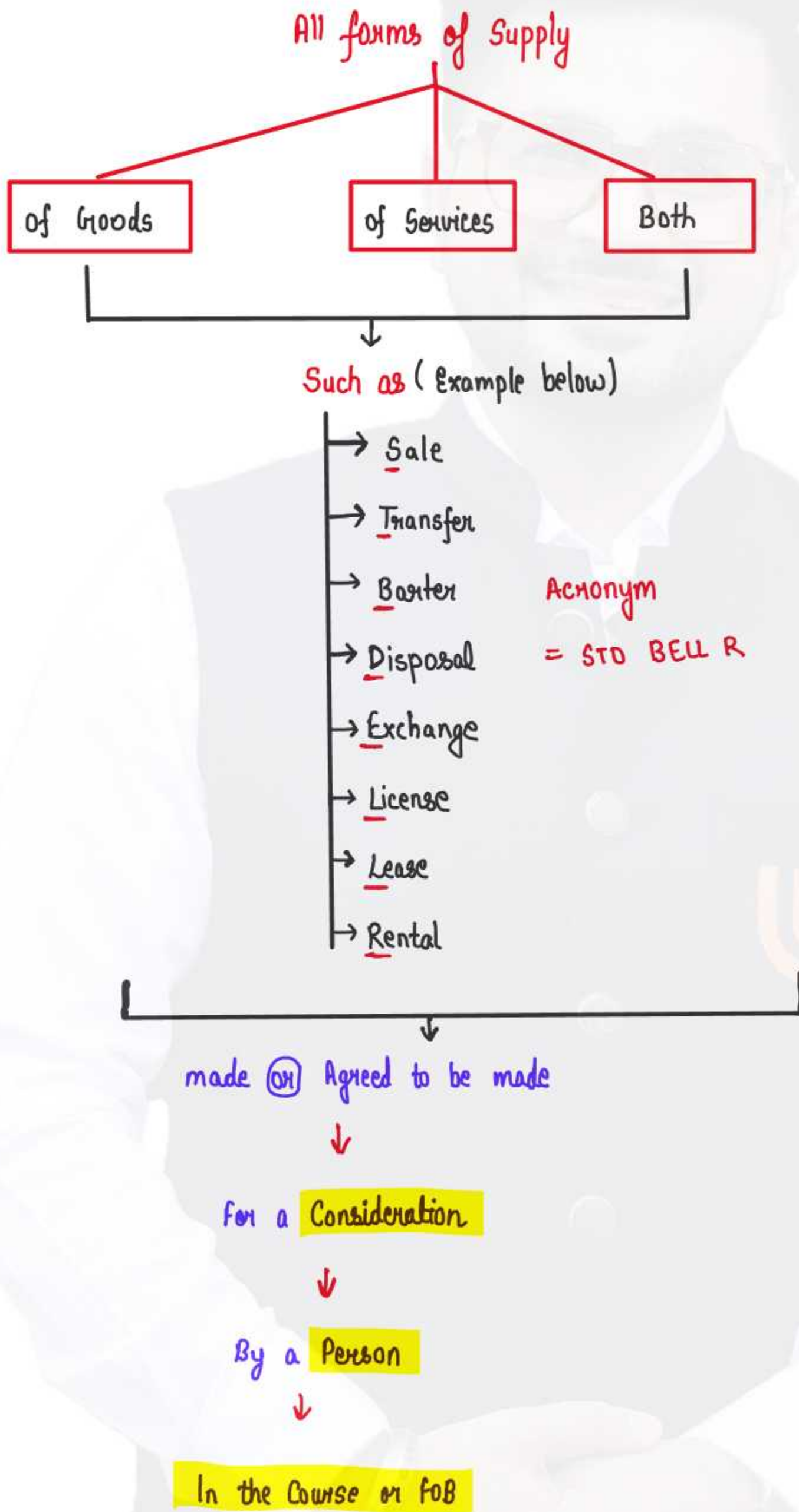
The definition of supply as contained in Section 7 is an inclusive definition and does not define the term exhaustively.

The meaning and scope of supply in terms of Section 7 can be understood in terms of following parameters:

- 1) Supply should be of goods or services.
- 2) Supply should be made for a consideration.
- 3) Supply should be made in the course or furtherance of business (FOB).

Above parameters describe the concept of supply. However, there are a few exceptions i.e. Section 7(1)(b) or 7(1)(c) discussed later on.

Let's define Section 7(1)(a)



It is important to note that Supply includes All forms of Supply within its perview, though 8 examples of forms of Supply are given in definition.

Further, supply must be satisfied by following 3 conditions

1) Supply of Goods (or) Services (or) both

+

2) Supply should be made for a consideration

+

3) Supply should be in the course (or) FOB.

Meaning of Consideration — Section 2(31) of CGST Act

↓
Something in Return

Consideration includes Something in Return, It may be in the form of :

- Monetary Consideration
- Non-monetary Consideration.
- Do Something
- Not to do something (i.e. Negative Act).

But exclude the subsidy given by Central Govt. or State Govt.

What about Security deposit ?



Features of Consideration

→ Must Exist

Ⓜ

→ Must be Certain

at the time of Provision of Activity.

Personal Activity is not Covered under Supply.

स्वैच्छा / Self wish Activity not Covered under Supply

(If Consideration not exist before the Provision of such Activity).

Important Point

Donation received by charitable Institutions from Individual donors ?

Govt. classification

- a) If donation is pure donation, there is no intention of marketing / Advertisement in return then donation not covered under Consideration hence NO GST.
- b) If donation not covered under Pure donation, It means the name of the donor is displayed in recipient institution with the aim of Publicity of donor then such donation shall cover under Consideration and GST shall Apply.
- c) Artworks sent by artist to gallery for exhibition is not a supply as no consideration flows from the gallery to the Artist.

In the Course on Furtherance of Business (FOB)

GST is essentially a Tax only on Commercial Transaction

Hence, only those Supplies that are in the course of FOB qualify as Supply under GST.

Therefore, any Supplies made by an Individual in his personal Capacity do not fall under GST unless they fall within the definition of Business.

Meaning of Supply made in the Course on FOB

Any Activity undertaken in the Course on FOB would constitute a Supply.

In order to understand the term "In the Course on FOB", we need to understand the term "Business".

Business as defined u/s 2(17) includes any Trade, Commerce, manufacture, Profession, vocation, etc. whether or not undertaken for a monetary benefit.

Thus, business includes any Activity/Transaction which is incidental or ancillary to any Trade, Commerce, manufacture, Profession, vocation, etc.

Examples of Section 7(1)(a)

Q. Mr. UG, a Shopkeeper sell a pen for ₹ 100 to the buyer. After the Sale, the Pen belong to buyer and Shopkeeper does not have any Right on this pen, whether Such Activity covered under Supply ?

Ans → Yes, It is a Supply u/s 7(1)(a).

Q. Mr. UG, a AC dealer sold 20 AC to Mr. X (Buyer) @ 40,000 each, whether Such Activity cover under supply ?

Ans → Yes, It is a Supply u/s 7(1)(a).

Q. Mr. UG has a Stationary Shop and he Donated 100 pens & 20 Notebooks to Poor child. whether Such Activity cover under Supply ?

Ans → No, it is not a Supply u/s 7(1)(a) but it maybe covered u/s 7(1)(c).

Q. Mr. VG, a dealer of Readymade Garments purchased 2 AC for his Shop @ 40K each + GST. He has claimed ITC on such GST. After that he sold 1 AC to his friend @ 35K. Whether such Activity covered under Supply?

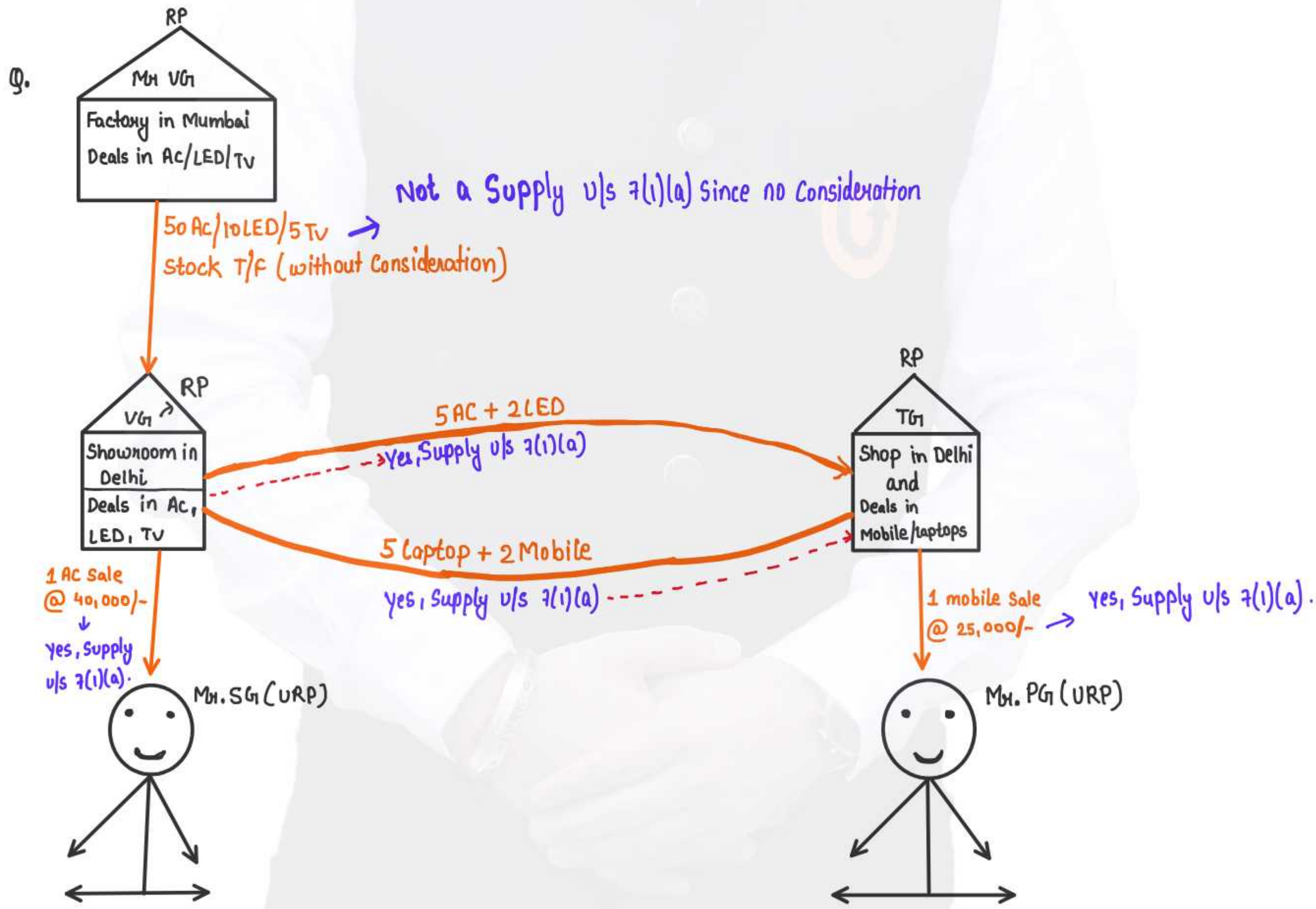
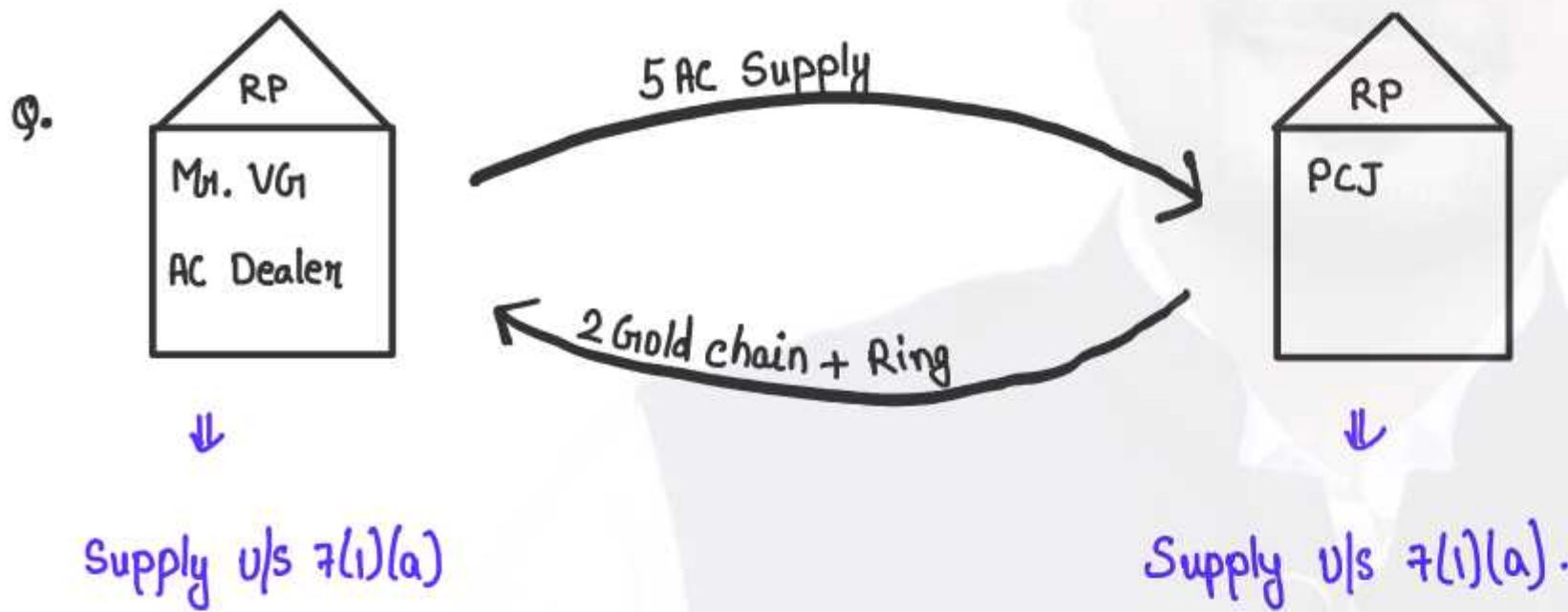
Ans → Yes, it is a supply v/s 7(1)(a) since business includes any Activity which is incidental or Ancillary to business.

Q. Mr. VG, a dealer of AC sold his personal car to a car dealer @ 1Lakh. Whether such Activity covered under Supply or not?

Ans → No, it is not a supply v/s 7(1)(a) since said supply is not in the course of FOB.

Q. Mr. VG sold his personal Gold Ring & chain to PCJ. Whether such Activity covered under Supply or not?

Ans → No, it is not a supply v/s 7(1)(a) since said supply is not in the course of FOB.

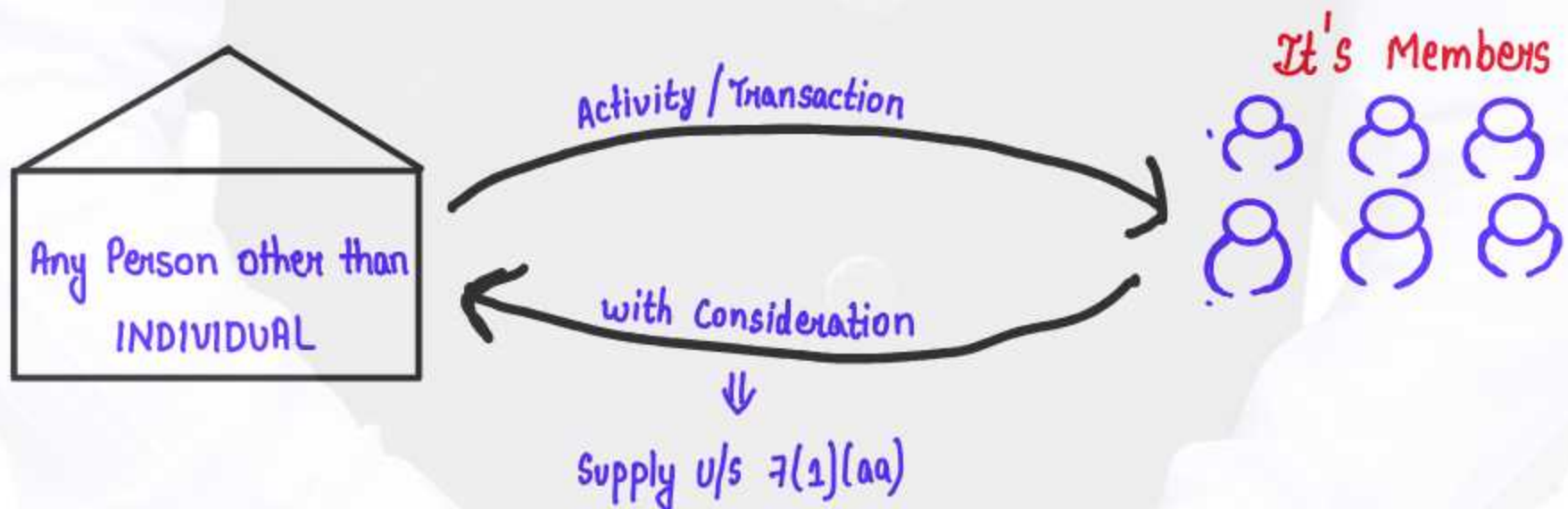


Section 7(1)(aa)

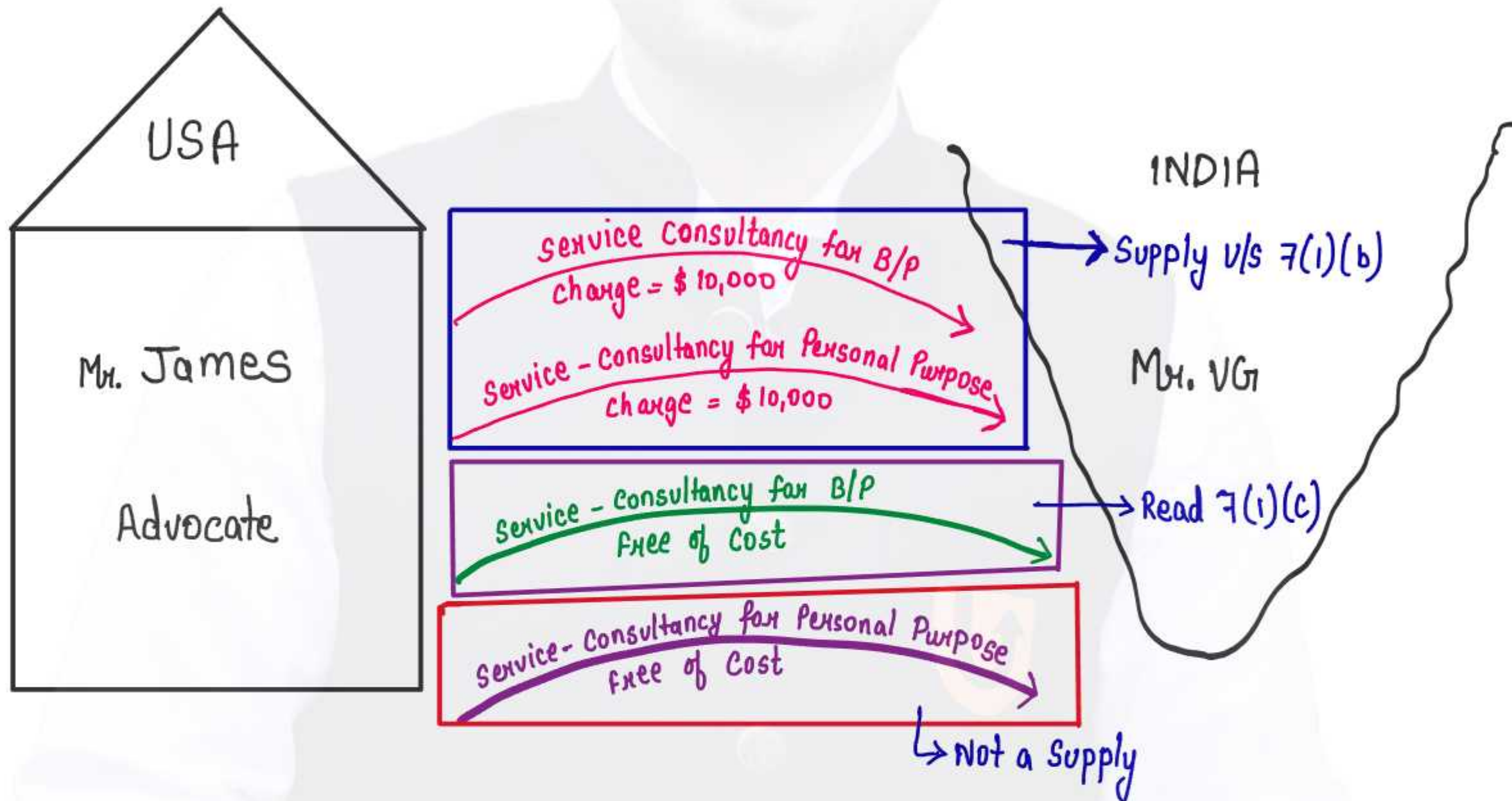
The Activities or Transactions, by a person, other than an Individual, to its members or Constituents or Vice-versa, for Cash, deferred Payment or other Valuable Consideration.

Explanation: It is hereby clarified that, the Person and its members or Constituents shall be deemed to be two separate persons and the Supply of Activities or Transactions inter se shall be deemed to take place from one such Person to another.

Analysis of Section 7(1)(aa)



Background of 7(1)(b)



Section 7(1)(b) Linked with section 7(1)(c) + Schedule I (Para 4) + 2(49)

Section 7(1)(b)

Import of Services for a Consideration whether or not in the course or furtherance of Business;

Section 7(1)(c)

The activities specified in ^{*}Schedule I, made or agreed to be made without a Consideration;

Schedule I : ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

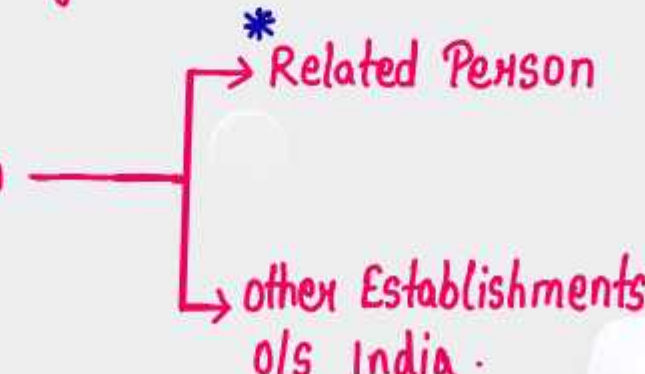
Total = 4 PARA in Schedule - I

PARA 4 linked with 7(1)(b)

PARA - 4

Import of services by a Person from a Related Person or from any of his other establishments outside India, in the course or furtherance of Business.

Difference between 7(1)(b) and 7(1)(c) + Para 4 of Schedule I

Section 7(1)(b)	Section 7(1)(c) + Para 4 + Schedule I
<ul style="list-style-type: none"> • Import of service • By Any Person • From Any Person • For Consideration • Whether or not in the course <u>or</u> FOB. 	<ul style="list-style-type: none"> • Import of service • By Any Person • From  • Without Consideration. • Only in the course <u>or</u> FOB.

* Related Person defined in Explanation I of Section 15 read with 2(49)

Related Person means:

- a)
- b)
- c)
- d)
- e)
- f)
- g) # family

→ will discuss in valuation chapter

Family - 2(49)

Family means:

- (i) the Spouse and children of the Person, and
- (ii) the Parents, Grand-Parents, brothers and Sisters of the Person if they are wholly or mainly dependent on the said Person;

➤ Analysis of Section 7(1)(b) + Section 7(1)(c) + Para 4 of Schedule I.

	Impact of Service				
	With Consideration		without Consideration		
	In the Course of FoB	Not in the Course of FoB	In the Course of FoB	Not in the Course of FoB	
	By Any Person	By Any Person	By Any Person	By Any Person	
	From any Person	From Any Person	- From R.P. - From his other establishment of India	From Any other Person	From Any Person
Covered under Supply?	YES	YES	YES	No	NO
Supply under which Section?	7(1)(b) of CGST Act, 2017	7(1)(b) of CGST Act, 2017.	7(1)(c) + Schedule I + Para 4	—	—
Nature of Supply?	Inter-state U/s 7 of IGST Act.	Inter-state U/s 7 of IGST Act.	Inter-state U/s 7 of IGST Act.	—	—
GST Liability?	Yes " IGST "	No, Since GST is Exempt <u>except</u> OIDAR Service	Yes " IGST "	—	—
Who is liable?	Receiver under " RCM "	Supplier under "FCM" on the Basis of " UIN "	Receiver under " RCM "	—	—

CRUX7(1)(b)

अगर Service Import की है और बिल में Consideration है.

→ Service देने वाला कौन है = Doesn't matter.

→ Service लेने वाला कौन है = Doesn't matter.

→ Service लेने वाले का Purpose = Doesn't matter.

अगर Consideration है तो हर case में Supply है → u/s 7(1)(b)

7(1)(c)

अगर Service Import की है और बिल में Consideration नहीं है,

→ Service देने वाला = R.P. or other establishment o/s India

→ Service लेने वाला = Any Person

→ Service लेने वाले का Purpose = In course of FOB

OTHER 3 PARA'S OF SCHEDULE - I

PARA - I : Permanent Transfer or disposal of Asset, where ITC has been availed on such Asset.

Analysis of PARA-I

In Order to qualify as Supply, following Conditions need to be satisfied :-

1) There must be a disposal or Transfer of Business Asset.

2) Transfer/Disposal must be Permanent.

3) ITC must have been availed on such Business Asset.

If any One Condition not Satisfied then it is not a deemed Supply under PARA - I .

Example

1) Mr. VG gives old laptops being used in his business to his friend free of cost. Mr. VG have been claimed ITC on such old laptops. Whether such activity is supply?

→ Yes, it is a supply since following conditions are satisfied:

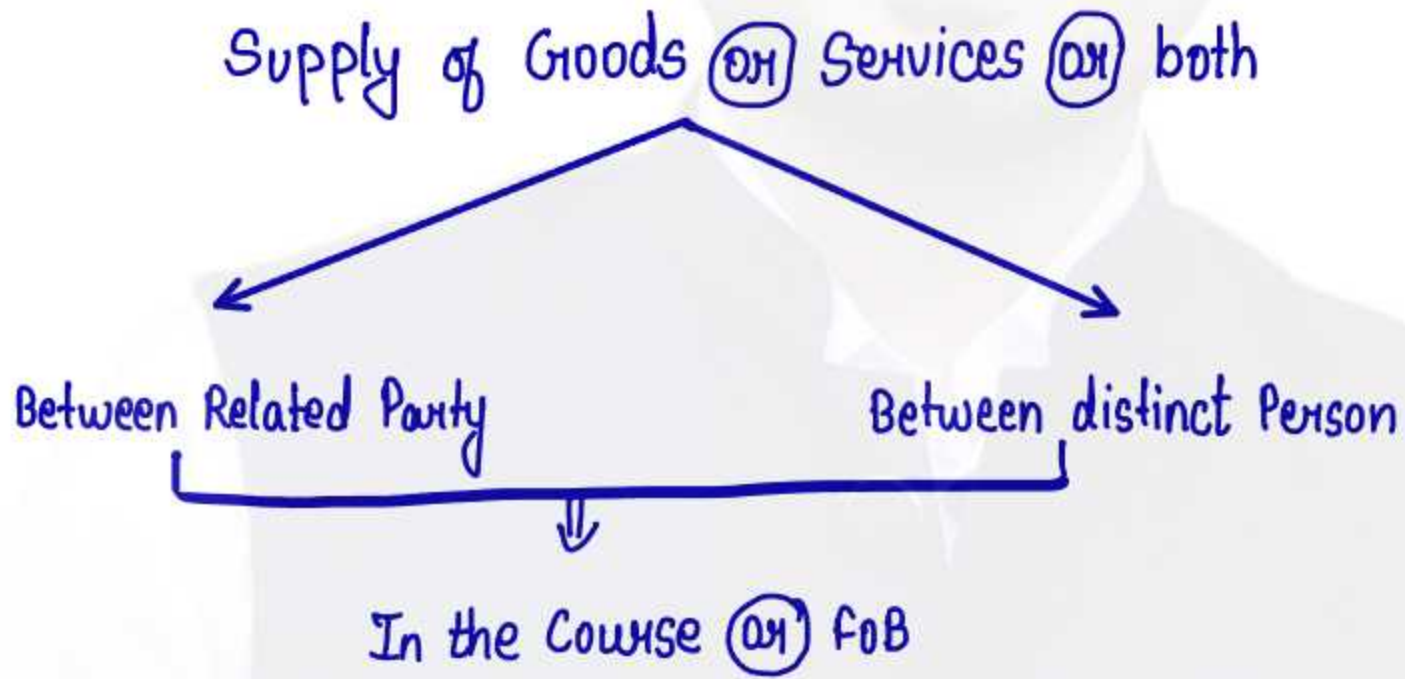
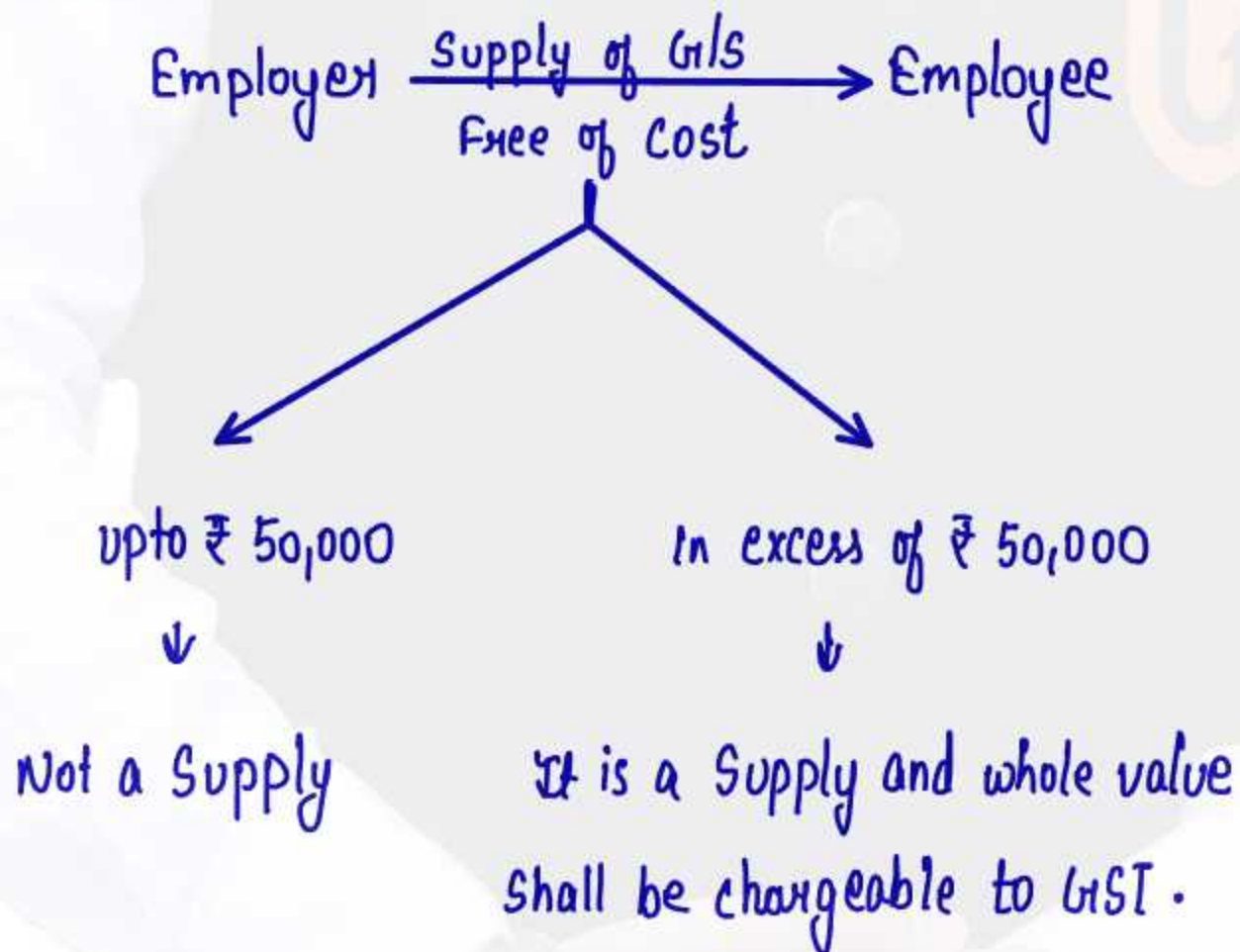
- a) Transfer of Business Asset.
- b) Transfer of Asset is Permanent.
- c) ITC has been availed on such Asset.

2) A dealer of AC permanently transfer a motor car free of cost to a car dealer. ITC on motor car is not claimed. Whether such activity is supply?

→ No, It is not a supply

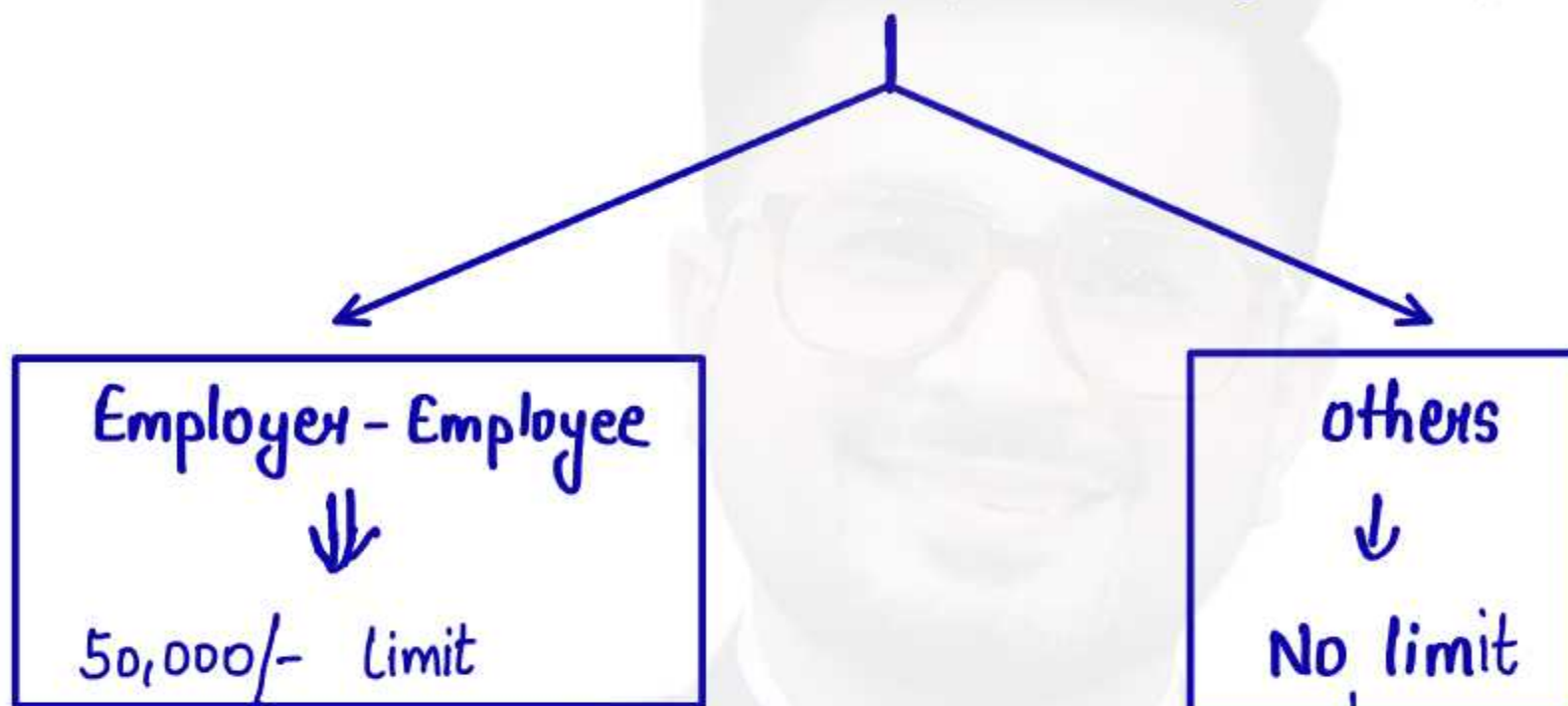
3) Mr. VG, a dealer of laptop, purchased 100 laptop @ 40,000/- each plus 5% GST. Mr. VG claimed ITC on 100 laptops. He donated 40 laptops to poor child in Govt. school. Whether such activity is supply?

→ Yes, It is a supply u/s 7(1)(c).

PARA-2Special Point

Important Point

Related Person (Explanation -1 of section 15)



↳ starting से ही supply बनेगा

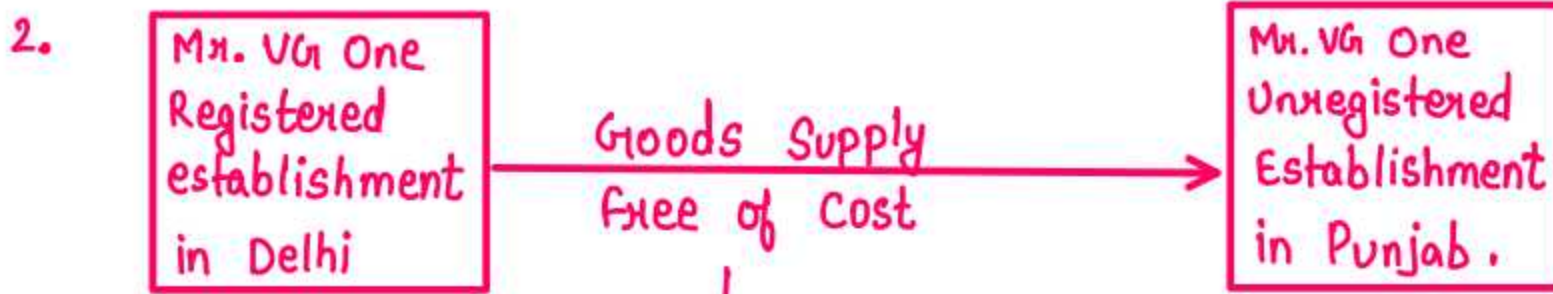
* The establishment of a Person with **Separate Registration** whether within the state/UT (or) in Different State/UT are Considered as Distinct Person.

* Where a person having One registered establishment in a State/UT has another establishment in a different State/UT (not necessarily Registered), these establishment are also Considered as distinct Person.

Example

1. Mr. VGR, a CS, has a registered Head office in Delhi. He has also obtained Registration in the State of Bihar in respect of his newly opened branch office. Whether such establishment shall be deemed as Distinct Person?

→ Yes, since Mr. VGR Registration Under Same PAN in Bihar & Delhi shall be treated as distinct Person.



Yes, it is a Supply since both are deemed as distinct Person



Para-2 of Schedule I

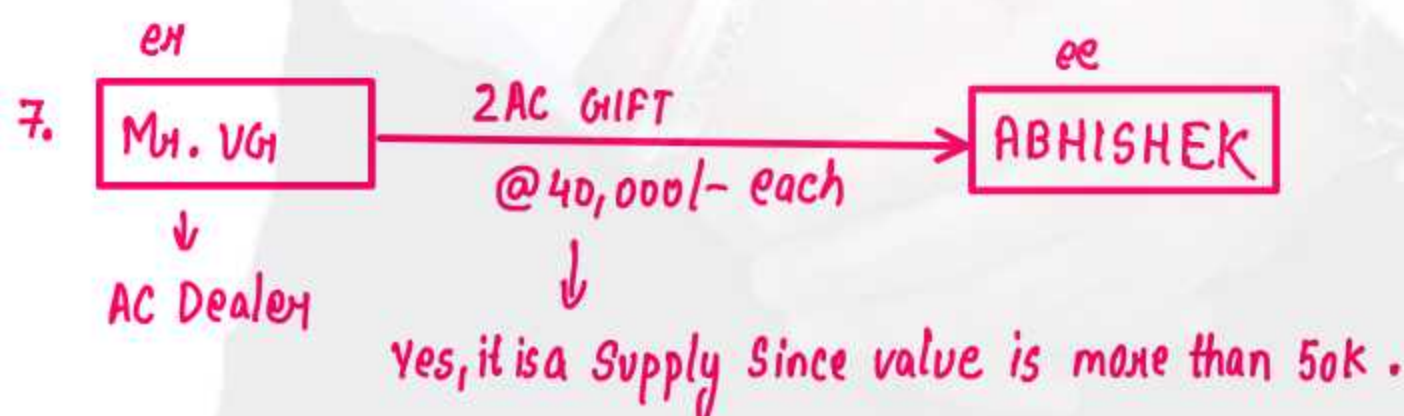
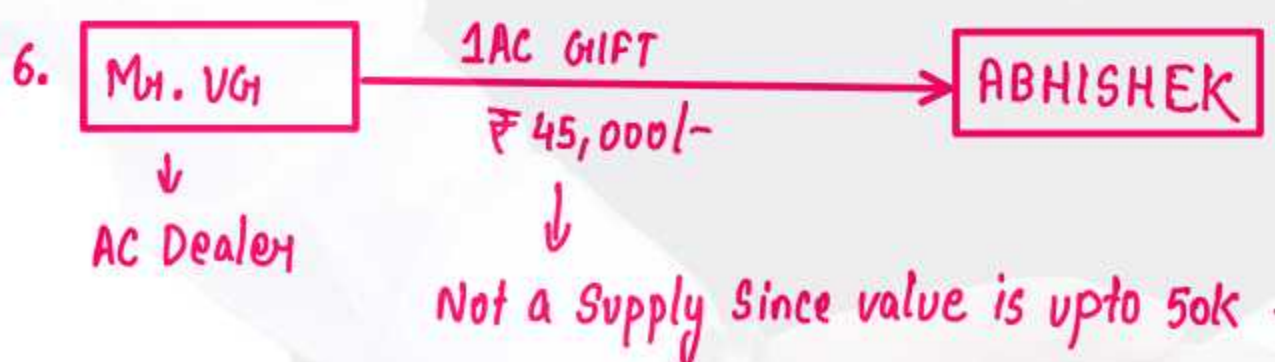
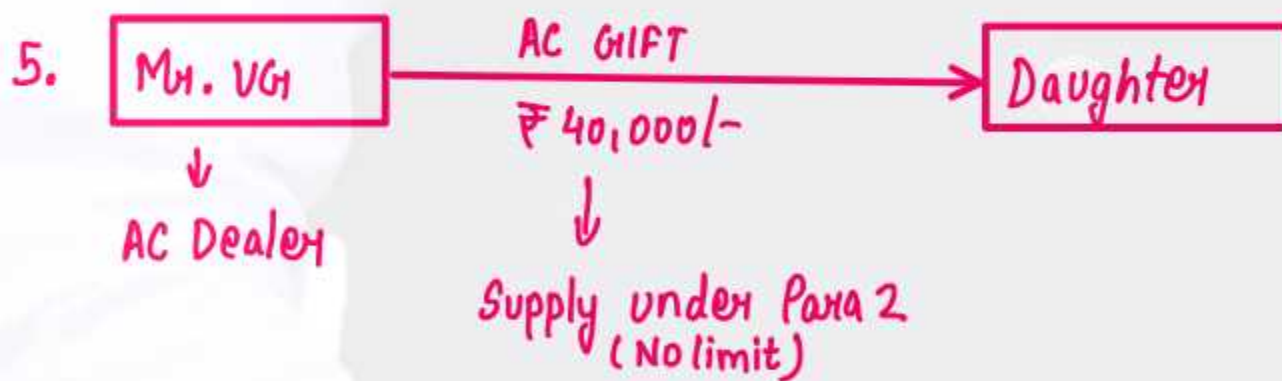


Supply?



Not a Supply since cash not covered under the definition of Goods ~~or~~ Service. Hence, No Question of GST.

4. What if in the above question instead of cash there is Gift of Shares?
→ Same Answer as of question 3



PARA-3: Supply of Goods —

(a) by a Principal to his Agent where the Agent undertakes to supply such goods on behalf of the Principal; or

(b) by an Agent to his Principal where the Agent undertakes to receive such goods on behalf of the Principal.

Analysis of PARA-3

(1) Only Goods (supply of goods) and not supply of services is covered here.

(2) Supply of Goods between Principal and Agent without consideration is also supply.

Thus, supply of services between Principal and Agent and vice-versa would require consideration to be present so as to be considered as supply.

In order to determine whether a Principal Agent Relationship falls within the ambit of PARA 3 of schedule I as discussed above or not, the deciding factor is whether Invoice for the further supply of Goods on behalf of the Principal is being issued by the Agent or not?

In other words, crucial point is whether or not agent has the authority to Pass or receive the title of Goods on the behalf of Principal.

1) Where the Invoice for further supply is being issued by the Agent in his name - then any Provision of Goods from Principal to Agent would fall within PARA-3.

→ However where the Invoice is issued by the Agent to Customer in the name of Principal, such Agent NOT FALL within the ambit of PARA-3.

Important clarification

Where the Goods being Procured by the Agent on the behalf of Principal are Invoiced in the name of the Agent the further Provision of said Goods by Agent to Principal would be Covered under PARA-3.

CRUX

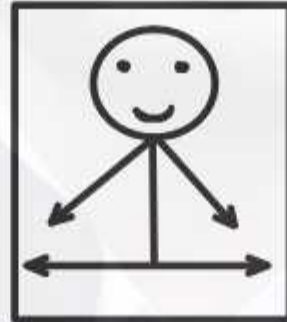
Whether the Invoice is issued by the Agent to Customer in the name of ?	Whether he will be an Agent in terms of PARA-3 of Schedule-I?
a) Principal → NO	
b) Agent → YES	

Example



20 Cars T/F
without consideration

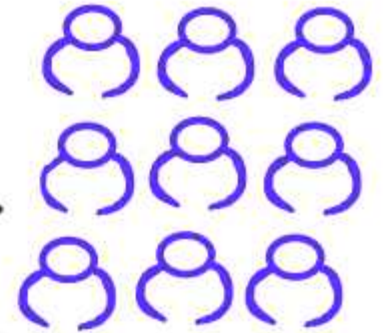
SHOWROOM OF CARS



Mr. VGI

2 Cars Sale
@ ₹ 10 Lakh each

Customers



↓
Supply ?



It depends ?



Case-1 Supply b/w Mr. VGI to Customer and Invoice issued in the name of Honda Ltd.

= Not Covered under PARA-3,
It means

↓
* Honda Ltd. → Mr. VGI = X

only 1 Supply

↳ Honda Ltd. → To Customer

Case-2 Supply b/w Mr. VGI to Customer and Invoice issued in the name of Mr. VGI

= Yes, PARA-3 Shall apply,

Here to 2 Supply

- 1) ^(P) Honda Ltd. → ^(A) Mr. VGI = PARA 3 Supply
- 2) Mr. VGI to Customer = Supply u/s 7(i)(a)

Section 7(1A)

Where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Analysis of Section 7(1A)

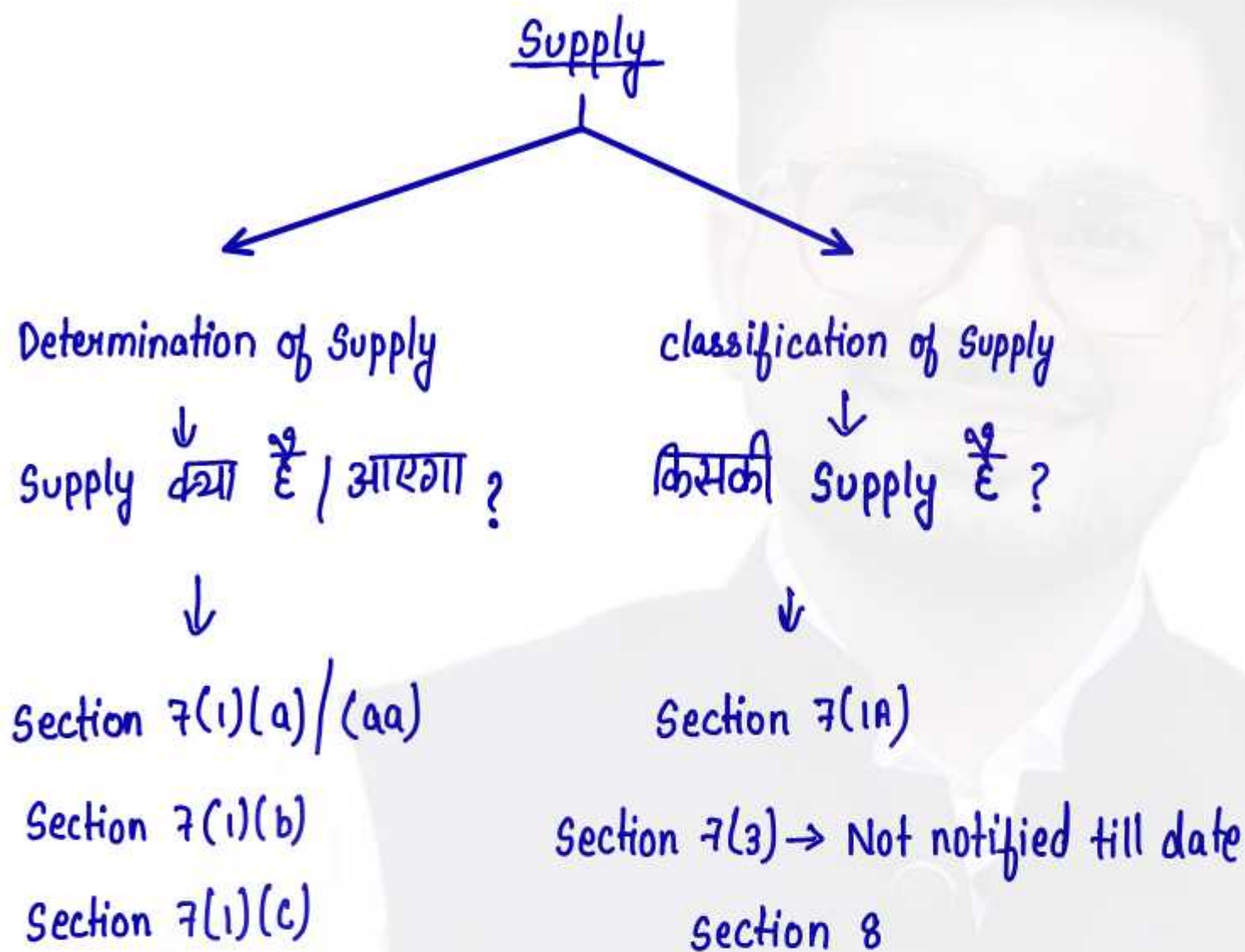
Section 7(1A) classifies certain activities/transactions constituting supply, either SOG or SOS. Schedule II of CGST Act contains the list of activity or transactions which have been classified either as SOG or SOS.

Why classification is to be required?

Reasons

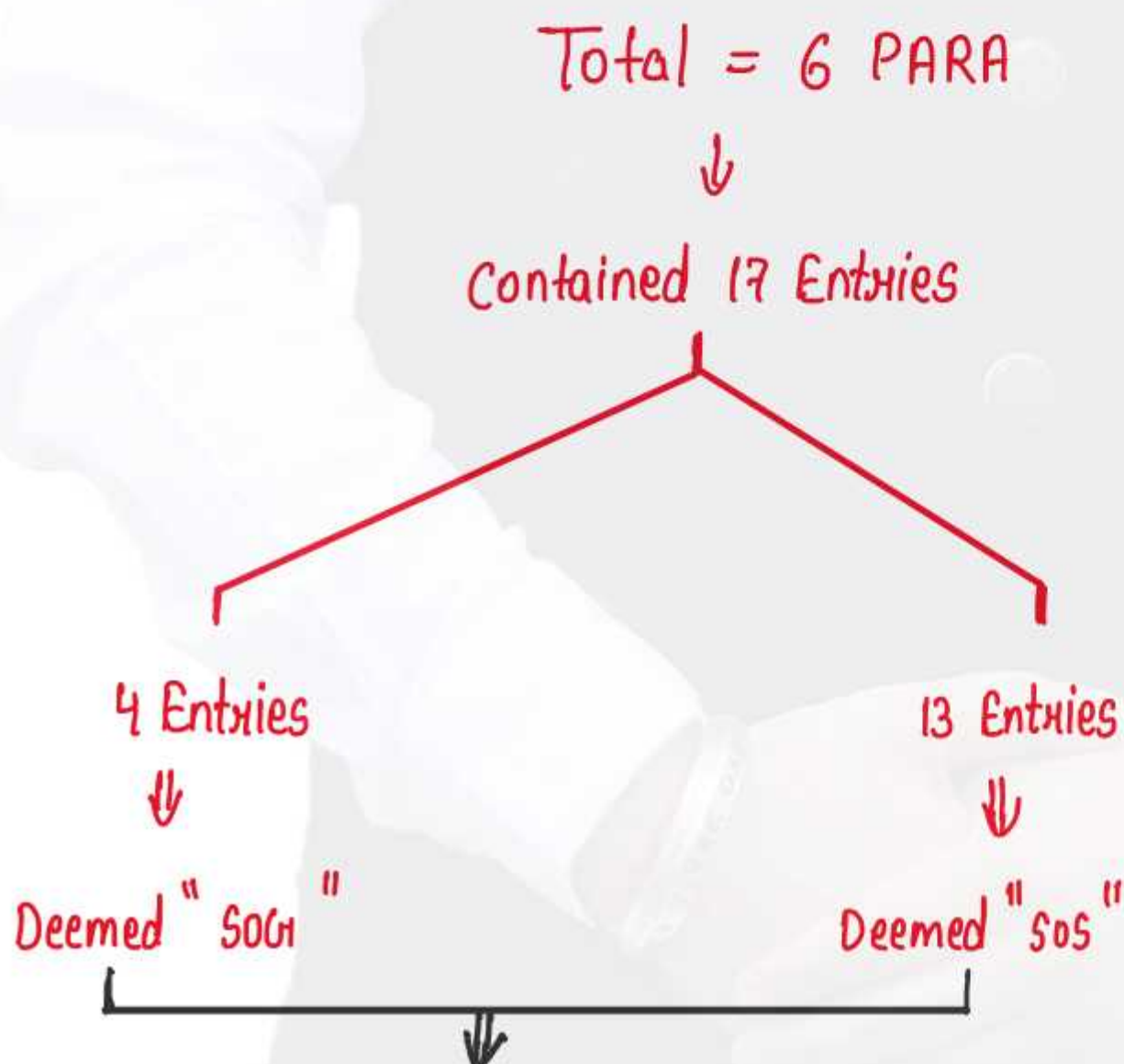
- Different GST Rates for SOG and SOS.
- Goods = HSN Code ; Service = SAC Code.
- Different valuation Rules
- Different ITC Rules
- Different "Time of Supply" Provisions
- Different "Place of Supply" Provisions
- and so on

Points to be noted Related to Supply

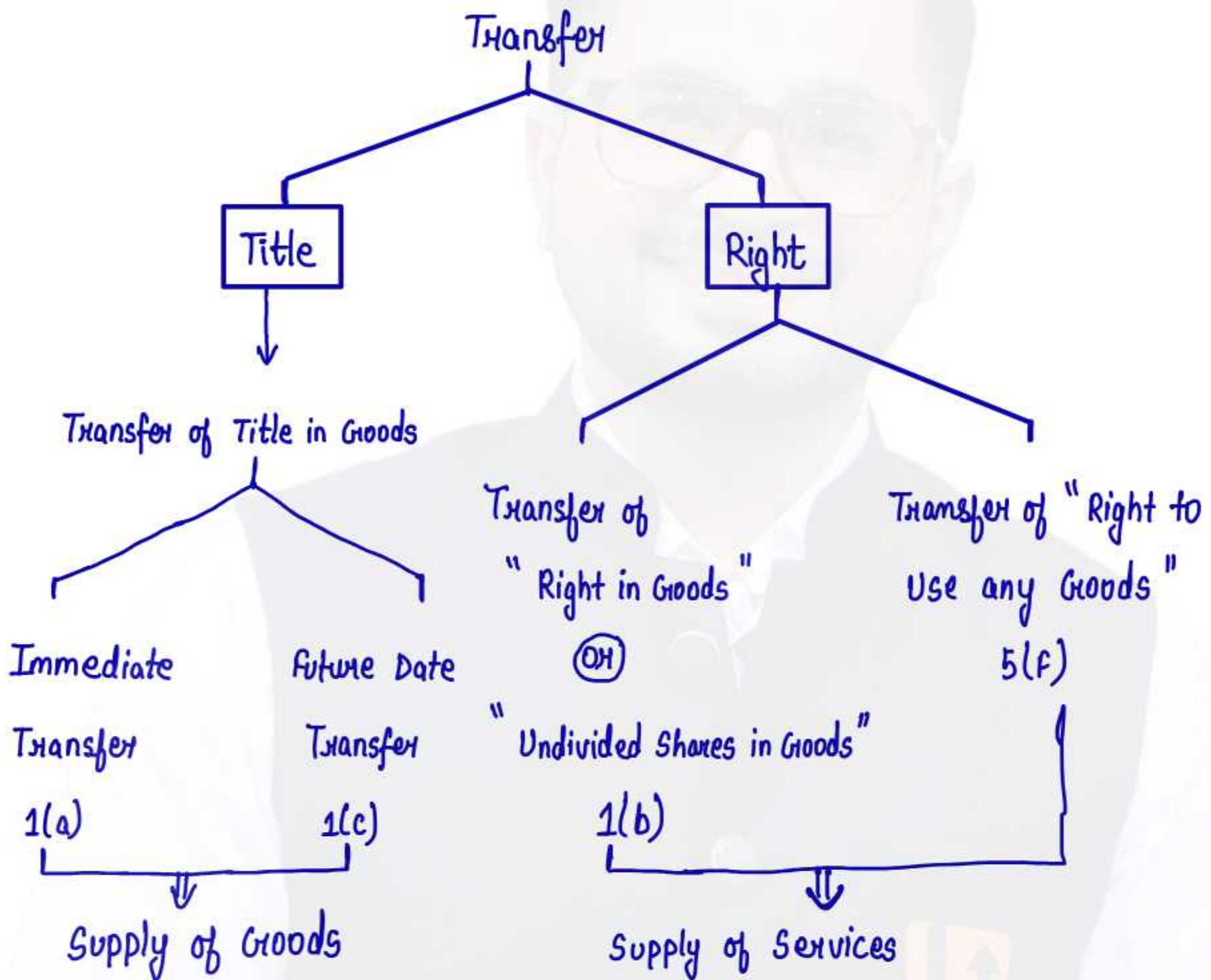


SCHEDULE -II

ACTIVITIES (OR) TRANSACTIONS TO BE TREATED AS "SUPPLY OF GOODS" (OR) "SUPPLY OF SERVICES"



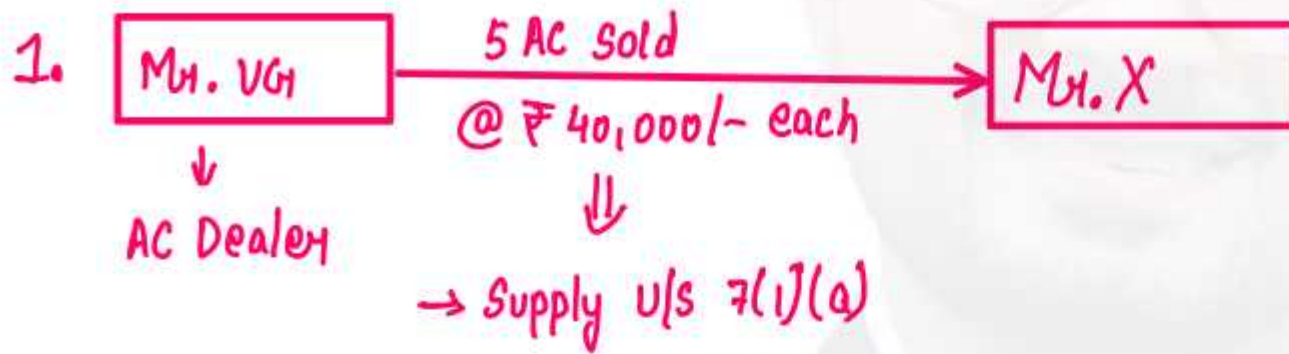
If not classified here then Refer section 8 (OR) 7(3)

PARA - 1 link with 5(F)CRUX OF PARA-1

- ① Title - Title वाले Goods बनेंगे
Right - Right वाले Service बनेंगे

- ② Right in Goods = Possession Transfer
Right to Use any Goods = Possession + Control T/F
- ⇒ Title किसी भी Case में T/F नहीं हुआ

Example

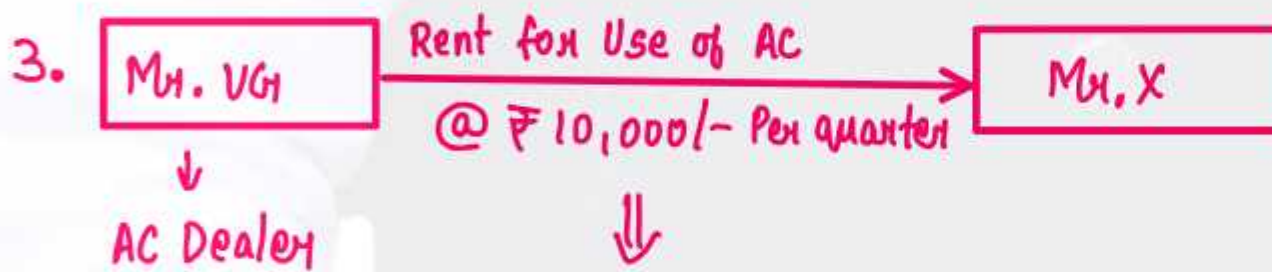


→ SOG + PARA 1(a) + Schedule-II



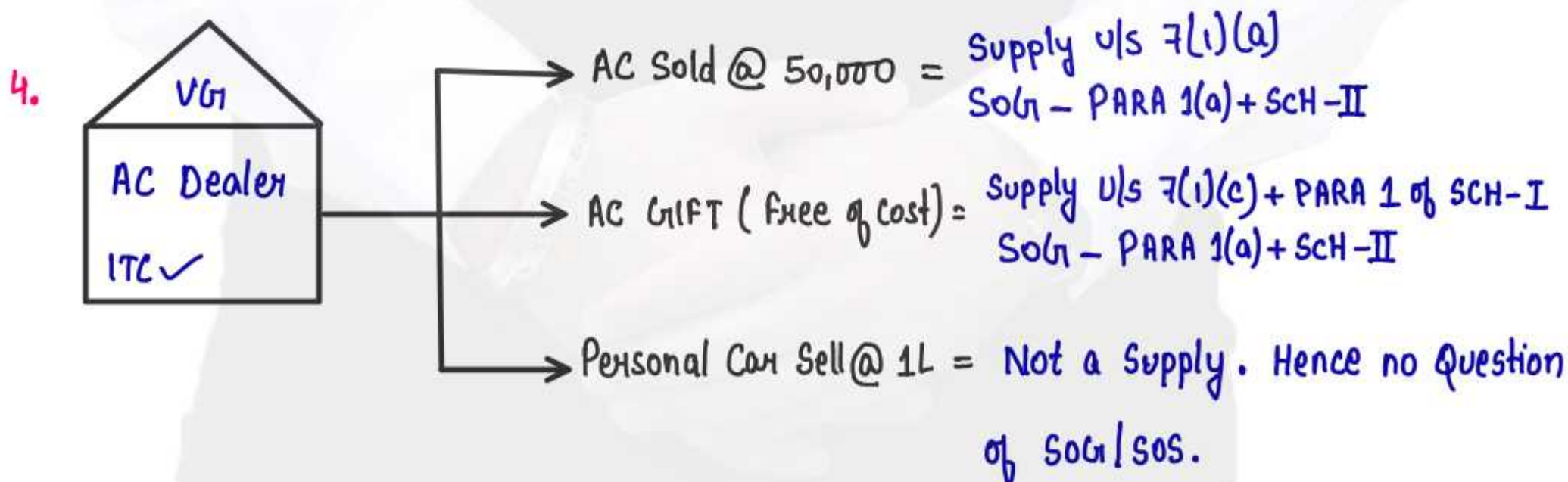
→ Supply u/s 7(i)(c) + PARA 1 of Schedule I

→ SOG + PARA 1(a) of Schedule II



→ Supply u/s 7(i)(a)

→ SOS + Section 7(1A) + PARA 1(b) of Schedule II



PARA - 2 Link with PARA - 5(a) + PARA - 5 OF SCHEDULE III

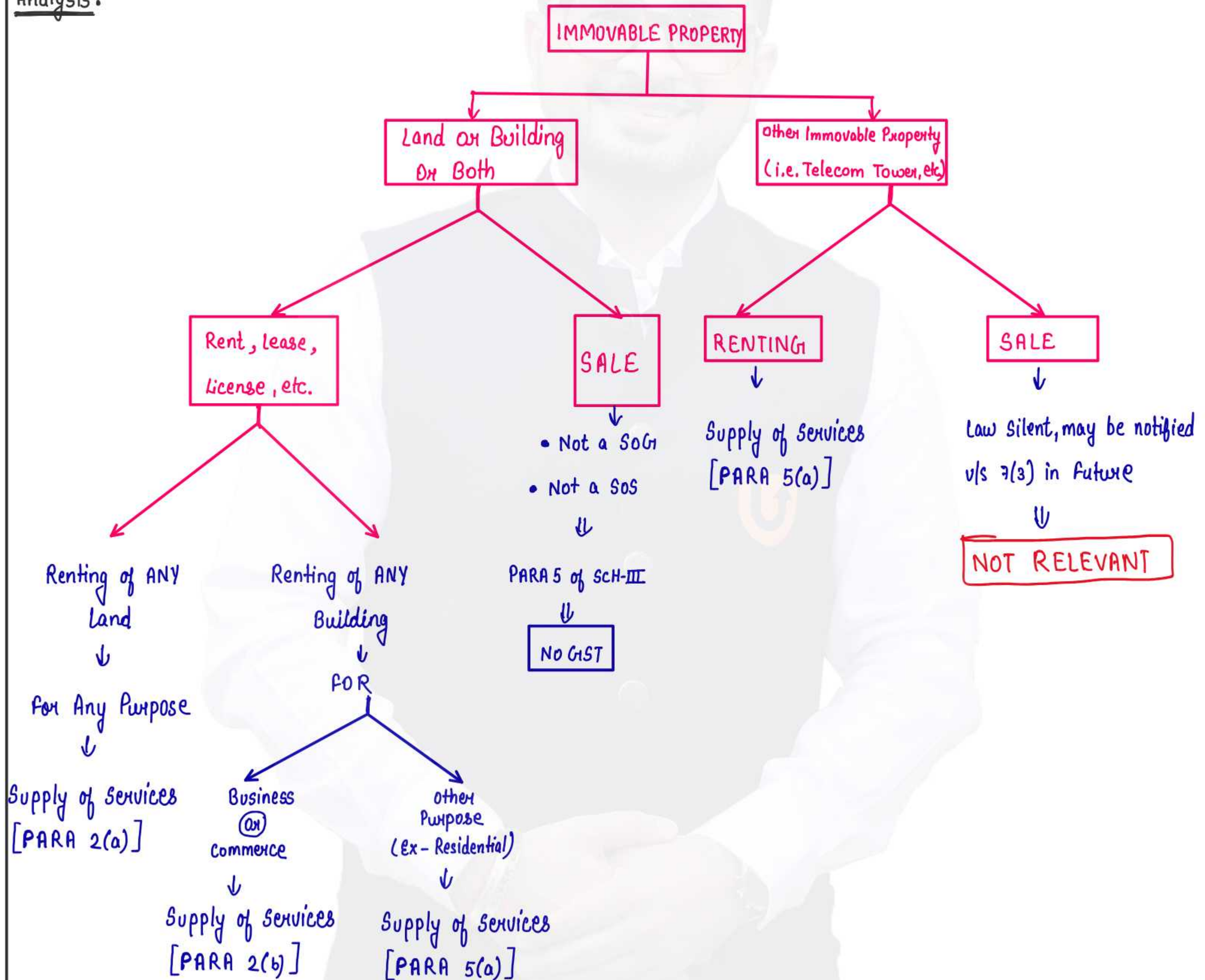
PARA 2: Land and Building

(a) any lease, tenancy, easement, license to occupy land is a **Supply of Services**;

(b) any lease, letting out of the Building including a Commercial, Industrial or residential Complex for Business or Commerce, either wholly or Partly, is a **Supply of Services**.

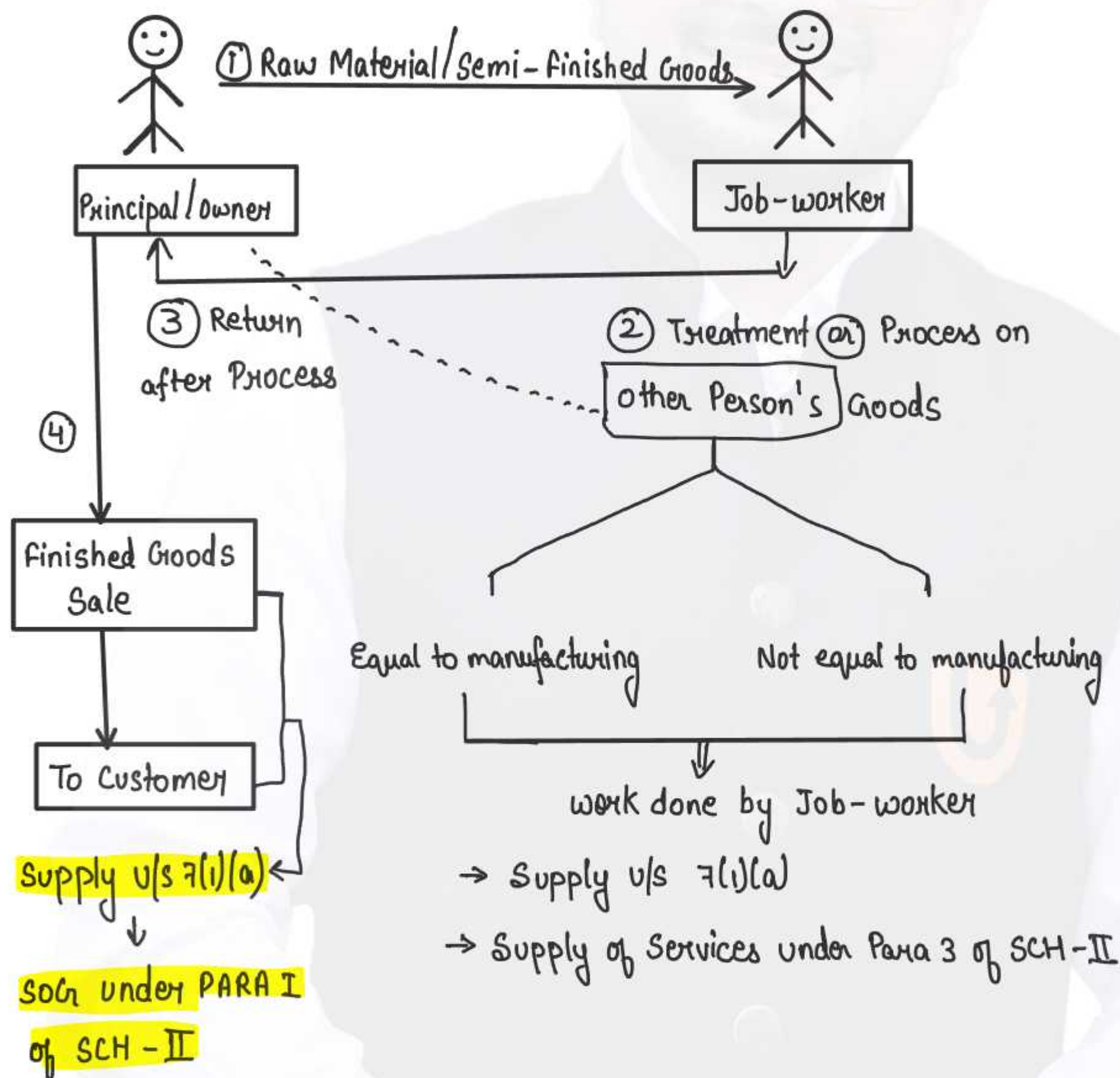
PARA 5

(a) Renting of Immovable Property is a Supply of Services;

Analysis:

PARA 3 : Treatment on Process

Any treatment on Process which is applied to another Person's Goods is a Supply of Services.



Waste and Scrap Sold by Job-worker

↓
Supply of Goods under Para 1 of SCH-II

↓
Supply of Goods under Para 1 of SCH-II

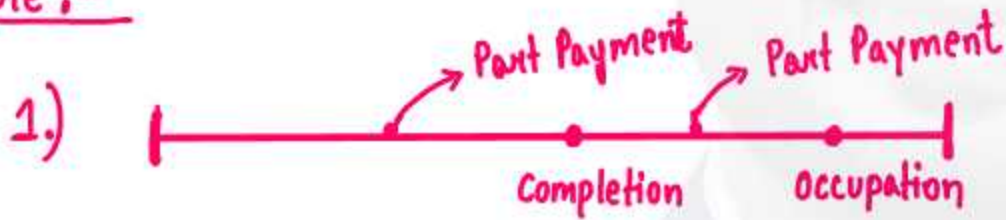
PARA-4

- (a) Where goods forming part of business are transferred or disposed off, such transfer or disposal is a sale by the person.
- (b) Where, by or under the direction of a person carrying on a business, goods held or used for the business, are put to any private use or made available to any person for private use, is called supply of services.
- (c) Where any person ceases to be a taxable person, any goods forming part of the assets of the business shall be deemed to be supplied and supply of goods except:
- (i) Business is transferred as going concern to another person;
 - (ii) Business is carried on by a personal representative who is deemed to be a taxable person.

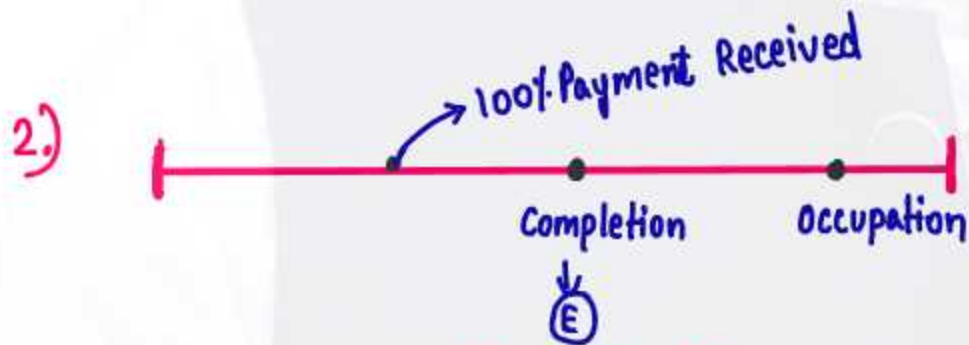
PARA-5

- (a) Renting of immovable property (other than cases covered under 2(a)/2(b))
- (b) Construction of complex, building, etc. except 100% consideration has been received after issuance of completion certificate or after its first occupation **whichever is EARLIER**.

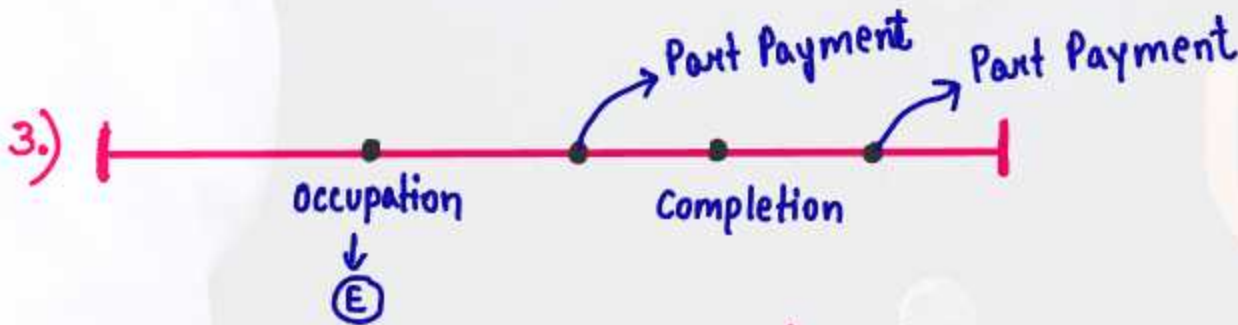
Example :-



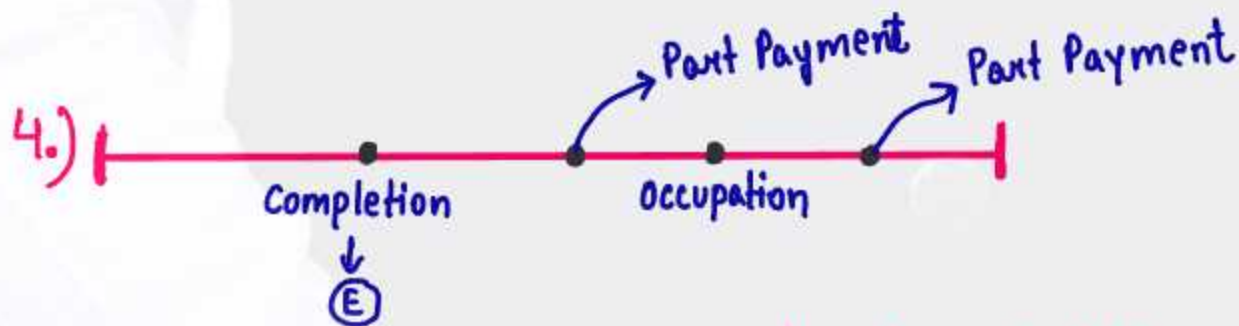
PARA 5(B) Applicable = SOS



PARA 5(B) Applicable = SOS



PARA 5(B) not Applicable = Covered under Schedule III



PARA 5(B) not Applicable = Covered under Schedule III



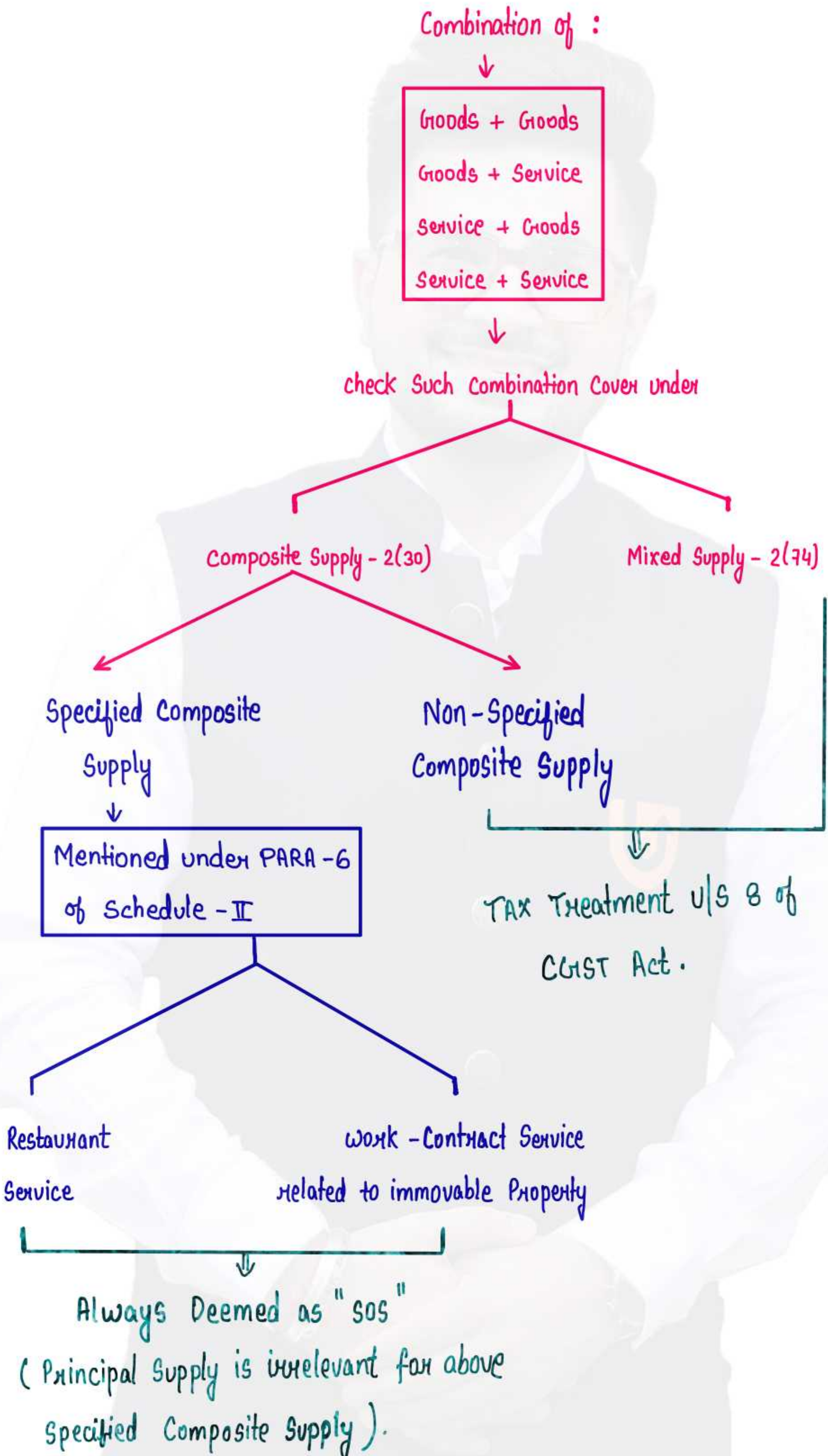
PARA 5(B) not Applicable = Covered under Schedule III

- (c) Temporary Transfer or permitting the use of any Intellectual Property Right;
- (d) Development, design, Programming, Customisation, upgradation, enhancement, implementation of IT Software;
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act;
- (f) transfer of the Right to Use any Goods for any Purpose.

Examples of Schedule - II (PARA 2 to 5)

Particulars	PARA'S
i) Lease Agreement for land use of Commercial purpose	SOS 2(a)
ii) A Shop let out in a busy market area	SOS 2(b)
iii) A Commercial property let out for use as Residence	SOG 5(a)
iv) UG Dyeing House dyes the clothes given by PG Textile Ltd. on Job-work basis.	SOS - PARA 3
v) A Person manufacturing and Selling wooden furniture takes One chair manufactured by him for use at his house.	SOS - 4(b)
6) Anun, a Trader is winding up his Business and 10 chair and 5 AC left in Stock.	SOG - 4(c)
7) Renting of Telecom Towers	SOS - 5(a)
8) UG Ltd. builders has Constructed Individual Residential House for agreed Consideration of ₹ 1.2 crore per Unit out of which 90 lakh received before Completion and 30 lakh after Completion. What will be your Answer if 100% Consideration received after Completion @ 9 th Occupation whichever is earlier.	SOS - 5(b) SOG SOS NOT P-5 of Schedule III
9) Temporary Transfer of Patent	SOS 5(c)
10) Permanent Transfer of Patent	SOG 1(a)
11) UG Solutions Pvt. Ltd. develops an Accounting Software for a Business firm.	SOS 5(d)
12) Cable operator - UG has entered into an Agreement with Cable operator - PG that UG will not provide Cable Connection in the Specified area where PG is providing Cable Connection.	SOS 5(e)
13) Machinery given on hire.	SOS 5(f)

Diagram of Composite Supply and Mixed Supply for better Understanding



Tax Treatment of Non-Specified Composite Supply (or) mixed Supply

PARTICULARS	Composite Supply	Mixed Supply
Definition under section	2(30)	2(74)
Identification Test	a) Supply made by Taxable Person (+) b) Combination of Two (or) more Taxable Supply. (+) c) which are naturally Bundled (+) d) One of the Supply is Principal Supply & other is Ancillary.	a) Supply made by Taxable Person (+) b) Combination of Two (or) more Individual Supply. (maybe Taxable or NT) (+) c) Not naturally Bundled (+) d) Not constitute Composite Supply. (+) e) charge Single Price.
Key Note	Combination of Taxable Supply. <u>Ex</u> Combination of TS (PIZZA) and NTS (Alcohol) can't be Composite Supply	Combination of ANY Supply. → Maybe Covered under MIXED SUPPLY.
charge Single Price (or) Consolidated Price	Not necessary to make Composite Supply.	Must be charge Single Price.
TAX Treatment (Sec-8)	Treated as Supply of such "Principal Supply"	Treated as Supply of that Particular Supply which attracts "HIGHEST RATE OF TAX".

Section 7(1A) + Schedule II + PARA-6 + Section -8 + 2(30) + 2(74)

Meaning of Composite Supply - Section 2(30)

" Composite Supply " means a Supply made by a Taxable Person to a Recipient consisting of two or more Taxable Supplies of Goods or Services or both, or any combination thereof, which are naturally Bundled and supplied in conjunction with each other in the Ordinary course of Business, One of which is a Principal Supply.

Meaning of Mixed Supply - Section 2(74)

" Mixed Supply " means two or more individual Supplies of Goods or Services, or any combination thereof, made in conjunction with each other by a Taxable Person for a single Price where such Supply does not constitute a Composite Supply.

Examples

Combination/Supply	CS	MS	Treatment
a) TV + Warranty ↓ 5% ↓ 12%	✓	x	TV - 5%
b) Box of Sweets, Dry fruits, Juices, etc. ↓ 12% ↓ 28% ↓ 5%	x	✓	Dry Fruits - 28%
c) Laptop + Laptop Bag ↓ 5% ↓ 18%	✓	x	Laptop - 5%
d) PIZZA + Burger + Garlic Bread + 30 ml. Wine ↓ 28% ↓ 12% ↓ 12% ↓ Non-Taxable	x	✓	28%
e) Hotel Accomodation + Breakfast ↓ 18% ↓ 5%	✓	x	18%
f) Mobile + Battery ↓ 28% ↓ 5%	✓	x	28%
g) Food delivery + Transportation ↓ 5% ↓ 12%	✓	x	5%
h) Tie + Watch + shirt + wallet ↓ 5% ↓ Nil. ↓ Exempt. ↓ 12%	x	✓	12%
i) CAR + Service ↓ 28% ↓ 18%	✓	x	28%
j) Momos + Momos chutney ↓ 5% ↓ Exempt	x	✓	5%
k) Golegappe + PANI + TIKKI ↓ 12% ↓ Exempt ↓ 18%	x	✓	18%
l) webcam + mic. ↓ 18% ↓ 12% Seller charged separate Price but buyer Paid Single Price.	x	x	Cover under Normal Supply and charge GST Separately.
m) Jewellery + Jewellery Box ↓ 3% ↓ 18%	✓	x	3%
n) UG Sir Coaching + Books ↓ 18% ↓ 5%	✓	x	18%
o) AC + Remote ↓ 28% ↓ 18%	✓	x	28%
p) Popcorn + Nachos + Coke ↓ 28% ↓ 18% ↓ Nil.	x	✓	28%

Section 7(2) + Schedule III

Notwithstanding anything Contained in Sub-section (1),—

(a) activities or Transactions specified in Schedule III ; or

(b) Such activities or Transactions undertaken by the Central Govt., a State Govt. or any local authority in which they are engaged as public Authorities, as maybe notified by the Govt. On the recommendations of the Council,

Shall be treated neither
as a Supply of Goods nor a Supply of Services.

Analysis of Section 7(2) + Schedule III

Our discussion under this Heading will Revolve around the following:

A. Non - Supplies listed in Schedule III

B. Non - Supplies notified by Govt.

C. Non - Supplies clarified by way of Circulars.

A. Non-Supplies Listed in Schedule III

PARA-1

Services by an Employee to the Employer in the course (or) in relation to his Employment.

Important Note

Only services that are provided by the employee to the employer in the course of employment are outside the ambit of supply. However, services provided not in the course (or) in relation to his employment for a consideration would qualify for supply.

Example

Particulars	Outward Supply (or) not ?
1) Mr. Abhishek provide service to Mr. VGI as per the terms of Agreement to en and ee.	X (No GST)
2) casual worker employed by construction contractor for execution of Building contract for him.	X (No GST)
3) Any Amount paid by Mr. VGI to Mr. Abhishek for not joining a competing business is paid for the service of forbearance to act (i.e. not to do something, Negative Act)	✓ (GST levied) (Not in the course)

PARA-2

Services by ANY COURT (or) Tribunal establish under any law.

Court includes District Court, HC and SC.

Service provide by Arbitral Tribunal not covered here, it means GST may be applicable.

PARA-3

Functions Performed by → MPs

→ MLAs

→ Member of Panchayat

→ Member of Local Authority

→ President

→ Prime Minister

→ IAS, CAG, etc.

PARA-4

Services of funeral, burial, crematorium (or) Mortuary
(or) Transportation of deceased.

PARA-5

Sale of Land (or) Building.

PARA-6

Actionable claim other than specified actionable claim.

Section 2(102A): Specified Actionable claim

Specified Actionable claim means the Actionable claim involved in (a) by way of —

- | | |
|-------------|------------------------|
| a) Betting | d) Casinos |
| b) Gambling | e) Horse Racing |
| c) Lottery | f) Online money Gaming |

Example

Actionable claims	Cover under Schedule - III or not?
1) Lottery	X
2) Right to Recovery Insurance money	✓
3) Claims for arrears of Rent	✓
4) Casinos	X
5) Unsecured Loan	✓
6) Bank Guarantee	✓
7) Horse race	X
8) My Circle II online Gaming	X
9) Fixed Deposit Receipt	✓
10) Betting	X

PARA - 7

Supply of Goods from a place in the non-Taxable territory to another Place in the non-taxable territory without such Goods entering into India.

PARA - 8

(a) Supply of Warehoused Goods to any Person before clearance for Home Consumption;

(b) Supply of Goods by the Consignee to any other Person, by endorsement of documents of title to the Goods, after the Goods have been dispatched from the Port of Origin located outside India but before clearance for Home Consumption.

Some Relevant Notifications (or) Circulars related to Supply

1. Activity in relation to Panchayat / Municipality functions :

Services by way of any Activity in relation to a function Performed by Panchayat under Article 243 G of COI (or) by a municipality under Article 243 W of COI.

↓

Neither treated as SOG nor treated as SOS.

2. Grant of Alcoholic Liquor license :

Services by way of grant of Alcoholic Liquor license by State Govt. are treated neither as SOG nor SOS. It may be noted that, other licenses provided by Govt. maybe chargeable to GST.

Non-Supplies clarified by way of CIRCULAR

(1) Inter-State movement of various modes of conveyance between distinct Person including :-

- Trains → Tankers
- Buses → Vessels
- Trucks → Aircraft, etc.

a) Carrying Goods (or) Passengers (or) both;
(or)

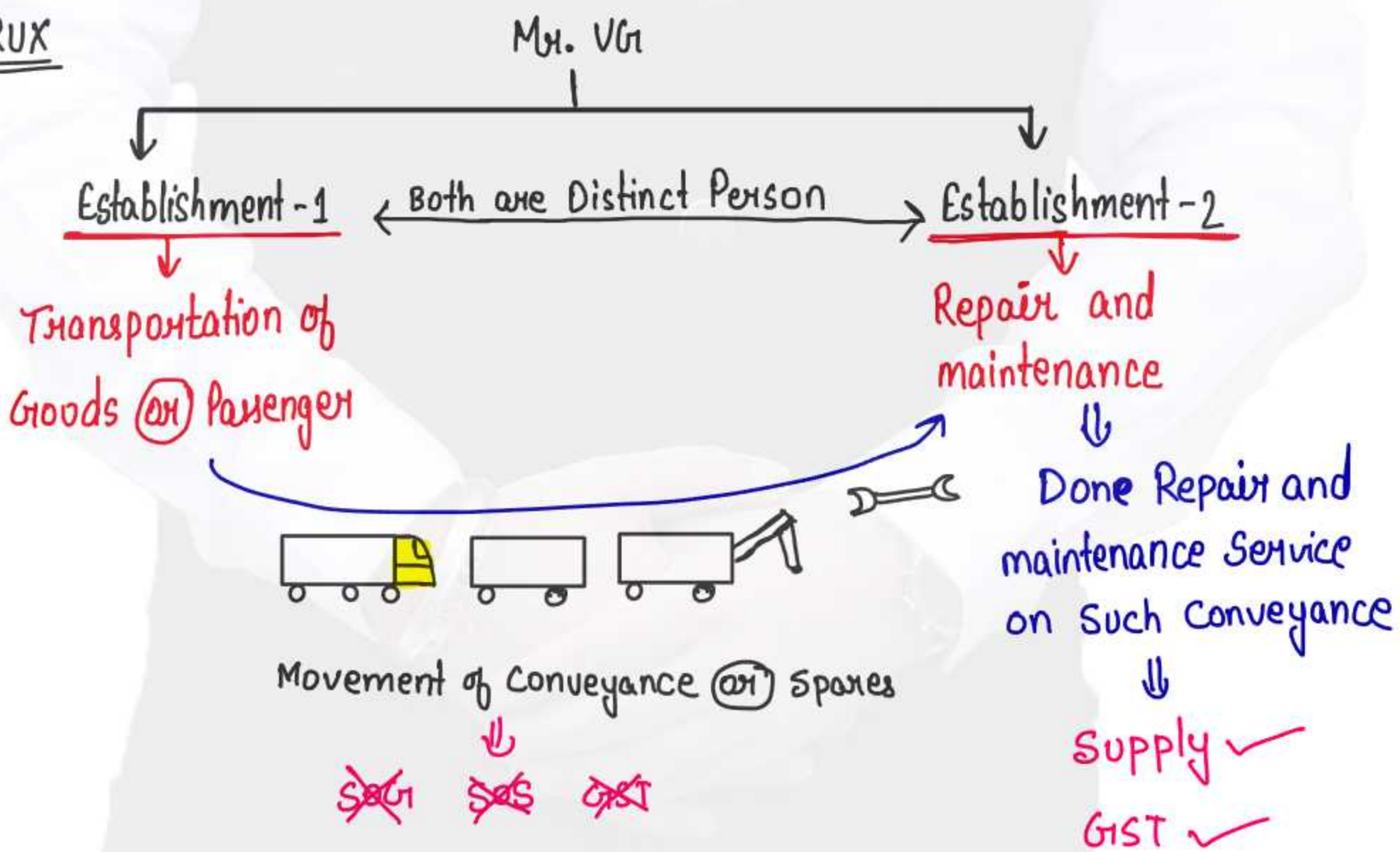
b) For Repair & maintenance Purpose shall be treated "neither as SOG nor SOS".

However, applicable CGST/SGST/IGST as the case maybe shall be leviable on Repairs and maintenance done for such conveyance.

(2) Inter-State movement of Rigs, tools and Spares and all Goods on wheels (like Cranes)

Above circular shall apply Mutatis - Mutandis. Such Inter State movement shall be treated "Neither as SOG, nor as SOS".

CRUX



Some more Circulars & clarifications & notifications

Printing Contracts

Printing Industry in India in particular faced a dilemma in determining whether the Nature of Supply Provided was that of Goods (or) Services. Another doubt was whether in Cases where Certain Contracts involved both SOG and Services, whether the Same would constitute SOG (or) SOS.

It is clarified that Printing Contracts is a part of Composite Supply and would be determined on the basis of what constitute the Principal Supply.

a) In the Case of Printing of Books, Pamphlets, brochures, annual Reports, and the like where only Content is Supplied by the Publisher and all other inputs belong to Printer. Such Supply, Deemed Supply of Printing (i.e. Printing is Principal supply) and deemed as Supply of Service.

b) In case of supply of Printed envelopes, letter Cards, Printed Boxes, tissues, Napkins, wall paper, etc. by Printer Using its Physical Input and here Goods is Principal. Hence Such Supply deemed as SOG.

Food Supplied to the Patients

Food Supplied to the in-Patients as advised by the Doctor is a Part of Composite Supply of Health care and not Separately Taxable. Other Supply of food by a hospital to Patients (not admitted) (or) their attendants (or) visitors are Taxable.

Activity of Bus body Building

In the case of Bus Body Building, there is Supply of Goods and Services. Thus, classification of this Composite Supply as Goods (or) services depend on which supply is Principal supply, which may be determined on Case to Case.

Retreading of Tyres

In Retreading of Tyres, which is a Composite Supply the Pre-dominant element is process of Retreading which is a Supply of Services. Rubber used for retreading is an ancillary supply.

Supply of Retreading tyres, where the old tyres belong to the Supplier of Retreaded tyres, is a "SOG".

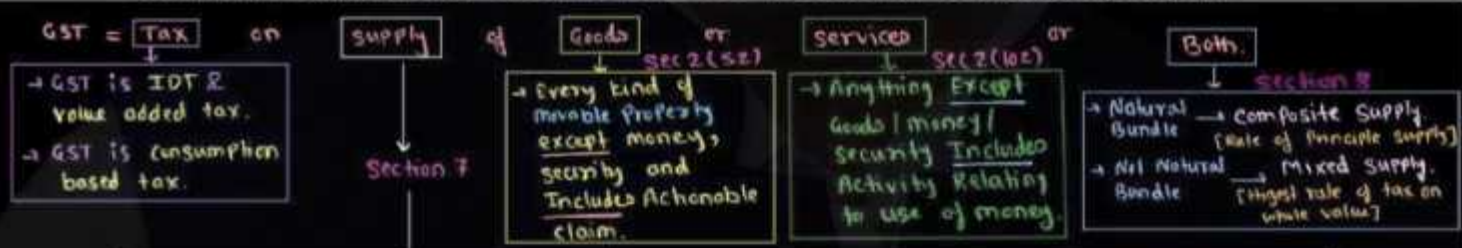
Supply of Food and Beverages at Cinema Hall

It is hereby clarified that :

- (i) Supply of Food (or) Beverages in a Cinema Hall is Taxable as "Restaurant Service".
- (ii) where the Sale of Cinema ticket and Supply of Food and Beverages are clubbed together, such Bundled Supply treated as Composite Supply. Hence entire Supply will attract GST at the Rate of Cinema Ticket.

Activity of Holding of Shares of Subsidiary Company by the Holding Co. Cannot be treated as SOG (or) SOS. Hence no GST applicable.

SUMMARY DIAGRAM OF COMPLETE :- Sec 7 / Sec 8 / Schedule I , II , III



Section 7(1)

- ★ Sec 7(1)(A) All forms + consideration + FOB
- ★ Sec 7(1)(b) Import of S + whole C + FOB or Not.
- ★ Sec 7(1)(c) → Refer SCH I [Without consideration]
- P1 Permanent Transfer + Business assets + ITC ✓ + without consideration
- P2 SOG / SOS + Betⁿ R/P or DDP + FOB
- P3 Principle → Agent
Agent → Principle
- P4 Import of S + By any person + Form RP + FOB. (RP → estbl. o/s India)

Section 7(1A) → Total 18 Entries

After determination of supply vis 7(1) Now check classification vis 7(1A).

PARA 01

- E1 Immediate title TIF = **SOG**
- E2 Right in Goods / undivided Share = **SOS**
- E3 Future Date title TIF = **SOG**

PARA 02

- E1 Renting of Land = **SOS**
- E2 Renting of building = **SOS**

PARA 03

- E1 Any process / treatment by job worker = **SOS**

8 PARAS Section 7(2)

PARA 01

Employee $\xrightarrow{\text{services in course}}$ Employer or in relation to employment.

PARA 02

Services by court / tribunal

PARA 03

Functions → member (P, SL, PA, M/IA)

Duties → PM / Pre / TAs / IFS
c / M / D of bodies of CG / SC / IA

P3 Principle → Agent
Agent → Principle

P4 Import of S + By any person + Form RP + FOB. (RP → estbl. o/s India)

PARA 04

- E1 TIF of business assets = **SOG**
- E2 Private use of business assets = **SOS**
- E3 Cessation of business [Stock of Goods] = **SOG**

PARA 05 → other than IEB.

- E1 Renting of Im. P = **SOS**
- E2 construction except 100% payment rec. after completion / occupation = **SOS**
- E3 Temporary TIF of IPR = **SOS**
- E4 IT software Development = **SOS**
- E5 To do an act / Negative act / Restrain from doing = **SOS**
- E6 TIF of Right to use = **SOS**

PARA 06

- E1 Restaurant service = **SOS**
- E2 work contract related to Immovable property = **SOS**

PARA 04

Funeral / Burial etc (-ve)

PARA 05

Sale of Land
Sale of building.
↓
After completion

PARA 06

Actionable claims other than

- BETTING → HORSE RACE
- GAMBLING → CASINO
- LOTTERY → ONLINE GAME

PARA 07

NTT → Non taxable territory.

PARA 08

supply of warehoused goods or
Supply in high seas [before home clearance]

E-way Bill

- E-Way Bill movement पर है supply पर नहीं } No Role of Supply
 → सिर्फ Goods वाले case में E-way Bill है } in EWB



E-Way Bill Concept



only in case of Goods → Rule 138

* Objective of E-Way Bill. why introduced?

- नकली Bill
- To control/stop practice of **Bogus Invoice**, related to Goods.
 - To control **Tax evasion** in the country.
 - To **track movement** of Goods.

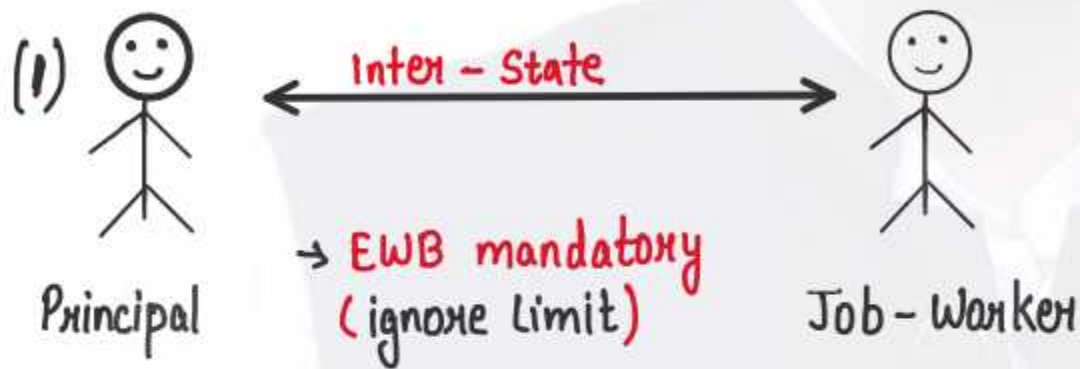
* Is E-Way Bill mandatory?

yes, mandatory but subject to conditions:

- If value of consignment exceeds Rs. 50,000
- For less value - optional

Exceptions

Means in the following cases, E-Way Bill is **mandatory** irrespective of value of consignment :-



(2) Inter-State movement of Hand-Crafted Goods.

Meaning of value

	<u>consolidated Bill</u>
value of taxable goods	20,000
value of Exempted Goods	35,000
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
	55,000
Add: GST @ 28%	5,600
Add: Cess @ 15%	3,000
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	63,600
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>

} on 20,000

Assessee → value of EWB

20,000 [value of Taxable Goods]

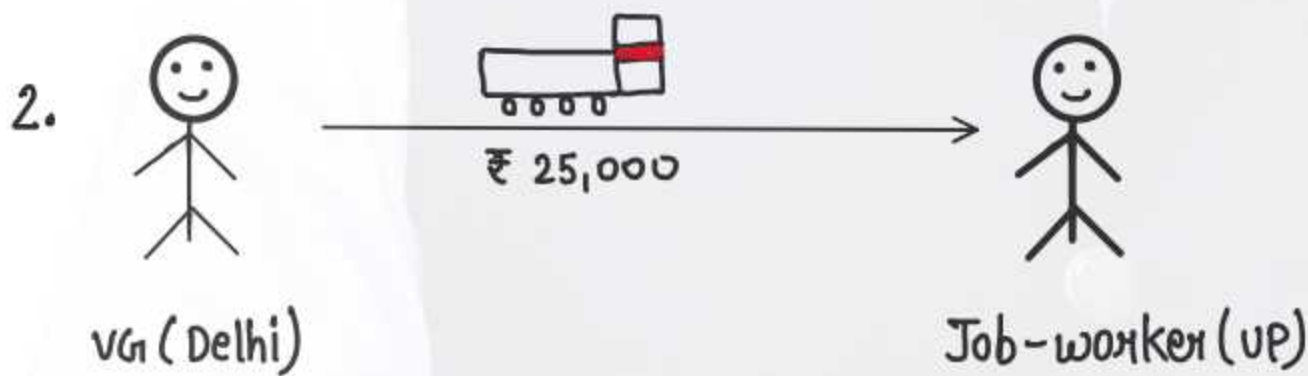
5,600 [GST]

3,000 [Cess]

28,600 → Less than 50,000 → NO EWB

Example 1 - A truck Contains Consignment based on 3 invoices,
 Invoice 1 for ₹ 65,000 ; Invoice 2 for ₹ 45,000 ; Invoice 3 for ₹ 1,00,000.
 How many EWB will be generated ?

→ E-Way Bill will be generated for Invoice 1 and 3.



EWB mandatory without exemption limit. (Inter-state)
 +
 (Principal → Job-worker)

In Case of Handicraft Goods, Same treatment as in (2).

* When required? - Inter/Intra?

EWB required for Inter as well as Intra State.

However, for Intra State, value of EWB may vary

E.g. Delhi → Intra (1,00,000) value

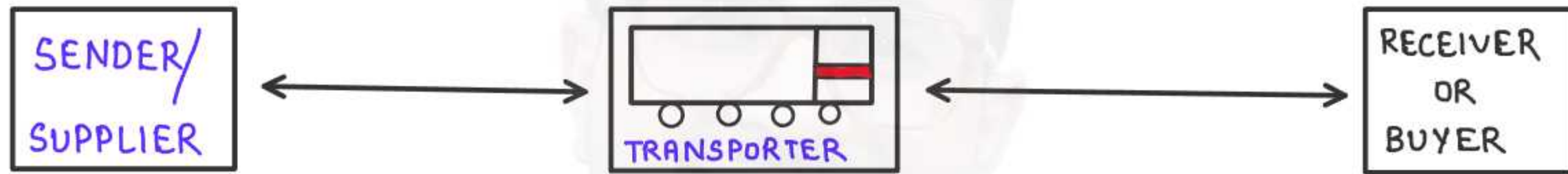
Bihar → Intra (2,00,000) value.

Inter-State

- All Cases

₹ 50,000.

* E-Way Bill made by?



In Case OF TRANSPORTATION BY ROAD

EWB can be generated by any of the above Person
(S + T + R) → By Using GSTIN.

In Case of AIR/SHIP/RAIL

Prepared by → S + R (Not Transporter)

→ After movement of Goods but before delivery at destination.

How to Generate?

Registered → GSTIN : Pan and Aadhar no. → Enrollment
(Unregistered)

↓

User ID / Password

↓

→ Login • EWB Generate

→ 12 Digit Unique no.

→ Having QR Code for fast verification

→ EWB no. sent by sms/Email to S+R+T

Two Parts in EWB

Part A → Supplier/Receiver and
Goods Details

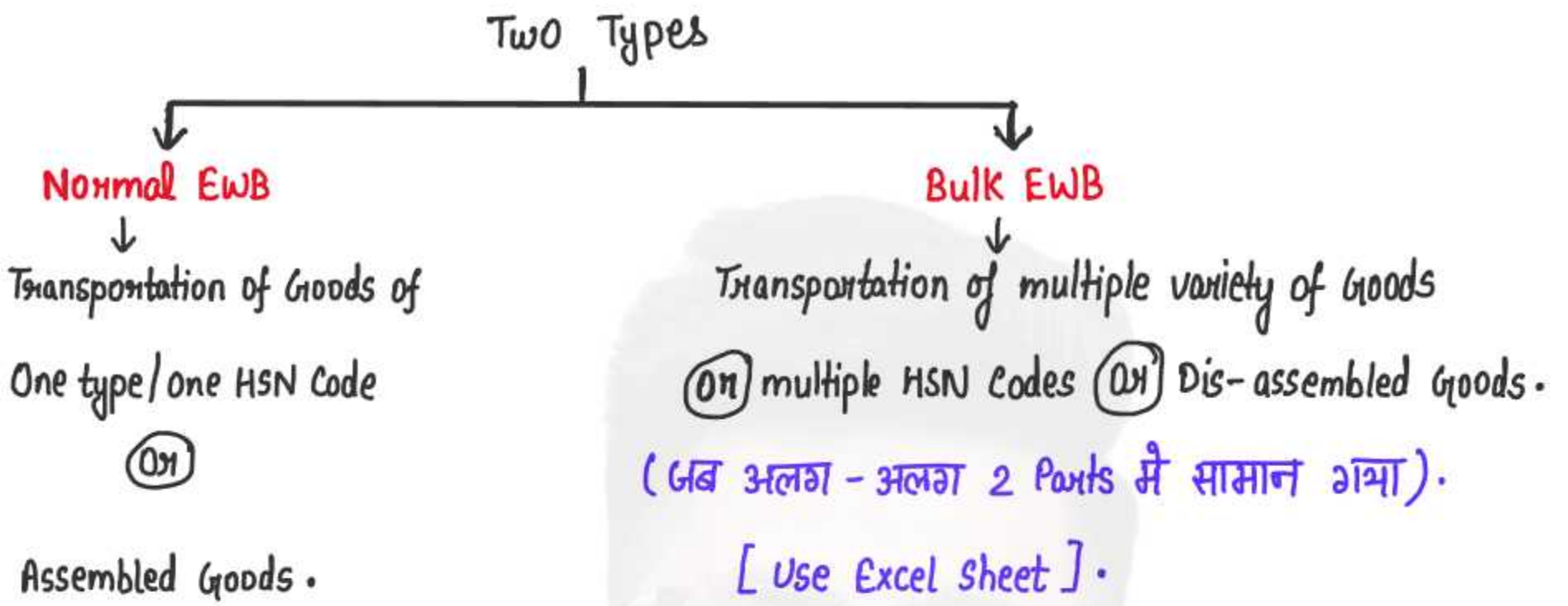
Part B → Transporter Details

Both Parts → S + R + T ✓

EWB State-wise नहीं National Level का होता है ।

EWB Invoice के साथ ही जाता है ।

* Types of E-Way Bill



* Cancellation of EWB → Cancel वही करेगा जिसने Generate किया.

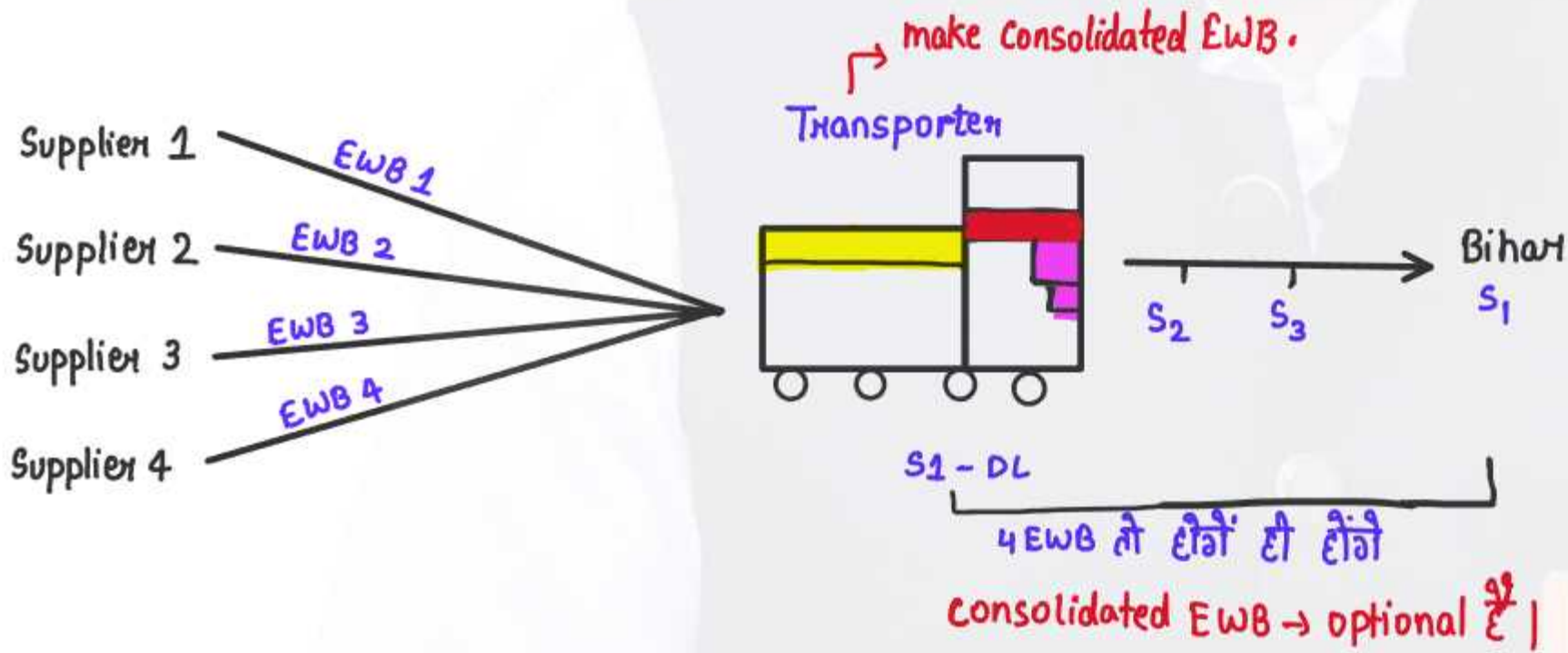
→ EWB once generated can be cancelled (Reason Prescribed in GST Portal).
Cancellation within 24 hrs. (After verification - No cancellation).

* When E-Way Bill is not Required?

- (1) Non - Motorised vehicle (e.g. Hand Rickshaw)
- (2) Exempted Goods Supply
- (3) Non - Taxable Goods (Alcoholic liquor + 5 Petroleum Products).
- (4) Jewellery, Gems, Coral, etc. (except Artificial Jewellery).
- (5) LPG, Gas.
- (6) Kerosene oil.
- (7) Post, parcel, mail etc. → Speed Post / Courier
- (8) Currency → not covered in Goods.
- (9) Custom Controlled Goods → (Port to warehouse, etc.)
→ except Job-worked case.
- (10) Movement → o/s the definition of Supply. (Schedule III)
- (11) Govt. Specified Areas.
- (12) Govt. Dept. Goods → e.g. Defence Goods.
- (13) Empty Container Transportation → Circular (LPG) → Factory Indane Customer
EWB ✓ Empty Container EWBX
- (14) Goods transport upto धर्मकाटा etc.
upto 20 km. ↓
weight measurement

* Consolidated EWB → [GST EWB 02]

DELHI



* What happened in case of Multi-vehicle?

e.g. Truck Problem, Transshipment Case



EWB Generate with details of T1.
(12 Digit No.)

However, movement → Intra + upto 50 km

↳ Details ✗ only T2 ✓

कितने Conveyance भी Use हुए हों,
upto 50km Intra-State, no need to update.

→ Amend/update EWB with
details of T2.

* Rejection of E-Way Bill (other can reject)

Yes, **within 72 hours**, if not rejected, then deemed to be accepted.

Cancellation by generator

Rejection by other than generator

} But before movement
of goods.

* Own Masters → List of Customers
↓ List of Suppliers
Like = Add Beneficiaries System. List of items
List of Destination, etc.

* Time of EWB → Before movement of Goods.

* Relevant form numbers

Rule 138 – Information to be furnished Prior to Commencement to movement of Goods. → GST EWB 01

Rule 138A – Documents to be Carried by a Person in charge of Conveyance. → GST INV 01

Rule 138C – Inspection and verification of Goods → GST EWB 03

Rule 138D – Facility for updating information regarding detention of vehicle. → GST EWB 04

Consolidated E-Way Bill. → GST EWB 02

* validity of EWB

<u>Cargo Type</u>	<u>Distance</u>	<u>validity</u>
1) <u>Overdimensional cargo</u> (or) <u>multi-model cargo</u> (with ship/vessel/T/P)	<ul style="list-style-type: none"> • 1st 20 km • Additional 20 km on Part. 	1 Day 1 Day.
2) <u>Normal cargo</u> (other than above).	<ul style="list-style-type: none"> • 1st 200 km • Add. 200 km on Part. 	1 Day. 1 Day.

Example -



Case 1 → Normal cargo → 3 days validity

Case 2 → Multi-Model cargo (without ship T/P)
Same as Normal → 3 days validity

Case 3 → Overdimensional cargo → 25 days validity

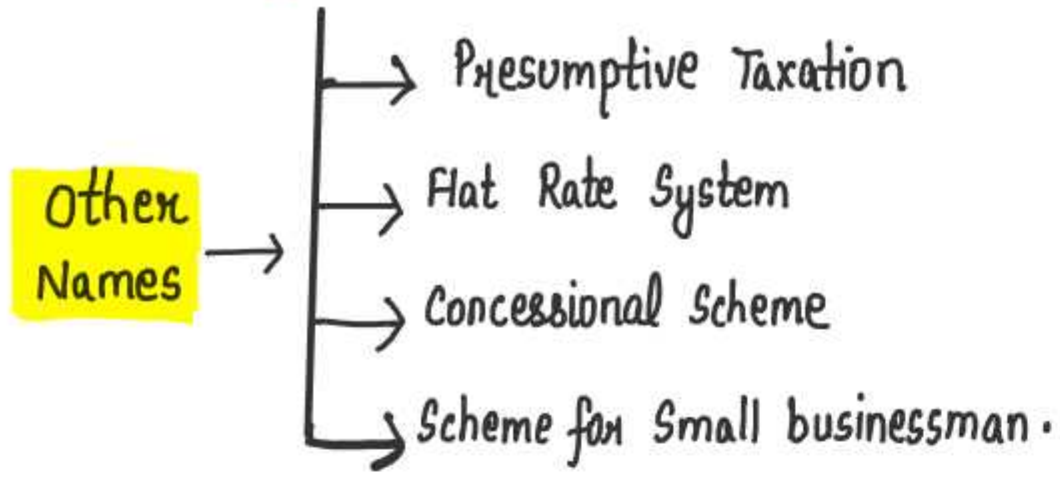
Case 4 → Multi-model cargo (with ship T/P) → 25 days validity

* Blocking of EWB

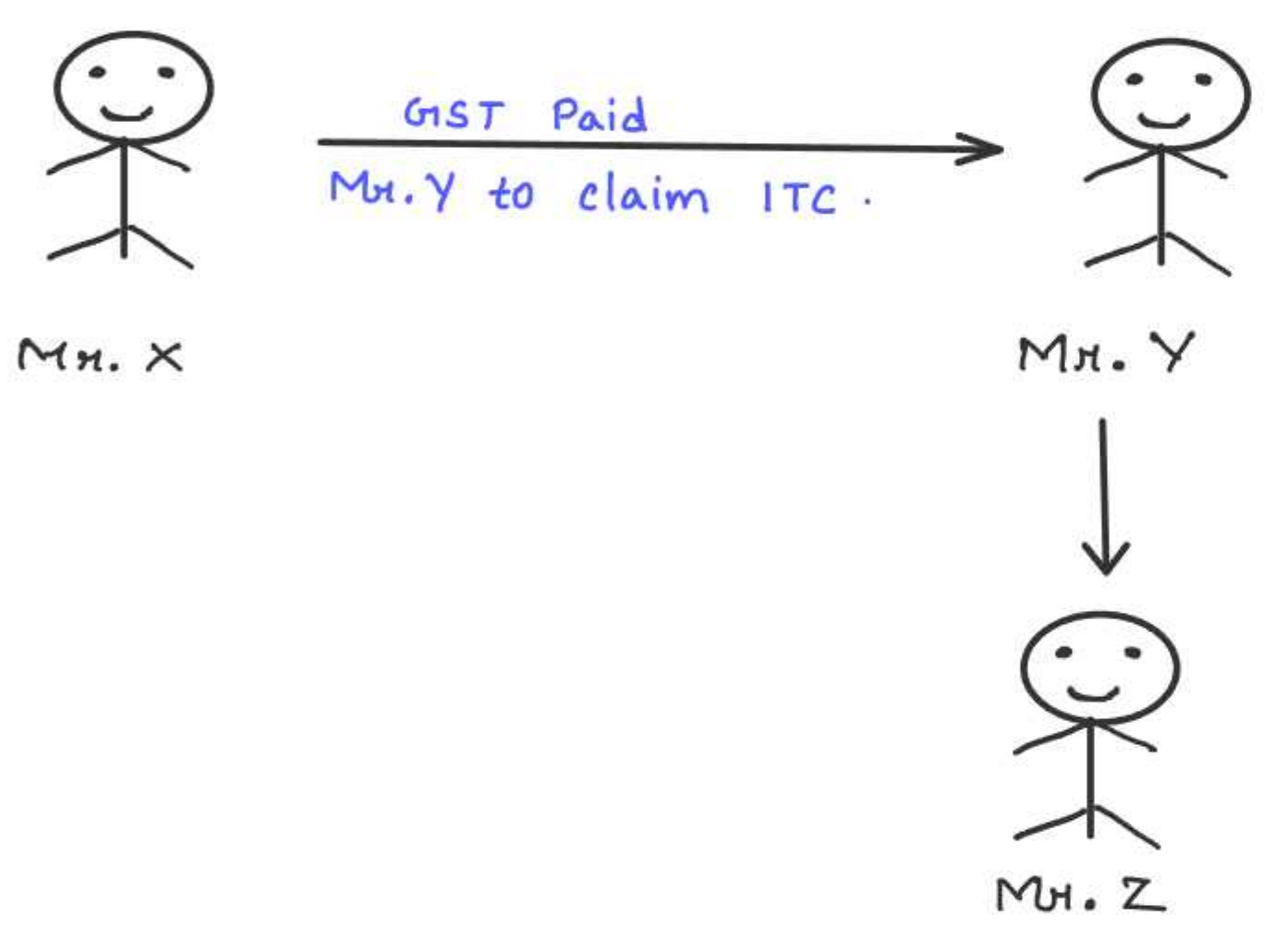
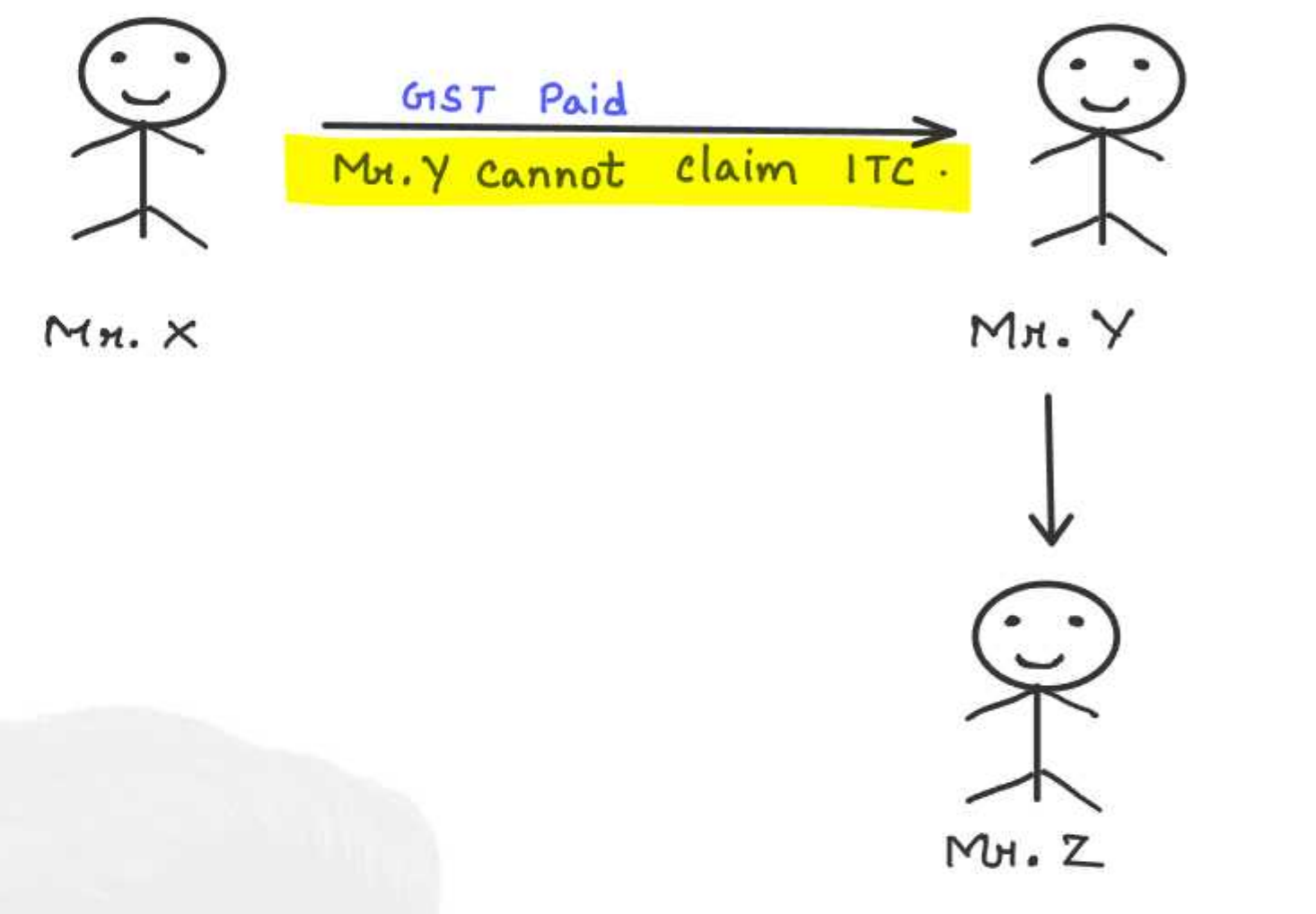
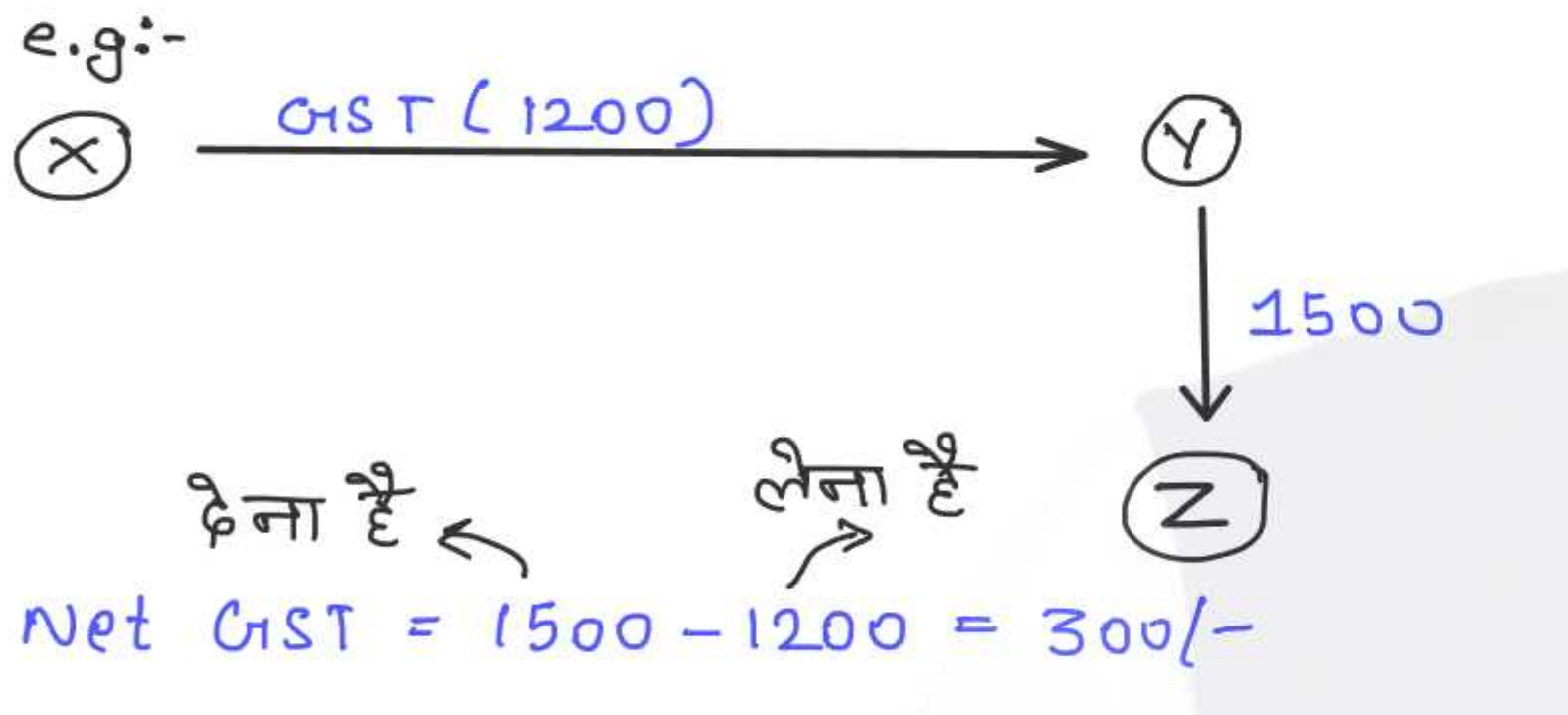
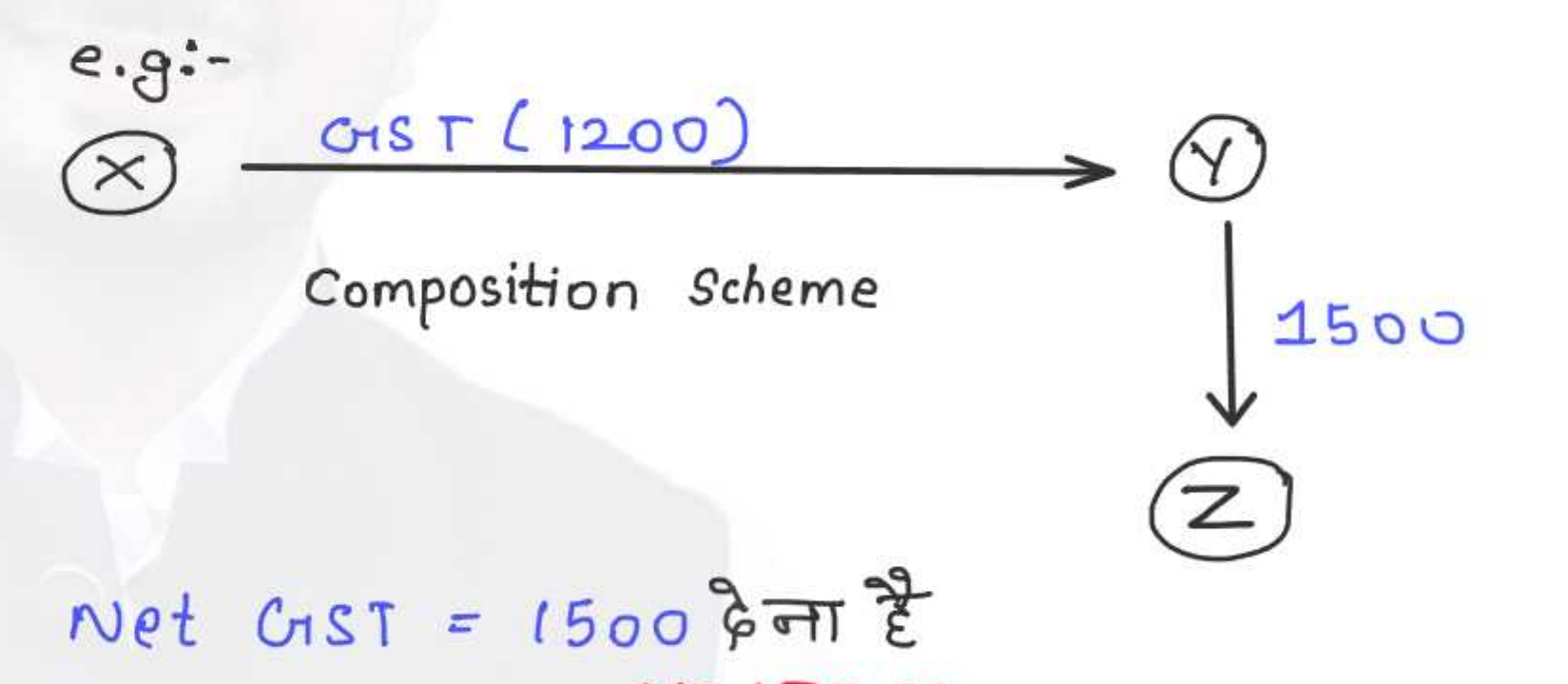
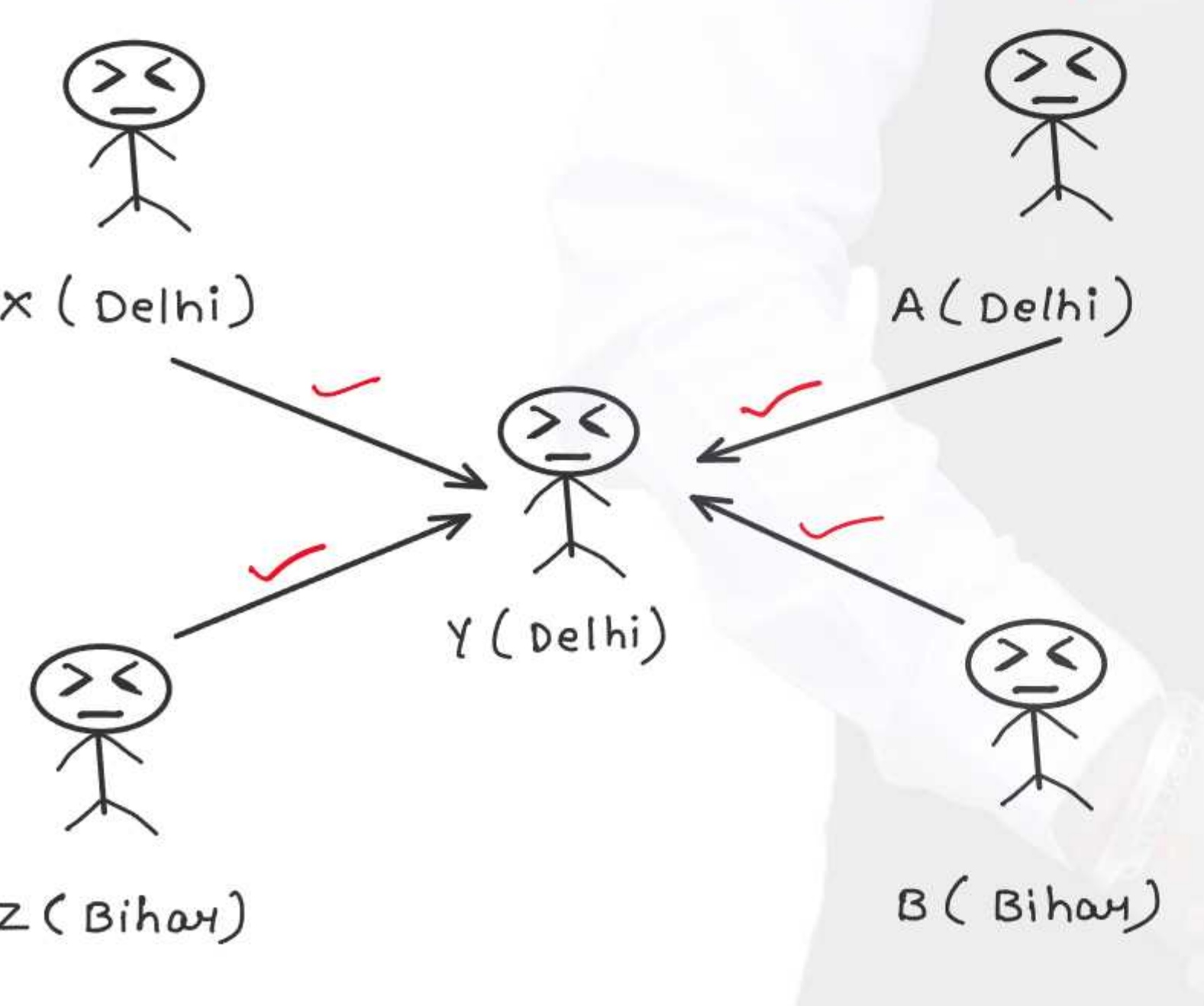
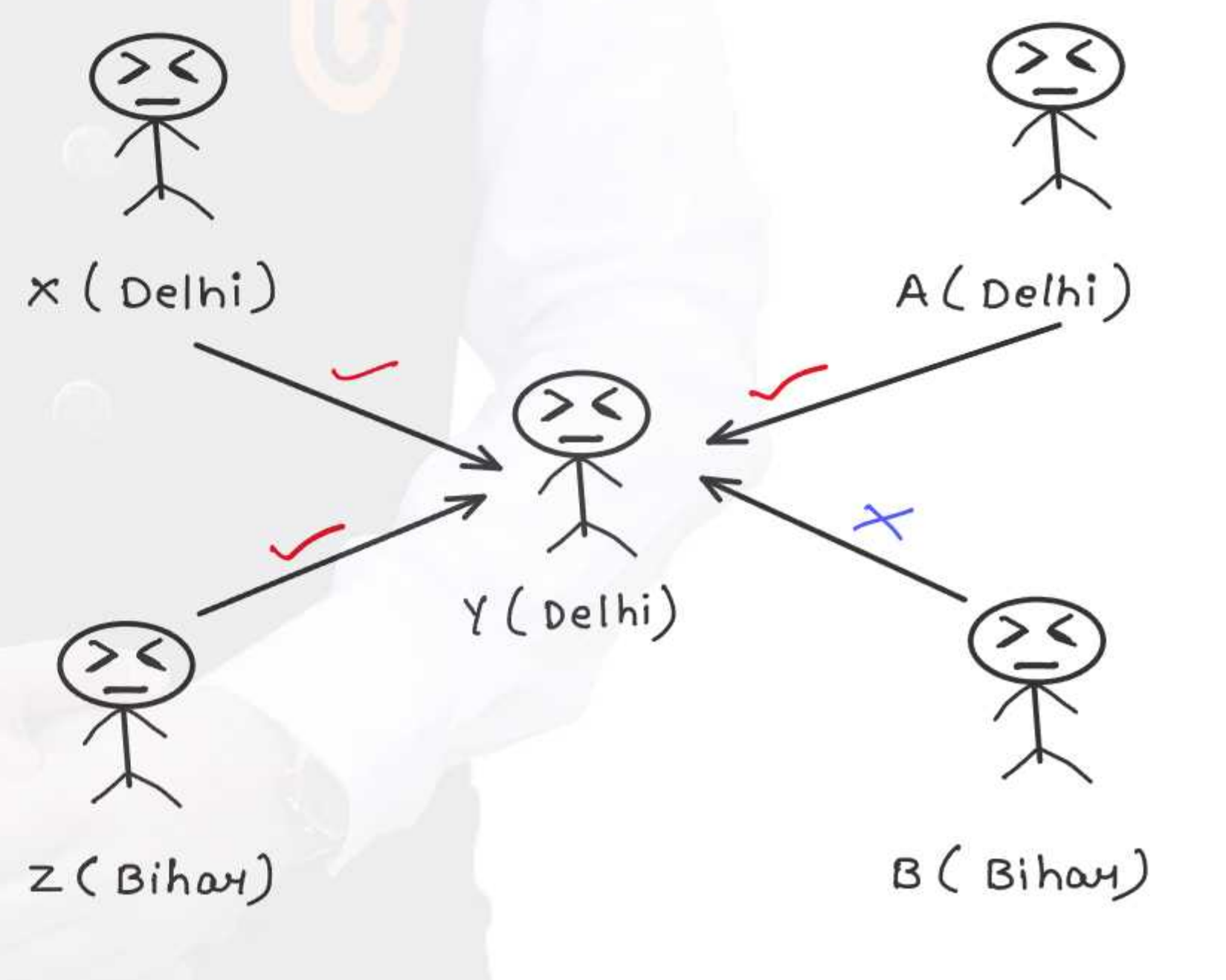
Person (including Consigner, Consignee, Transporter, etc.) shall be allowed to furnish information in **Part - A of GST EWB 01** in respect of any outward supply of Goods of a Registered Person who.

- 1) Person availing Regular Scheme →
 - has not furnished **GSTR - 3B** (for 6 months in normal case or 2 quarters (if QRMP)).
 - has not furnished **GSTR-1** for any 2 months or 2 Quarters.
- 2) Person availing Composition Scheme → has not furnished **GST CMP 08** for consecutive 2 quarters.
- 3) Person whose registration has been suspended.

Composition Scheme



Q1. What is the difference between Composition scheme & Normal scheme?

Normal Scheme	Composition Scheme
1. Covered u/s 9 of CGST Act, 2017.	Covered u/s 10 of CGST Act, 2017.
<p>2. ITC available on inward supply.</p> 	<p>ITC not available on inward supply.</p> 
<p>3. GST Payable = output Tax (-) ITC</p> <p>Net GST Payable = <u>xxx</u></p> <p>e.g:-</p>  <p>Net GST = 1500 - 1200 = 300/-</p>	<p>Tax Payable = T.O. x Concessional Rate (-) NO ITC</p> <p>Tax Payable → <u>xxx</u></p> <p>e.g:-</p>  <p>Net GST = 1500 देना है NO ITC X</p>
<p>4. Registered Person can make Inter-state as well as Intra-state Supply.</p> 	<p>Composite Taxable Person cannot make INTER-STATE SUPPLY.</p> 

5. Any Registered Person can opt for Normal Scheme.

Only Specified Registered Person can opt Composition Scheme.
[A.T.O \rightarrow 1.5 crore / 75 lacs / 50 lacs].

6. Returns Under GST

Now, 2 monthly Returns & 1 Annual Return
[Total 25 Returns] \rightarrow GSTR1, GSTR3B, GSTR9,

If QRMP scheme opt = 1 Quarterly Return
(T.O upto 5 cr.)

1 Annual Return

Total = 4 + 1 = 5 Returns

Only 2 Returns are to be filed.
(Both are Annual)

GSTR - 4

and

GSTR - 9A

7. Higher GST Rate (5% ; 12% ; 18% ; 28%)

lower / concessional GST Rate (1% ; 5% ; 6%)

8. Detailed Books of A/c

Less Books of A/c

9. Classification of Goods is required.

No classification is required.

10. Burden of GST Can be Shifted on Consumer.

Concessional Tax cannot be collected from consumer.

11. Normal Registered Person will issue Tax Invoice.

Composite dealer will issue Bill of Supply.

12. There is no Such Requirement.

He shall mention the words 'Composition Taxable Person, not eligible to Collect the Tax on Supplies at the Top of the Bill of Supply issued by him.

13. There is no Such Requirement.

He Shall mention the words 'Composition Taxable Person' on every Notice or Signboard displayed at a Prominent Place, at his principle place of Business and every Additional Place of business.

<p>14. GST Cess is also payable.</p>	<p>GST Cess is not Payable.</p>
<p>15. <u>Payment of GST</u></p> <p>Monthly Basis = 20th of Next Month <u>Or</u> Quarterly Basis = 22th/24th of Next Quarter as the case maybe.</p>	<p><u>Payment of Concessional GST</u></p> <p>Quarterly = 18th of Next Quarter.</p>
<p>16. <u>Discharge of GST Liability</u></p> <p>1) Through E - Credit ledger. 2) Through E - Cash ledger.</p>	<p><u>Discharge Concessional GST</u></p> <p>Only Through E - Cash ledger.</p>
<p>17. NR or CTP are eligible only for Normal Scheme.</p>	<p>NR or CTP are not eligible for Composition Scheme.</p>
<p>18. Electronic Commerce Operator (ECO) can avail Only Regular Scheme.</p>	<p>ECO is not eligible for Composition Scheme.</p>
<p>19. Supplier who Supply through ECO is eligible for Normal Scheme.</p>	<p>Supplier who Supply through ECO is not eligible for Composition Scheme. Amendment: Supplier who Supply Goods (Intra-state) through ECO is eligible for Composition Scheme.</p>
<p>20. There is no Such Requirement.</p>	<p>If Assessee is the Manufacturer of *PATI + *Bricks then he is not eligible for Composition Scheme.</p> <p>* P = Pan Masala *Bricks</p> <ul style="list-style-type: none"> A = Aerated Water • Building Bricks. T = Tobacco • Roofing Tiles I = Ice-Cream • Fly Ash Bricks • Bricks of Fossil mills.

Section - 10(1), 10(2), 10(2A), 10(3)

1) Eligible Assessee = Every Registered Person

2) Eligible Limit =

Particulars	Eligible limit for Cs		
	section	Normal state	Special Category State
Goods Manufacturer (except PATI + 4 BRICKS)	10(1)/10(2)	150 lakh	75 lakh
Goods Trader (including PATI + 4 BRICKS)	10(1)/10(2)	150 lakh	75 lakh
Restaurant Service	10(1)/10(2)	150 lakh	75 lakh
Goods Manufacturer + *Marginal Service	10(1)/10(2)	150 lakh	75 lakh
Goods Trader + *Marginal Service	10(1)/10(2)	150 lakh	75 lakh
Restaurant + *Marginal Service	10(1)/10(2)	150 lakh	75 lakh
Service other than Rest. Service	10(2A)	50 lakh	50 lakh
Service + Marginal Goods	10(2A)	50 lakh	50 lakh

* Assessee Can Provide Marginal Service in Current F.Y. upto the following Specified Limit :

- (1) 10% of T.O in P.F.Y
 OR
 (2) ₹ 5 lakh
- whichever is Higher

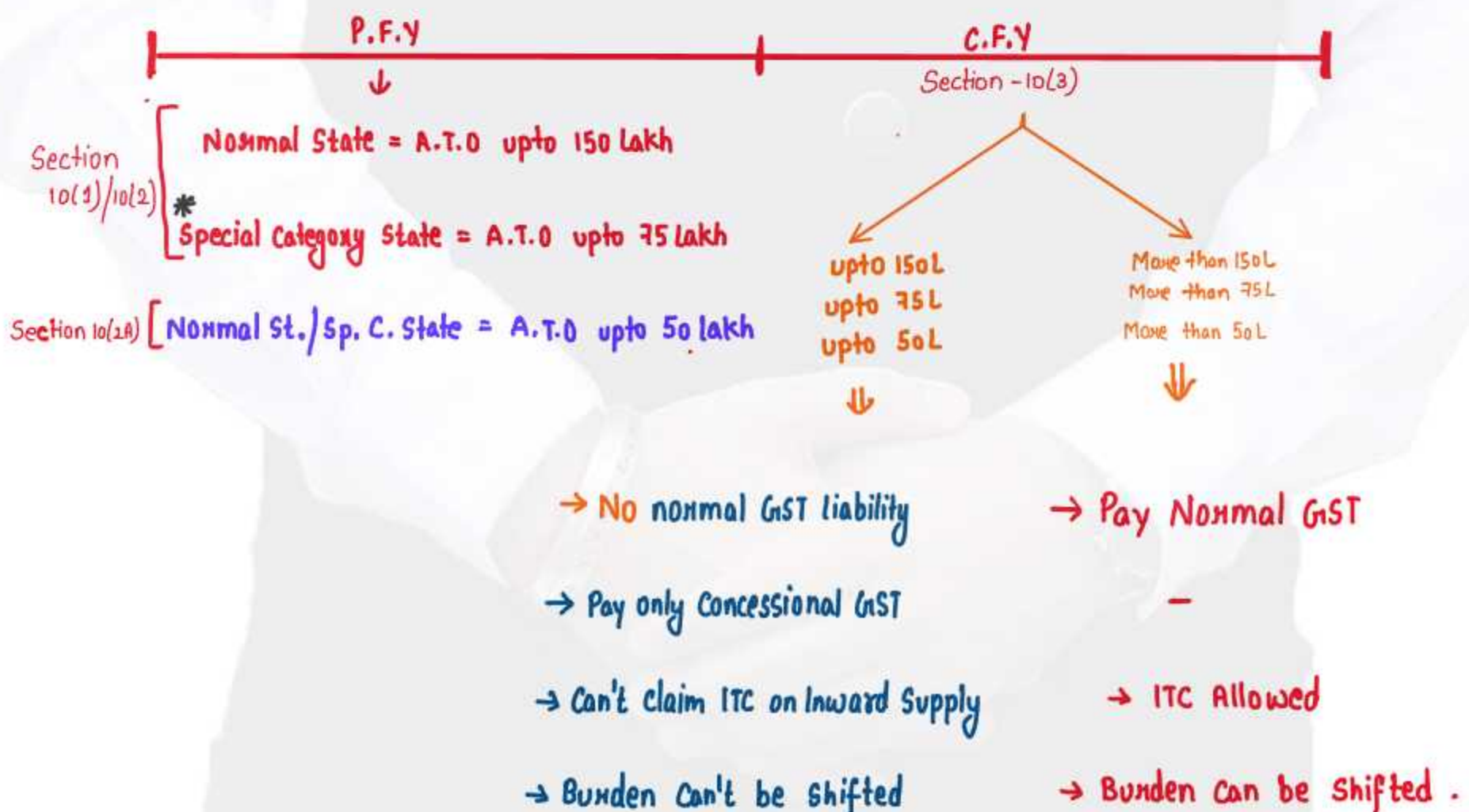
Marginal Service in Current F.Y

कम से कम 5 Lakh तक की Service दे सकते हैं
 ज्यादा से ज्यादा 15 Lakh तक की Service दे सकते हैं

in Current F.Y but Subject to 150 lakh/ 75 lakh .

Diagram for better Understanding

Case-I



Special Category State - 8 States for CS

Acronym

State Name

U

UTTARAKHAND

M

MEGHALAYA

M

MIZORAM

M

MANIPUR

N

NAGALAND

A

ARUNACHAL PRADESH

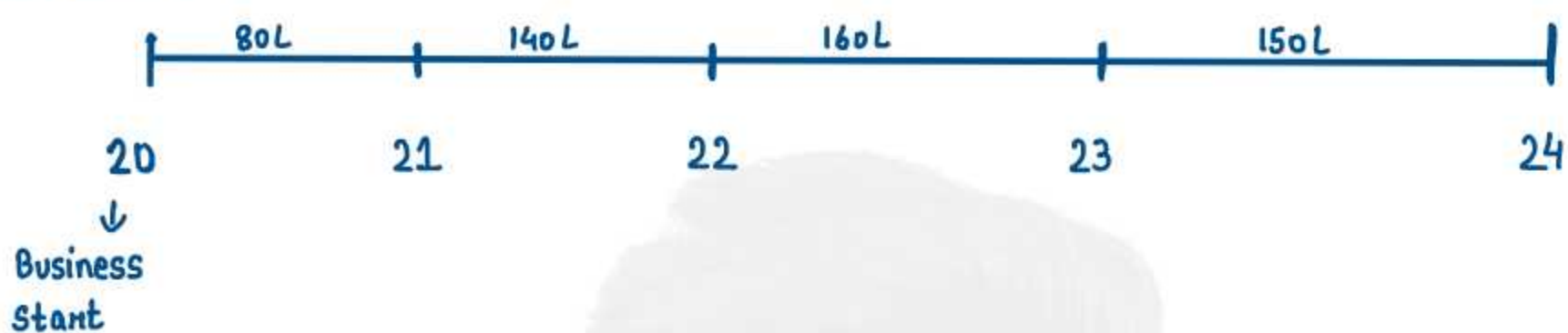
S

SIKKIM

T

TRIPURA

All states other than above 8 States are Normal States.

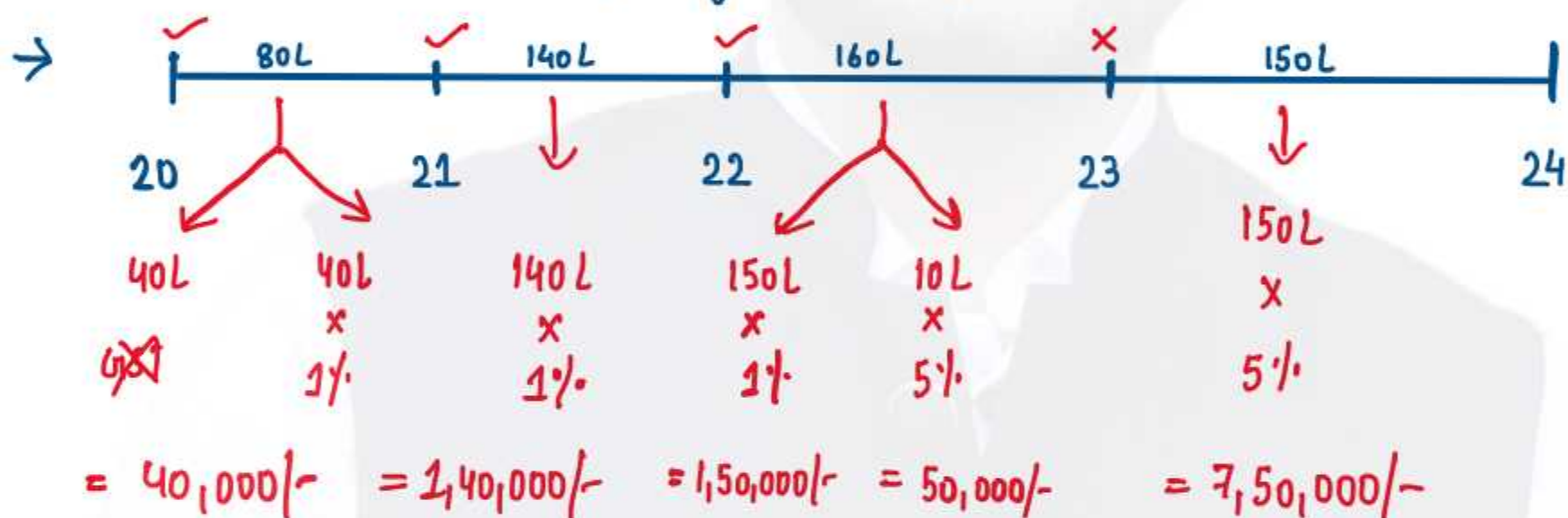
Example

Q1. Is he eligible for Composite Scheme in F.Y 20-21, 21-22, 22-23, 23-24 ?

→ He is eligible for Composite Scheme in F.Y 20-21, 21, 22 and 22-23.

Q2. If yes, then Calculate Concessional GST @ 1% & Normal GST @ 5%.

Note = Threshold limit of Registration of ₹ 40 lakh.



Q3. Is he eligible for Composite Scheme in FY 23-24 if A.T.O in FY 22-23 was 120 lakh, If yes, then Compute Concessional GST in FY 23-24.

→ Yes, he will be eligible for Composite Scheme if A.T.O in 22-23 is 120 lakh.

$$\begin{aligned} \text{Concessional GST} &= 150 \text{ lakh} \times 1\% \\ &= 1,50,000/- \end{aligned}$$

Q4. Refer details of Q3 and find out whether he can provide service in FY 23-24, If yes then find out the amount of service ?

→ Amount of service he can provide in FY 23-24

$$\left. \begin{array}{l} 120 \text{ lakh} \times 10\% \\ \text{OR} \\ ₹ 5 \text{ lakh} \end{array} \right\} \begin{array}{l} \text{whichever} \\ \text{is} \\ \text{higher} \end{array} \text{ i.e., } = 12,00,000/-$$

Important Note

Section 10 Overruled entire GST Act Except section 9(3) and 9(4).

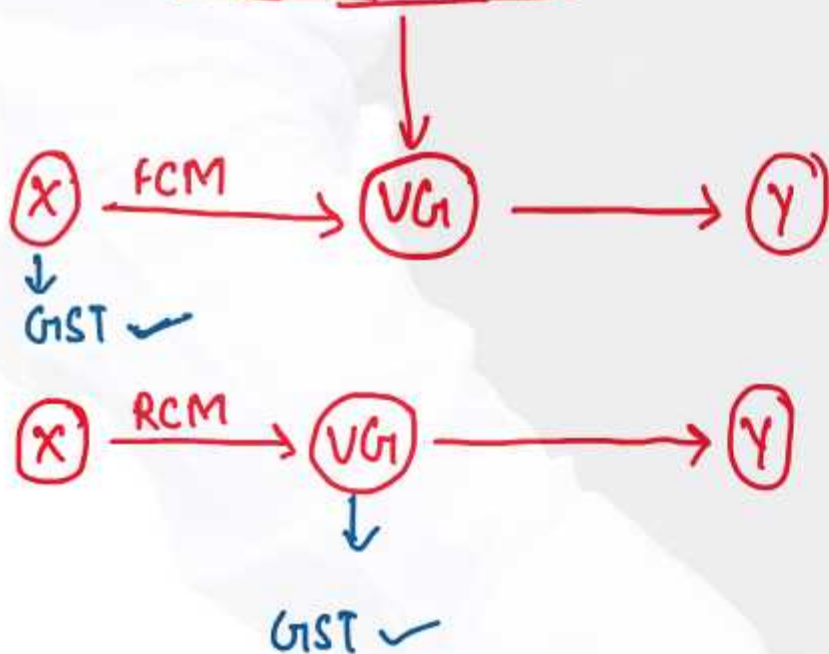


It means if Inward Supply Covered v/s 9(3) or 9(4) i.e. RCM then Assessee have to Pay GST whether he is Covered under Composite Scheme.

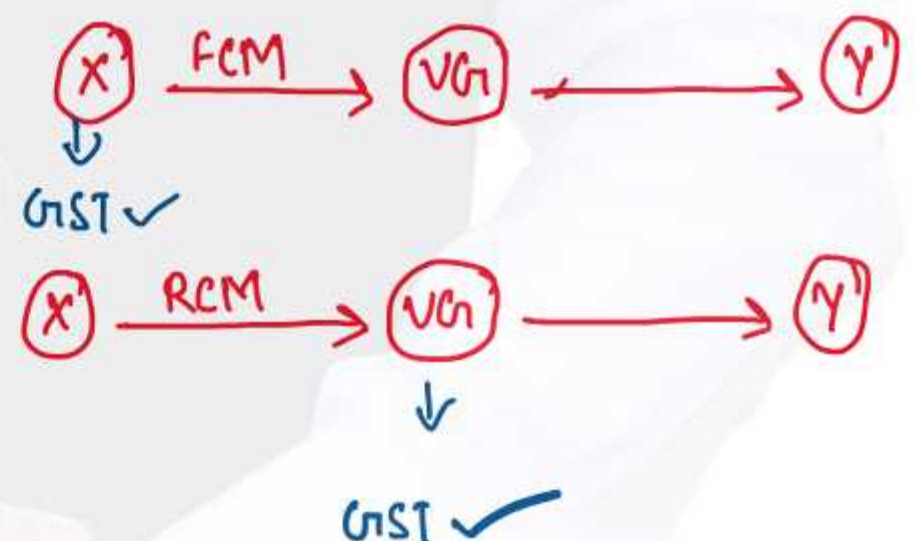
Reason = Applicability of CS on outward supply not on Inward supply.

Example

Normal Scheme



Composition Scheme



How to Compute Aggregate Turnover (A.T.O) in P.F.Y for eligibility of Composition Scheme?

Consider Only "OUTWARD SUPPLY"

INCLUDES

- Inter - State Supply Taxable Under FCM.
- Inter - State Supply Taxable Under RCM.
- Intra - State Supply Taxable Under FCM.
- Intra - State Supply Taxable Under RCM.
- Inter - State Supply (Nil Rated/Exempted/Non Taxable).
- Intra - State Supply (Nil Rated/Exempted/Non Taxable).
- Export Supply (Actual Export/Deemed Export) = Zero Rated Supply.
- Any other outward supply.

But does not include

- GST → CGST, SGST, IGST, UTGST, Compensation Cess.
- Interest & Discount
- Inward Supply covered under RCM.

Q. VG Ltd. is the manufacturer in Mumbai. In FY 22-23, total value of supply is ₹ 1,65,00,000 (Exclusive of Taxes). Breakup of supplies as follows:

- 1) Inter - State Supply of Goods made Under FCM = ₹ 10,00,000
- 2) Intra - State Supply of Goods made Under FCM = ₹ 90,00,000
- 3) Intra - State Supply of Goods exempt Under GST = ₹ 15,00,000
- 4) Intra - State Supply of Goods Nil - Rated = ₹ 25,00,000
- 5) Intra - State Supply of service extending loan on which interest is received = ₹ 10,00,000
- 6) Goods Purchased covered Under RCM = ₹ 15,00,000

Whether VG Ltd. is eligible or not?

Ans Computation of A.T.O in P.F.Y i.e. 22-23

Particulars	Amount(₹)
Inter - State Supply of Goods made Under FCM	10,00,000
Intra - State Supply of Goods made Under FCM	90,00,000
Intra - State Supply of Goods exempt Under GST	15,00,000
Intra - State Supply of Goods Nil - Rated	25,00,000
Intra - State Supply of service extending loan on which Interest is received	-
Goods Purchased covered Under RCM	-
	<u>1,40,00,000</u>

Working Notes:

Aggregate Turnover in Previous Financial year includes:

- Inter - State Supply Taxable Under FCM.
- Inter - State Supply Taxable Under RCM.
- Intra - State Supply Taxable under FCM.
- Intra - State Supply Taxable Under RCM.
- Inter - State Supply (Nil Rated/Exempted/Non Taxable).
- Intra - State Supply (Nil Rated/Exempted/Non Taxable).
- Export Supply (Actual Export/Deemed Export) = Zero Rated Supply.
- Any other outward Supply.

But does not include

- GST → CGST, SGST, IGST, UTGST, Compensation Cess.
- Interest & Discount
- Inward Supply covered under RCM.

On the Basis of the above Provision, the Aggregate Turnover of P.F.Y is 1,40,00,000.

Conclusion: VG Ltd. is eligible for Composition Scheme since his A.T.O is less than 150 Lakh.

Q. Mr. VG is a manufacturer in Delhi. His total supply in P.F.Y was ₹ 1,78,00,000 which includes the following elements :

- 1) Intra State Taxable Supply Covered under RCM = 20,00,000
- 2) Intra State Exempted Supply = 20,00,000
- 3) Inter State Taxable Supply = 30,00,000
- 4) Inter State Inward Supply Covered under RCM = 20,00,000
- 5) Interest & Discount = 10,00,000
- 6) Supply to SEZ = 35,00,000
- 7) Inter State Inward Supply Covered under FCM = 25,00,000
- 8) Intra State Nil Rated Supply = 18,00,000

Ans Computation of A.T.O for eligibility of Composition Scheme

Particulars	Amount (₹)
Intra State Taxable Supply Covered under RCM	20,00,000
Intra State Exempted Supply	20,00,000
Inter State Taxable Supply	30,00,000
Inter State Inward Supply Covered under RCM	—
Interest & Discount	—
Supply to SEZ	35,00,000
Inter State Inward Supply Covered under FCM	—
Intra State Nil Rated Supply	18,00,000
	1,23,00,000

Working Notes:

Aggregate Turnover in Previous Financial year includes:

- Inter - State Supply Taxable Under FCM.
- Inter - State Supply Taxable Under RCM.
- Intra - State Supply Taxable under FCM.
- Intra - State Supply Taxable Under RCM.
- Inter - State Supply (Nil Rated/Exempted/Non Taxable).
- Intra - State Supply (Nil Rated/Exempted/Non Taxable).
- Export Supply (Actual Export/Deemed Export) = Zero Rated Supply.
- Any other outward Supply.

But does not include

- GST → CGST, SGST, IGST, UTGST, Compensation Cess.
- Interest & Discount
- Inward Supply covered under RCM.

On the Basis of the above Provision, the Aggregate Turnover of P.F.Y is 1,23,00,000.

Conclusion: Mr. VG is eligible for Composition Scheme since his A.T.O is less than 150 Lakh.

Q. Mr. UG is a Trader of Ice-Cream, Determine whether he is eligible for Composite Scheme on the basis of the following Information :-

- 1) Inter State Non Taxable Supply = 30,00,000
- 2) CGST, SGST Paid on Inter State Supply = 5,00,000
- 3) Goods Purchase from Mr. A Covered under RCM = 10,00,000
- 4) Supply to USA = 20,00,000
- 5) Interest and Discount = 25,00,000
- 6) Intra State Nil Rated Supply = 35,00,000
- 7) Inter State Exempted Supply = 20,00,000
- 8) Intra State Purchase Covered under FCM = 25,00,000
- 9) Intra State Taxable Supply Covered under RCM = 40,00,000

Computation of A.T.O for eligibility of Composition Scheme

Particulars	Amount (₹)
Inter State Non - Taxable Supply	30,00,000
CGST, SGST Paid on Inter State Supply	-
Goods Purchased from Mr. A Covered under RCM	-
Supply to USA	20,00,000
Interest & Discount	-
Intra State Nil Rated Supply	35,00,000
Inter State Exempted Supply	20,00,000
Intra State Purchase Covered under FCM	-
Intra State Taxable Supply Covered under RCM	40,00,000
	1,45,00,000

Working Notes:

Aggregate Turnover in Previous Financial year includes:

- Inter-State Supply Taxable Under FCM.
- Inter-State Supply Taxable Under RCM.
- Intra-State Supply Taxable under FCM.
- Intra-State Supply Taxable Under RCM.
- Inter-State Supply (Nil Rated/Exempted/Non Taxable).
- Intra-State Supply (Nil Rated/Exempted/Non Taxable).
- Export Supply (Actual Export/Deemed Export) = Zero Rated Supply.
- Any other outward Supply.

But does not include

- GST → CGST, SGST, IGST, UTGST, Compensation Cess.
- Interest & Discount
- Inward Supply covered under RCM.

On the Basis of the above Provision, the Aggregate Turnover of P.F.Y is 1,45,00,000.

Conclusion: Mr. VG is eligible for Composition Scheme since his A.T.O is less than 150 Lakh.

Computation of Turnover in Current F.Y for Computation of Concessional GST

Consider Only " **INTRA STATE OUTWARD SUPPLY** "

- Taxable under FCM.
- Taxable under RCM.
- Exempted Supply.
- Nil Rated Supply.
- Non Taxable Supply.

But does not include

- GST → CGST, SGST, IGST, UTGST, Compensation Cess.
- Interest & Discount
- Inward Supply Covered under RCM.

Computation of Turnover in Current F.Y and Concessional GST Rates u/s 10

Section	Particulars	T.O in C.F.Y	Concessional GST
10(1)/10(2)	Manufacturer of Goods (Except 8 Specified Goods)	Total Turnover (Taxable, Exempted, etc.)	1% (0.5% CGST + 0.5% SGST)
10(1)/10(2)	Trader of Goods	Only Taxable Turnover	1% (0.5% CGST + 0.5% SGST)
10(1)/10(2)	Restaurant Service	Total Turnover (Taxable, Exempted, etc.)	5% (2.5% CGST + 2.5% SGST)
10(1)/10(2)	Marginal Service with above Category	Only Taxable Turnover	1% (0.5% CGST + 0.5% SGST)
10(2A)	Exclusive Service u/s 10(2A) other than Restaurant Service	Total Turnover (Taxable, Exempted, etc.)	6% (3% CGST + 3% SGST)
10(2A)	Exclusive Service + Marginal Goods	Total Turnover (Taxable, Exempted, etc.)	6% (3% CGST + 3% SGST)

CRUX

Trader (or) Marginal Service वाले Case में Only Taxable Turnover लेंगे &
All other Case में Total Turnover लेंगे

Q. Mr. Vb is a Manufacturer, he has opted Composition Scheme for FY 23-24, Compute Concessional GST on the basis of following information :-

1) Intra-State Taxable Supply = 25,00,000

2) Intra-State Nil Rated Supply = 20,00,000

3) Intra-State Exempted Supply = 20,00,000

4) Interest & Discount = 10,00,000

Ans Computation of concessional Tax for FY 23-24 :

Particulars	Amount (₹)
Intra-State Taxable Supply	25,00,000
Intra-State Nil-Rated Supply	20,00,000
Intra-State Exempted Supply	20,00,000
Interest & Discount	—
Total T.D. →	65,00,000

$$\text{Concessional GST} = 65,00,000 \times 0.5\% \text{ CGST} = 32,500/-$$

$$65,00,000 \times 0.5\% \text{ SGST} = 32,500/-$$

What if in the above Question Mr. Vb is a Trader?

Ans → If Mr. Vb is a Trader, then his Turnover will be ₹ 25,00,000 and the GST would have been :

$$\text{Concessional GST} = 25,00,000 \times 0.5\% \text{ CGST} = 12,500/-$$

$$25,00,000 \times 0.5\% \text{ SGST} = 12,500/-$$

Q. Mr. UG is a Trader of PAN MASALA. Determine whether he is eligible for Composite scheme in FY 23-24, If yes then Compute Concessional GST on the basis of following information:

PFYCFY

- 1) Inter State Taxable Supply under RCM = 20,00,000
- 2) Intra state Taxable Supply under FCM = 10,00,000
- 3) Inter State Nil Rated Supply = 20,00,000
- 4) Supply to SEZ = 10,00,000
- 5) Inter State Purchase under RCM = 20,00,000
- 6) Intra State Non-Taxable Supply = 40,00,000
- 7) CGST, SGST Paid = 10,00,000

- 1) Intra State Taxable Supply = 10,00,000
- 2) Intra State Nil Rated Supply = 15,00,000
- 3) Intra State Exempted Supply = 20,00,000
- 4) Interest & Discount = 10,00,000
- 5) Intra State Purchase under RCM = 15,00,000

- 2) What will be your answer if Mr. UG is a Manufacturer?
- 3) What will be your answer if Mr. UG is a Trader of Laptops?
- 4) What will be your answer if Mr. UG is a Manufacturer of Laptops?
- 5) Refer Q-1, whether he can provide service in C.F.Y, If yes, then find out the Amount of Service?

Ans Computation of A.T.O in P.F.Y i.e. 22-23

Particulars	Amount(₹)
Inter-State Taxable Supply made Under RCM	20,00,000
Intra-State Taxable Supply made Under FCM	10,00,000
Inter-State Nil-Rated Supply	20,00,000
Supply to SEZ	10,00,000
Inter-State Purchase Under RCM	—
Intra-State Non-Taxable Supply	40,00,000
CGST, SGST Paid	—
A.T.O →	1,00,00,000

1) Since, the A.T.O of Mr. VG is less than 150 lakh, he is eligible for Composition Scheme.

Since, Mr. VG is a Trader of PAN Masala his turnover for Computing Concessional GST is ₹ 10,00,000 and the amount of Concessional GST is :

$$\text{Concessional GST} = 10,00,000 \times 0.5\% \text{ CGST} = 5,000/-$$

$$10,00,000 \times 0.5\% \text{ SGST} = 5,000/-$$

2) If Mr. VG is a manufacturer of PAN Masala then he cannot opt Composition Scheme.

3) If Mr. VG is a Trader of Laptops, his aggregate T.O. for C.F.Y will be 10,00,000 and the Concessional GST will be :

$$\text{Concessional GST} = 10,00,000 \times 0.5\% \text{ CGST} = 5,000/-$$

$$10,00,000 \times 0.5\% \text{ SGST} = 5,000/-$$

4) If Mr. VG is a Manufacturer of Laptops, his A.T.O for C.F.Y. will be as follows :

Particulars	Amount (₹)
Intra - State Taxable Supply	25,00,000
Intra - State Nil - Rated Supply	20,00,000
Intra - State Exempted Supply	20,00,000
Interest & Discount	—
Intra - State Purchase under RCM	—

A.T.O. → 65,00,000

$$\text{Concessional GST} = 65,00,000 \times 0.5\% \text{ CGST} = 32,500/-$$

$$65,00,000 \times 0.5\% \text{ SGST} = 32,500/-$$

5) Yes, he can provide service in C.F.Y. The amount of service he can provide is:

10% of A.T.O. in P.F.Y

OR

₹ 5,00,000

whichever
is
higher

= 10% of ₹ 1,00,00,000

OR

₹ 5,00,000

= 10,00,000 OR 5,00,000

Higher

= 10,00,000/- Ans

Q. Pinku Ltd. is a manufacturer of Haryana, having A.T.O. in P.F.Y 120 Lakh and has opted for Composition Scheme in C.F.Y and details of following are:

1) Intra - State Supply of Goods A @ 5% GST = 30,00,000

2) Intra - State Supply of Goods B @ Nil GST = 18,00,000

3) Intra - State Supply of Goods C @ 18% GST = 30,00,000

4) Intra - State Supply of Service @ 5% GST = 6,00,000

5) Interest earned on FD (Exempted) = 8,00,000

6) value of Inward Supply under RCM @ 5% GST = 5,00,000

a) Compute Composition Tax and Total Tax liability.

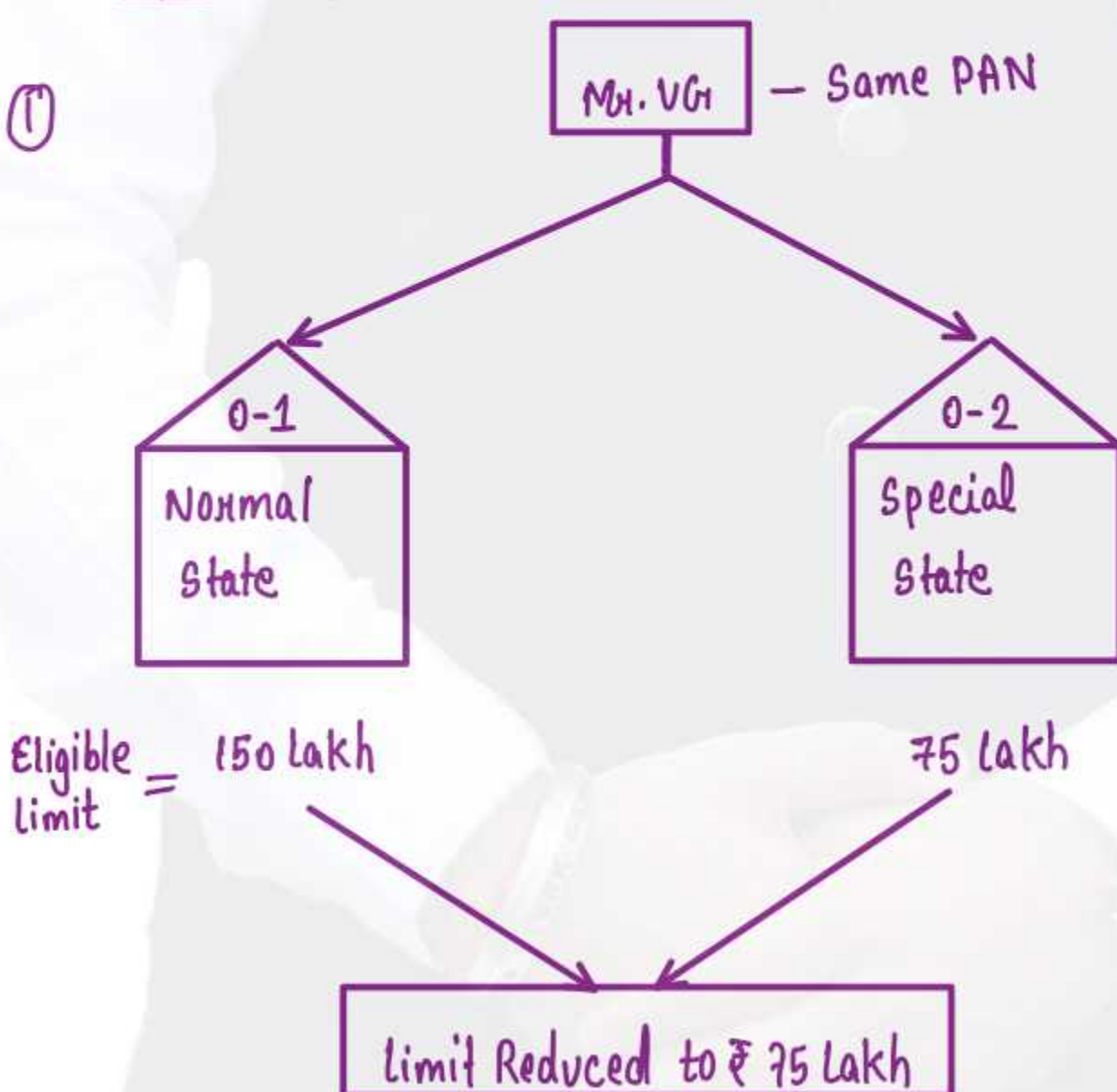
b) Also determine Concessional Tax if Mr. UG is a Trader.

Ans Computation of Concessional Tax & Total Tax Liability

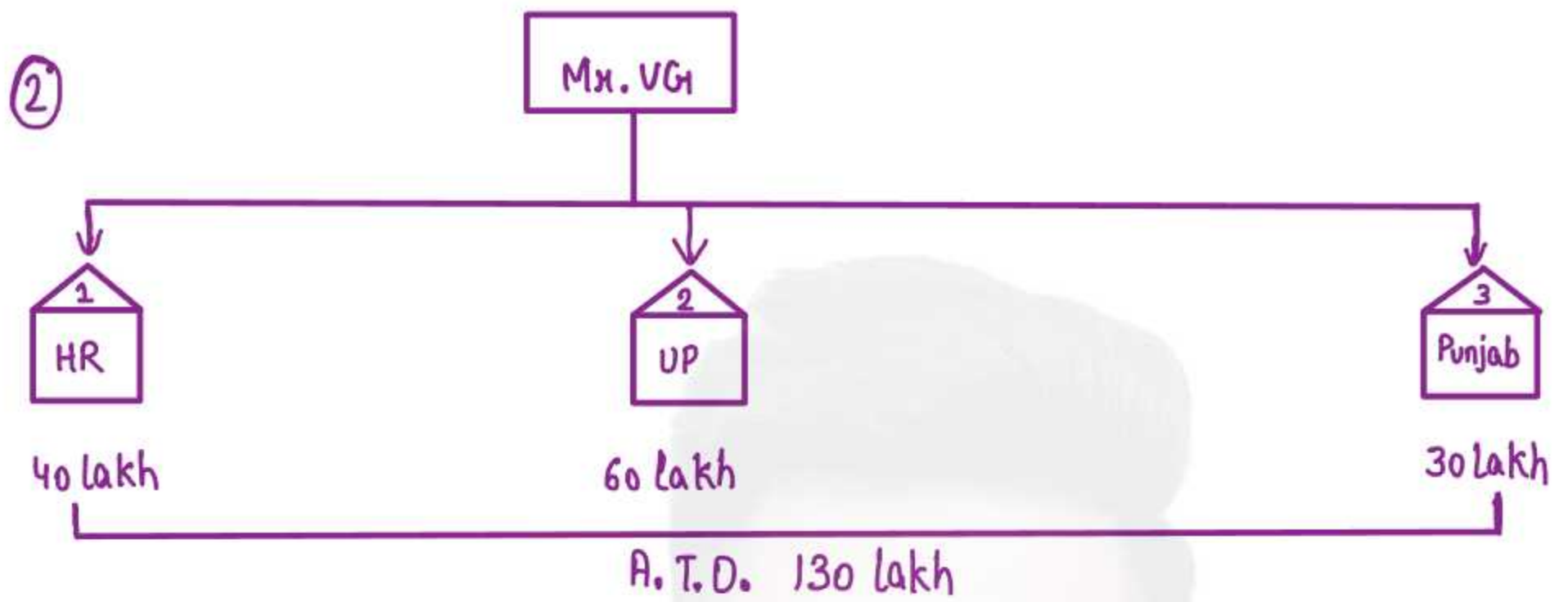
	Manufacturer	Trader
Intra - state Supply of Goods A	30,00,000	30,00,000
Intra - state Supply of Goods B	18,00,000	-
Intra - state Supply of Goods C	30,00,000	30,00,000
Intra - state Supply of Service	6,00,000	6,00,000
Interest on FD	-	-
Inward Supply on RCM	-	-
	84,00,000	66,00,000
<u>Concessional GST</u>		
Goods = 78,00,000 × 1% = 78,000 (Manufacturer)	78,000	-
Goods = 60,00,000 × 1% = 60,000 (Trader)	-	60,000
Service = 6,00,000 × 1% = 6,000	6,000	6,000
Concessional GST =	84,000	66,000
Normal GST 5,00,000 × 5%	25,000	25,000
Total GST Liability →	1,09,000	91,000

Some important Points

①



It means we have to check A.T.O. 75 lakh instead of 150 lakh.



Cases :-

- HR/UP want Normal Scheme } Not Possible
Punjab want Concessional Scheme
- UP/Punjab want Normal Scheme } Not Possible
Haryana want Concessional Scheme
- HR/Punjab want Normal Scheme } Not Possible
UP want Concessional Scheme
- HR/UP want Concessional Scheme } Not Possible
Punjab want Normal Scheme
- UP/Punjab want Concessional Scheme } Not Possible
Haryana want Normal Scheme
- UP want Normal Scheme } Not Possible
HR/Punjab want Concessional Scheme
- All three State office want Concessional Scheme } Possible
All three State office want Normal Scheme

अगर Composite Scheme लेनी है तो सभी को एक साथ लेनी होगी।
अगर Composite Scheme छोड़नी है तो सभी को एक साथ छोड़नी होगी।

③ अगर Composite scheme लेनी है तो Year के starting से मिलेगी, जोड़ा कभी भी जा सकता है।

④ Form number Availment or withdrawal of scheme :

i) Fresh Registration under Composition Scheme

PART B of GST Reg 01

(ii) Normal Scheme Shift into Composite Scheme

GST CMP 02

(iii) Auto withdrawal or voluntary exit from Composite Scheme

GST CMP 04

(iv) Denial by Department

↓

Show Cause Notice - GST CMP 05

Reply of Show Cause Notice - GST CMP 06

Order Passed - GST CMP 07

(v) Payment of Concessional GST

GST CMP 08

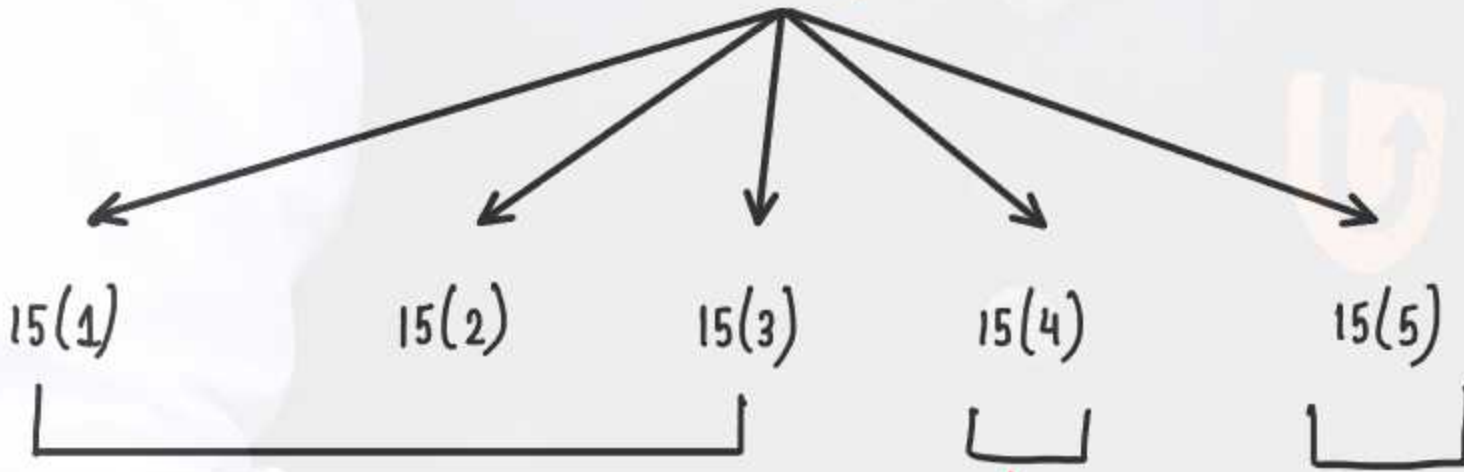
Value of Supply

Section-15 of CGST Act, 2017

GST Liability = value x Rate

↓
Fixed by Govt.

Determine U/s 15



value determine U/s 15(1) = xxx
 Add: Inclusion U/s 15(2) = xxx
 less: Exclusion U/s 15(3) = (xxx)
 value for supply xxx

If value not determine U/s 15(1)
 ↓
 Then Refer Rule 27 to 31
 for valuation.

value determine in special cases
 (Rule 31-A, 32 to 35)

Section 15(1)

The value of Supply = * Transaction value

* Transaction value = Price actually Paid or Payable for the Said Supply of goods (or) Services (or) both.

Transaction value is deemed as Assessable value if following conditions mentioned below are satisfied:

(1) Buyer and Seller are not related Person.

and

(2) Price is the Sole Consideration for the Supply.

↳ 100% monetary form.

CRUX

value of Supply = Transaction value

(If 2 conditions are satisfied)

	Condition 1	Condition 2	Value
Case I	✓	✓	Section 15(1)
Case II	✓	✗] → Refer Section 15(4) ↓ Refer Rules ↓ R-27 to 31
Case III	✗	✓	
Case IV	✗	✗	

Example 1

→ Section 15(1) shall not apply, Go for valuation Rules.

Example 2

VG & PG are not Related Person.

→ Section 15(1) shall not apply, Go for valuation Rules.

Example 3

VG & PG are not Related Person.

→ Section 15(1) shall not apply, Go for valuation Rules.

Example 4

VGR & PGR are not Related Person.

→ value shall be determined u/s 15(1), since both conditions are satisfied.

Example 5

VGR & PGR are not Related Person.

→ Section 15(1) shall apply, since both conditions are satisfied.

Section 15(2) The value of Supply determined u/s 15(1) shall include:-

- a) Any Taxes, Duties, Cess, fees, charges which are not subsumed in GST (NOTE 1)
- b) Any Amount that Supplier is liable to pay but incurred by the recipient (NOTE 2)
- c) Incidental/Ancillary Expenses related to Supply (NOTE 3)
- d) Interest/late fees/Penalty for Delayed Payment (NOTE 4)
- e) Subsidy directly linked to the Price (except subsidy received by CG (or) SG) (NOTE 5)

Example

$$\text{List Price} = 10,00,000$$

$$\text{Subsidy received from Govt} = 1,00,000$$

$$\text{Subsidy received from Pvt. Trust} = 2,00,000$$

Above Price is net off Subsidy

$$\begin{aligned} \rightarrow \text{Value} &= 10,00,000 + 2,00,000 \\ &= 12,00,000/- \end{aligned}$$

Example

$$\text{List Price} = 8,00,000$$

$$\text{Subsidy received from Govt} = 1,00,000$$

$$\text{Subsidy received from Pvt. Trust} = 2,00,000$$

Above Price without giving the effect of following Subsidy

$$\begin{aligned} \rightarrow \text{Value} &= 8,00,000 - 1,00,000 \\ &= 7,00,000/- \end{aligned}$$

Example

$$\text{List Price} = 12,00,000$$

$$\text{Subsidy received from Govt} = 1,00,000$$

$$\text{Subsidy received from Pvt. Trust} = 2,00,000$$

Above Price given after the adjustment of following Subsidy

$$\begin{aligned} \rightarrow \text{Value} &= 12,00,000 + 2,00,000 \\ &= 14,00,000/- \end{aligned}$$

Example

$$\text{List Price} = 10,00,000$$

Above Price after giving the effect of following items

$$\text{Subsidy received from Govt} = 1,50,000$$

$$\text{Subsidy received from Pvt. Trust} = 2,00,000 +$$

$$\text{Subsidy from ABC Ltd.} = 1,00,000 +$$

Items not adjusted in above Price

$$\text{Subsidy received from Govt} = 80,000 -$$

$$\text{Subsidy received from M.A} = 1,00,000$$

$$\begin{aligned} \text{value} &= (10,00,000 + 2,00,000 + 1,00,000) - 80,000 \\ &= 13,00,000 - 80,000 \\ &= 12,20,000/- \end{aligned}$$

Example

$$\text{Price Actually Paid or Payable} = 11,00,000$$

Items adjusted in above Price

$$\text{Cost of Packing} = 50,000$$

$$\text{Cost of Transport} = 40,000$$

$$\text{Subsidy from Govt} = 1,00,000$$

$$\text{Subsidy from ABC Ltd.} = 50,000 +$$

Items not adjusted in above Price

$$\text{Municipal Tax} = 40,000 +$$

$$\text{Selling Commission} = 50,000 +$$

$$\text{Interest on Delayed Payment} = 30,000 +$$

$$\text{Subsidy from Govt} = 50,000 -$$

$$\text{Subsidy from NCo} = 10,000$$

$$\begin{aligned} \text{Value} &= 11,00,000 + 50,000 + 40,000 + 50,000 + 30,000 - 50,000 \\ &= 12,20,000/- \end{aligned}$$

NOTE 1 Taxes not Subsumed under GST

Examples

Import Duty
 Anti-dumping Duty
 Safeguard Duty
 other Custom Duty
 Professional Tax
 Toll Tax

Property Tax
 Municipal Tax
 Stamp Duty
 Electricity Tax
 Excise Duty on Tobacco
 etc.

Example

Price Actually Paid on Payable = 8,00,000

CGST/SGST Paid = 1,50,000

Municipal Tax = 50,000

Import Duty = 1,00,000

$$\begin{aligned}
 \text{value} &= 8,00,000 + 50,000 + 1,00,000 \\
 &= 9,50,000
 \end{aligned}$$

NOTE 2

Selling Commission
 Cost of Transportation
 Cost of Insurance, etc.

NOTE 3

Packing expenditure
 Re-Packing expenditure
 Labeling expense
 Inspection charges
 Selling Commission
 Cost of Transportation
 Cost of Insurance, etc.

NOTE 4

Interest, Penalty, Late fees for delayed Payment.

Example

Price Actually Paid on Payable = 50,000

Credit month = 3 months

Interest on delay Payment = 10% P.a.

Delay Period = 2 months

$$50,000 \times 10\% \times \frac{2}{12} = 833.33$$

$$\begin{aligned}
 \text{value} &= 50,000 + 833.33 \\
 &= 50,833/-
 \end{aligned}$$

NOTE 5

Subsidy from Govt. =
(CG/SG)

No Treatment

Minus

Subsidy from Non-Govt. =

Add in value

No Treatment

Example

Price Actually Paid on Payable = 4,00,000

Subsidy received from CG = 1,00,000

Subsidy received from Pvt. Trust = 1,00,000

Above Price given after the adjustment of following Subsidy

$$\begin{aligned} \rightarrow \text{Value} &= 4,00,000 + 1,00,000 \text{ (Pvt. Trust)} \\ &= 5,00,000 /- \end{aligned}$$

→ Minus कर दी गई है → Minus नहीं की है

Adjusted in Price

Not Adjusted in Price

Q1. Price Actually Paid on Payable = 12,00,000

<u>Items adjusted in above Price</u>	<u>Items not adjusted in above Price</u>
Cost of Packing = 40,000	CGST, SGST Paid = 20,000
Cost of Transport = 10,000	Municipal Tax = 10,000 +
Inspection charges = 20,000	Special Packing Cost = 20,000 +
Subsidy from CG = 20,000	Warranty charges = 10,000 +
Subsidy from Pvt. Trust = 10,000 +	Subsidy from SG = 20,000 -
	Subsidy from NGO = 10,000
	Selling Commission Paid by Receiver but actual liability of Supplier = 20,000 +

$$\text{value} = 12,00,000 + 10,000 + 10,000 + 20,000 + 10,000 - 20,000 + 20,000$$

$$= 12,50,000/-$$

Q2. Price Actually Paid on Payable = 12,00,000

<u>Items adjusted in above Price</u>	<u>Items not adjusted in above Price</u>
Inspection charges = 10,000	Warranty charges = 10,000
Packing charges = 20,000	Subsidy from SG = 20,000
Subsidy from CG = 10,000	Interest on delayed Payment = 11,800 (10,000) .
Subsidy from SG = 10,000	(Full & final Payment, No additional Amount received)
Subsidy from NGO = 10,000	

Rate of GST = 18%

Invoice value = 12,00,000

Total value = 12,10,000

GST = 2,16,000 + 1,800 = 2,17,800/-

Amount of Actual Interest without GST = $\frac{11,800}{118} \times 100 = 10,000$

Value = $12,00,000 + 10,000 + 10,000 + 10,000 - 20,000$
 $= 12,10,000$

Computation of Invoice Value

Particulars	Amount (₹)
List Price u/s 15(1)	12,00,000
<u>Inclusion as per Section 15(2)</u>	
Inspection charges (Already Adjusted)	-
Packing charges (Already Adjusted)	-
Subsidy from CG (Already Adjusted)	-
Subsidy from SG (Already Adjusted)	-
Subsidy from NGO (Already Adjusted)	10,000
Warranty charges (Not Adjusted)	10,000
Subsidy from SG (Not Adjusted)	(20,000)
Invoice value	12,00,000
+ Interest on delayed Payment ($\frac{11,800}{118} \times 100$)	10,000
Total value	12,10,000
GST @ 18%	2,17,800
	14,27,800

Q3. List Price = 11,80,000 (incl. GST @ 18%)

Items not adjusted in above Price

Commission Paid by Supplier = 40,000

COT Paid by Receiver on behalf of Supplier = 20,000

Packing Expense = 10,000

Warranty Expense = 10,000

Subsidy from Govt = 40,000

Subsidy from Pvt. Trust = 30,000

Interest on Delayed Payment = 23,600 (20,000 + 3,600)
(lump-sum amount received)

Late fee on Delayed Payment = 10,000

(waived off by Supplier)

Rate of GST is 18%

Invoice value = 10,40,000

Total value = 10,60,000

GST = 1,87,200 + 3,600
= 1,90,800

Computation of Invoice Value

Particulars	Amount (₹)
List Price u/s 15(1) (excluding GST)	10,00,000
<u>Inclusion as per Section 15(2)</u>	
Commission Paid by Supplier	40,000
COT Paid by Receiver on behalf of Supplier	20,000
Packing charges	10,000
Warranty charges	10,000
Subsidy from Govt	(40,000)
Subsidy from Pvt. Trust	—
Invoice value	10,40,000
+ Interest on delayed Payment ($\frac{23,600}{118} \times 100$)	20,000
Total value	10,60,000
GST @ 18%	1,90,800
	12,50,800

Section 15(3) value of supply shall not include:

Any discount which is given:

a) Before (or) at the time of supply (Pre-Supply Discount)

b) After the supply (Post Supply Discount) subject to conditions mentioned:

(1) Establish at (or) before the time of supply.

(+)

(2) Linked with Price/Invoice.

(+)

(3) ITC is attributable to discount on the basis of document issued by Supplier has been reversed by Recipient of supply.

Some important clarification :

(1) TCS would not be includible as it is interim levy not having the nature of tax, therefore TCS is not includible in Taxable value for the purpose of GST.

(2) Staggered Discount (BUY MORE, SAVE MORE) → In case of Staggered Discount, Rate of Discount increases with increase in the Purchase value. It shall not be include in Taxable value. Such Discount are shown on the invoice itself.

(3) Periodic/year ending/volume/Turnover Discount :
Such Discount are excluded to determine the value of Supply subject to condition mentioned under Post-Supply Discount.

(4) Secondary Discount :

Such Discount shall not be excluded while determining the value of supply as such Discount are NOT KNOWN at the time of supply and condition u/s 15(3) is not satisfied.

(5) No claim Bonus Discount :

NCB shall not be includible in the Taxable value for computation of GST.

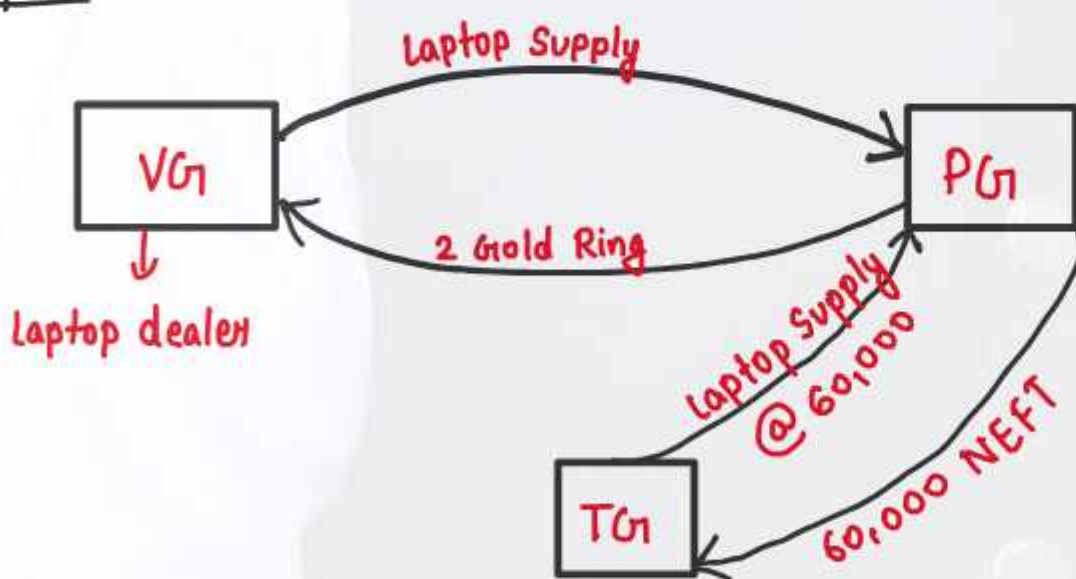
Rule - 27 value of Goods (or) Services, where Consideration is not wholly in money.

- Applicability =
- Partly money, Partly non-money
 - Wholly non-money
 - No Consideration

Value of Supply shall be:

- Open Market value (OMV) of such Supply
- If OMV not available then :-
 Money value = xxx (if any)
 (+) Money value of in kind = $\frac{xxx}{\text{Consideration} = \frac{xxx}{}}$
- If value not determined under Point (1) or (2), then value of Supply of LIKE, KIND (or) Quality.
- If value not determined under Point 1, 2, 3 then Refer Rule - 30 (or) 31 in that order.

Example



Market value of 2 Gold Ring = 65,000/-

Value of Supply in Hands of VG1 = 60,000/- (Since OMV is Available)

What will be your Answer if OMV of Laptop is not Available.
 value = 65,000 (i.e. Money value of In-kind Consideration).

Rule 28 value of Supply of Goods (or) Services between Related Person
(or) Distinct Person.

Applicability = Supply b/w Related Person

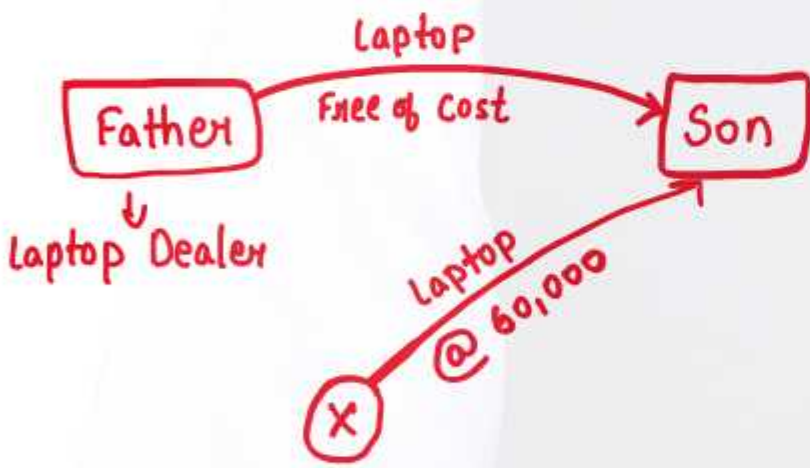
Value of Supply shall be :

- 1) OMV / FMV
- 2) If OMV not available, then value of similar supply, same kind, like & quality.
- 3) If value not determined under Point 1, 2 then Refer Rule - 30 (or) 31 in that order.

(or) 90% Price change by Recipient for further supply.

less

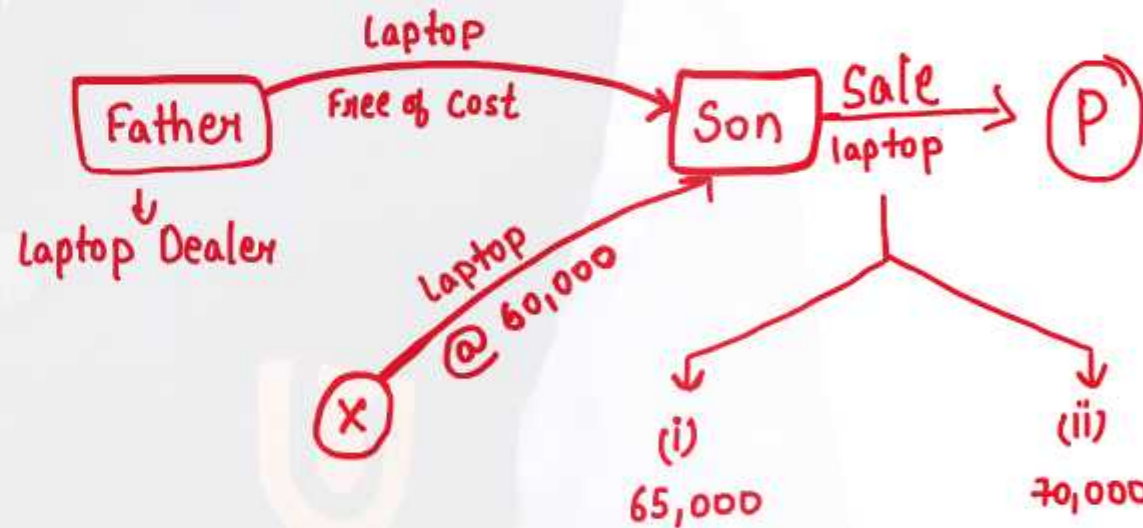
CASE - 1



OMV = 60,000/-

VOS = 60,000/-

Case - 2



(i) Only 60,000 (or) 90% of 65,000 (i.e. 58,500)

less = 58,500/-

(ii) Only 60,000 (or) 90% of 70,000 (i.e. 63,000)

less = 60,000/-

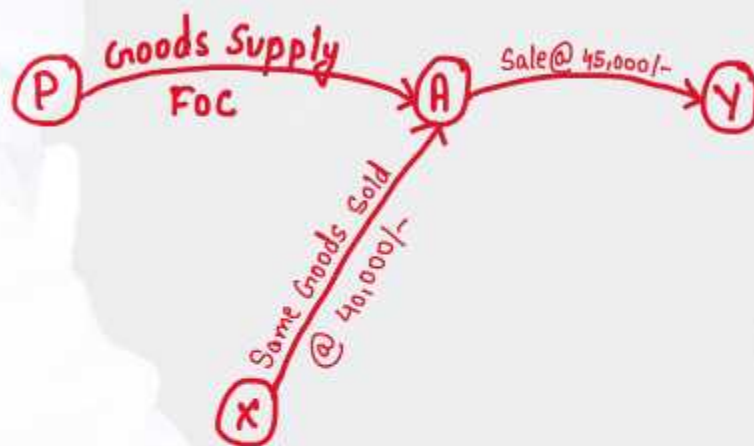
Rule - 29value of Supply of Goods made (or) received through an Agent

Applicability : (i) P $\xrightarrow{\text{Supply}}$ A
 (ii) A $\xrightarrow{\text{Supply}}$ P

Value of Supply shall be :

(i) DMV (or) 90% of Price charged by the recipient, whichever is less.

(ii) If value not determined in above Point, then Refer Rule - 30 (or) 31 in that order.

Example

40,000 (or) 90% of PC (i.e. 40,500)

less

VOS = 40,000

Rule 30 Value of Supply of Goods or Services on Cost Basis.

If value not determined under Rule 27, 28, 29 then value should be

110% of Cost of Production

(or)

Cost of Manufacturing

(or)

Cost of acquisition

(or)

Cost of Provision of Service

Rule 31 Best - Judgement Assessment.

If value can't be determined under Rule 27 to 30, then value shall be determined by department, using Reasonable means.

NOTE

Service Provider may ignore the Rule 30, while determining the value, they can go directly to Rule 31; (After 27, 28, 29)

CRUX SoG = 27 → 28 → 29 → 30 → 31

SoS = 27 → 28 → ~~29~~ → 30 → 31



Rule 35

How to determine value if value given Inclusive of GST

$$\text{value} = \frac{\text{Total value (incl. GST)}}{100 + \text{GST Rate}} \times 100$$

Example value = 11,80,000 (incl. GST)

$$\frac{11,80,000}{100 + 18} \times 100 = \boxed{10,00,000/-}$$

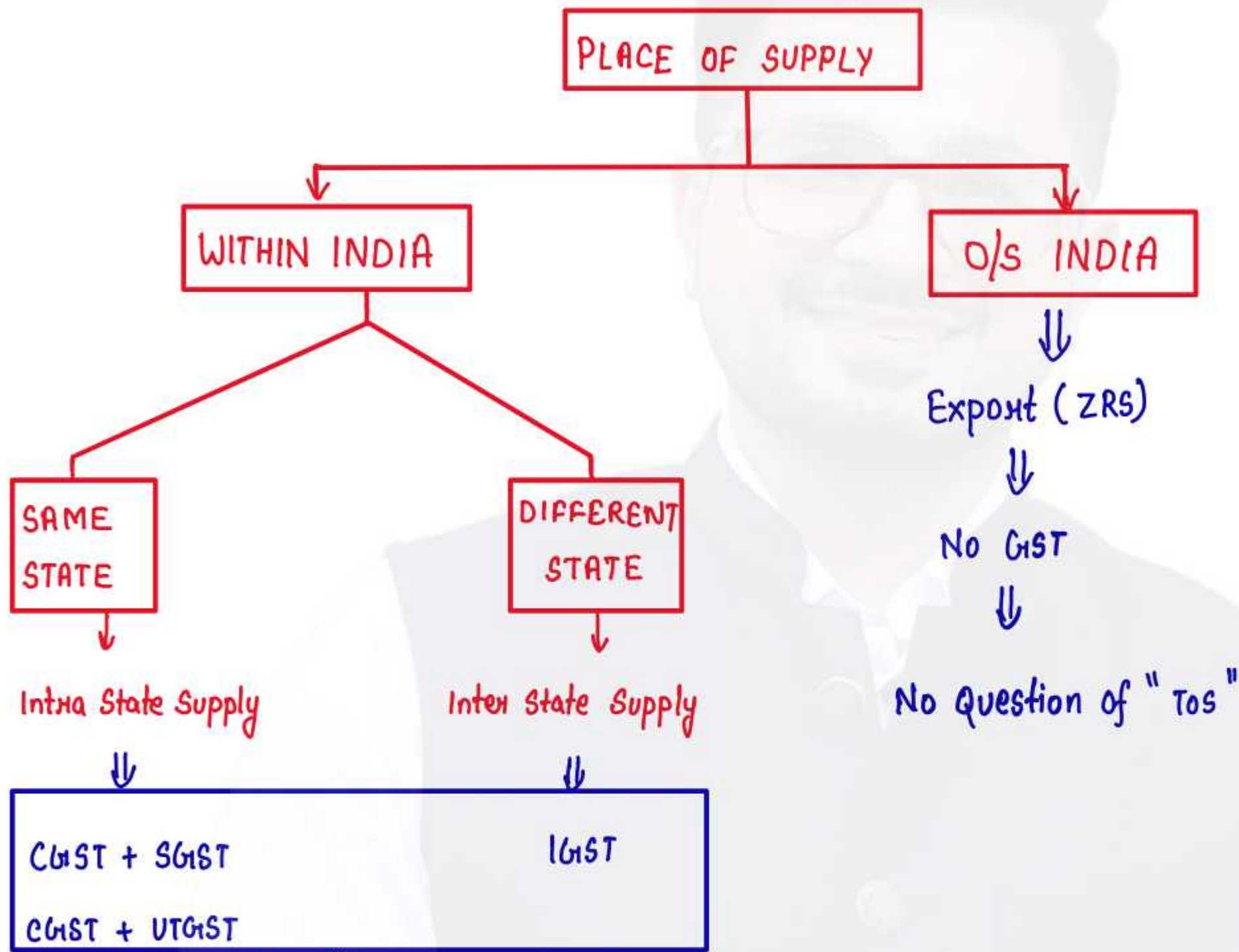
Rule 33 value of supply in case of Pure Agent

It may happen sometimes that a Supplier making supply also incurs some expenditure for the recipient which is not a part of supply made by him. If such expenditure is incurred by the Supplier as a Pure agent of the Recipient then it is not includible in the VOS. If not incurred as Pure agent then such value shall be includible in the VOS.

(Balance Rules will discuss after RCM Topic).

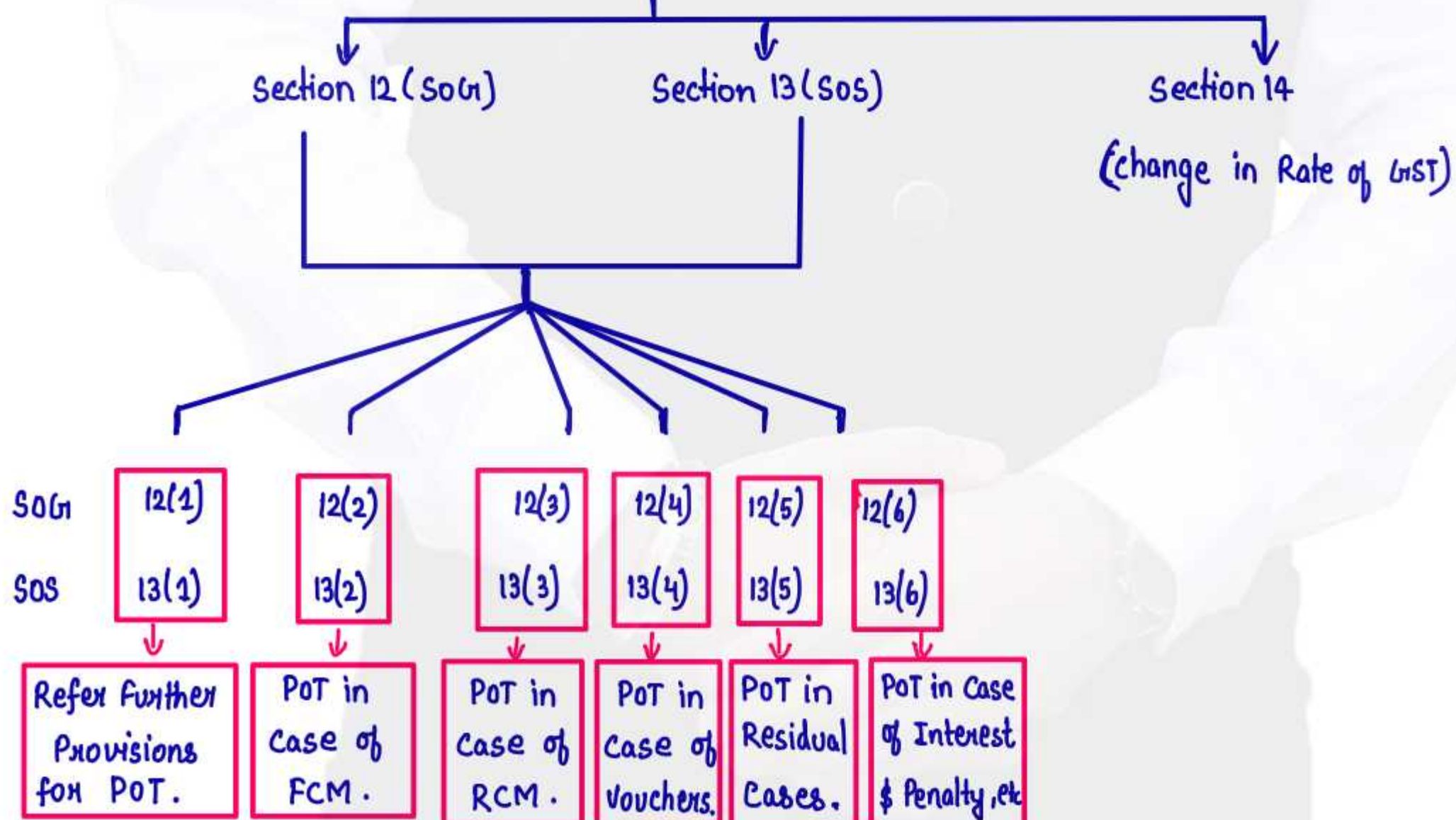
Time of supply

First, we have to ascertain "Place of supply"
 After that, if POS is in Taxable territory then we will determine "Time of supply".



Next Question arise = When is liable to Paid?

Solution = Time of Supply / Point of Taxation



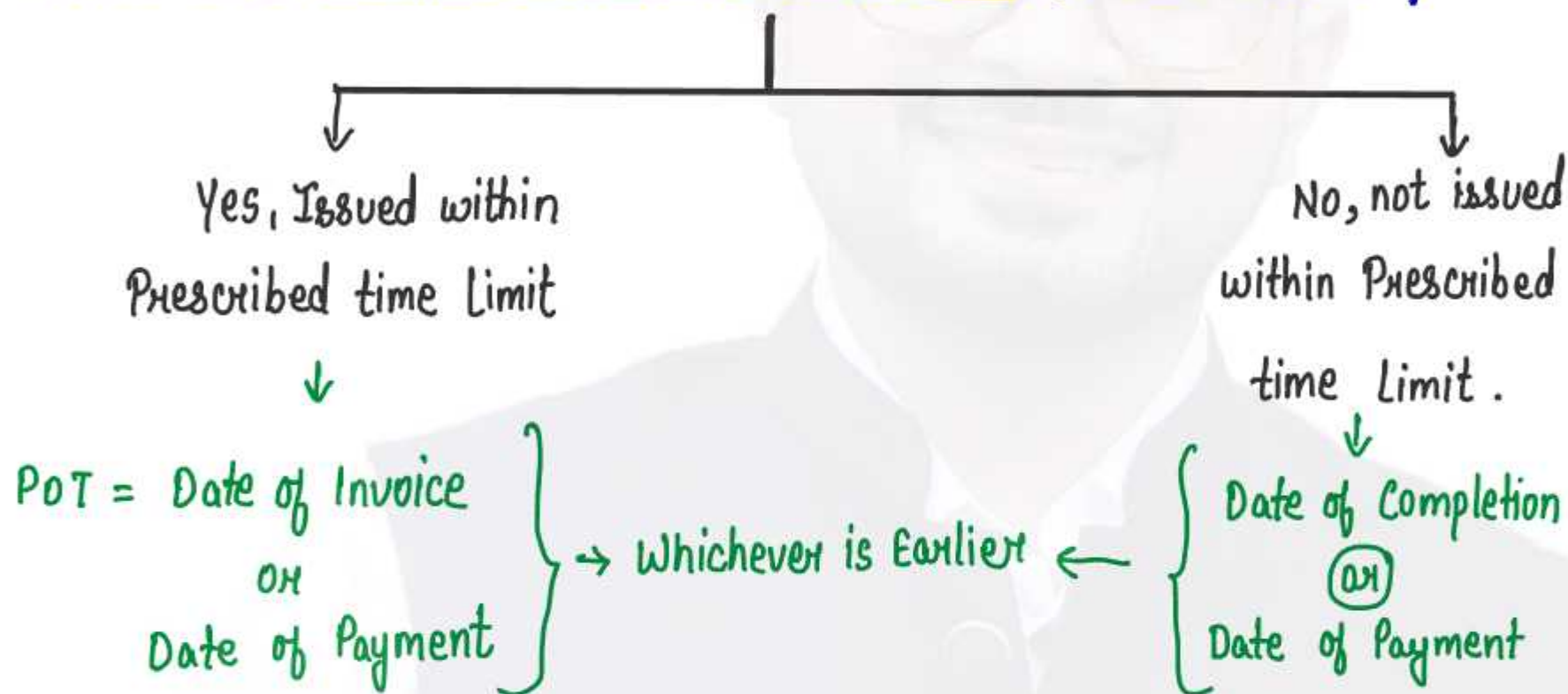
Section 13(2) : Time of Supply in Case of Supply of Services

Applicability = All Services EXCEPT Services Covered under RCM.

TOS u/s 13(2) is Based on " **DATE OF INVOICE** "



Invoice issued **within the Prescribed time limit** u/s 31 + Rule 47 ?

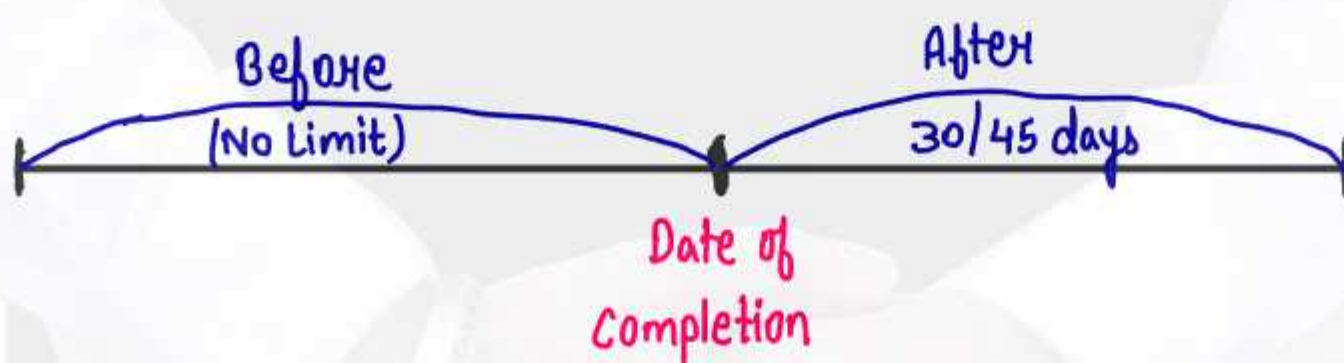


Prescribed time limit (General Case)

Before the date of Completion / Date of Provision of Supply / Date of Supply
(OR)

within 30 days / 45 days (Banking, FI, NBFCs, etc.) **from** the date of Completion / Date of Provision of Supply / Date of Supply.

CRUX



Date of Payment = Date of Book Entry
(OR)
Date of Bank Credit } whichever is Earlier.

Q.	Date of Completion	Date of Payment	Date of Invoice	POT	Due Date
	25/07/2023	22/7/2023	28/7/2023	22/7/2023	20/8/23
	25/09/2023	5/10/2023	23/9/2023	23/09/23	20/10/23
	8/11/23	BE = 7/11/23 BC = 10/11/23	15/12/2023	07/11/23	20/12/23
	5/9/23	BE = 4/9/23 BC = 6/9/23	2/9/23	02/09/23	20/10/23
	15/12/23	8/1/24	8/2/24	15/12/23	20/01/24
	8/11/23	PART PAYMENT = 6/11/23 PART PAYMENT = 25/11/23	15/11/23	POT ₁ = 6/11/23 POT ₂ = 15/11/23	20/12/23
	15/12/23	PART PAYMENT = 16/12/23 PART PAYMENT = 8/1/24	5/3/24	POT ₁ = 15/12/23 POT ₂ = 15/12/23	20/1/24

Concept of Advance Payment

Advance Payment

upto 1000



POT = DoP (or) DoI
(At the option of Supplier)

More than 1,000



POT = Date of Payment
(whole Advance Payment)

Example

Mr. VG issued an invoice of ₹ 54,200 for supply of service on 10/4/23 and received ₹ 55,000 in his bank A/c through NEFT on same date. Service provided on 5/4/23. Determine ToS and ToS of Excess Receipt. How shall your answer differ, if he received ₹ 75,000 instead of ₹ 55,000.

Solution: a) Time of supply of ₹ 54,200 is 10/4/2023.

b) Mr. VG received ₹ 800 in excess. He will adjust the excess amount against next supply. ToS of such excess portion shall be the Date of Issuance of next Invoice.

c) Mr. VG received ₹ 20,800 in excess (i.e. more than 1K). He will adjust the excess against next supply.

ToS of such excess portion shall be the Date of Payment (i.e. 10/4/23).

Section 13(3) : POT in Case of RCM

DATE OF ISSUE OF INVOICE

Payment Received within
60 days from the
Date of Invoice.



POT/TOS = * Date of Payment

Payment not Received
within 60 days from
the Date of Invoice.



61st Day from the
Date of Invoice.

* Date of Payment = Date of Book Entry
(OR)
Date of Bank Debit } whichever is Earlier.

Example Date of issue of Invoice = 15/12/23

(I) Book Entry = 4/2/24

Bank Debit = 6/2/24

(II) Book Entry = 5/3/24

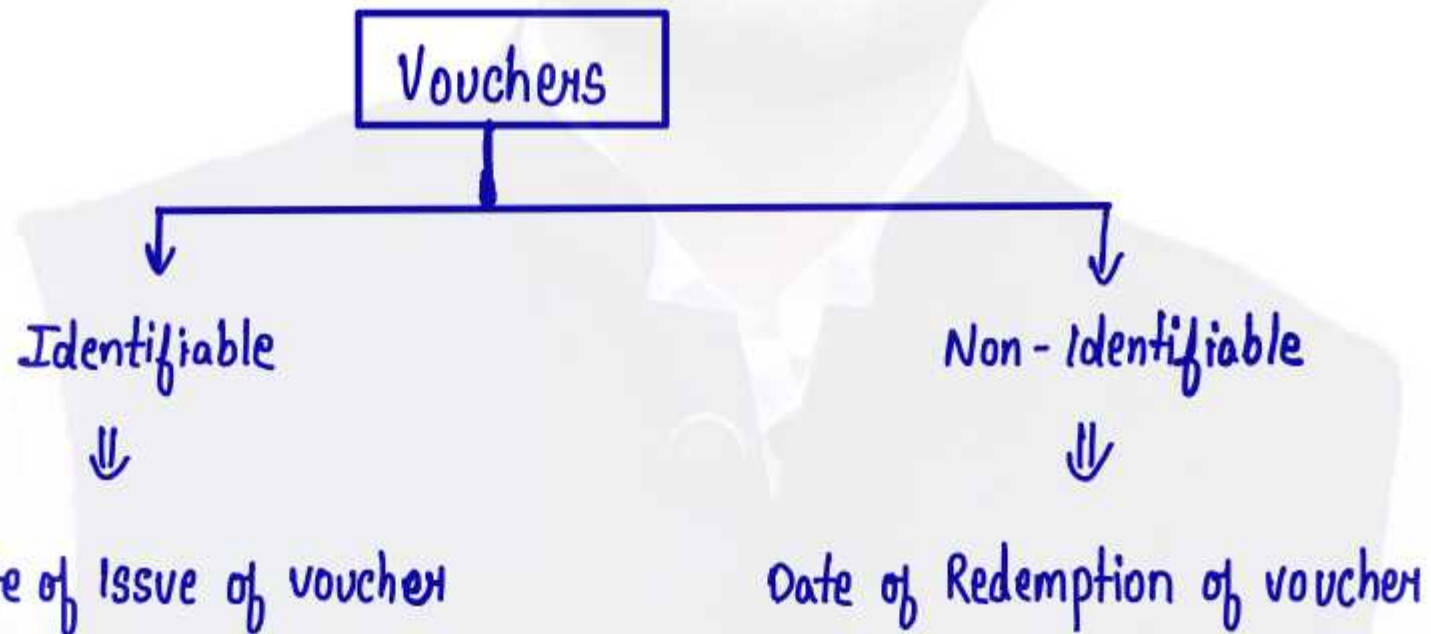
Bank Debit = 8/3/24

Determine TOS in Case of RCM.

Ans → (I) 4/2/24

(II) 14/2/2024

Section 13(4): POT in case of Vouchers



Example: VLCC issue 2 vouchers on 15/6/23, 1st voucher for 25% off on all VLCC Products and 2nd voucher for 10% off on VLCC face Wash (Pimple Remover).

Expiry Date of both voucher is 8/7/23.

1st voucher Redeem on = 25/6/23.

2nd voucher Redeem on = 5/7/23

Solⁿ: POT/TOS

(i) 25/6/23 (Date of Redemption)

(ii) 15/6/23 (Date of issue of voucher)

Section 13(6): TOS in Case of Interest, Penalty, etc.

TOS = When Receive Such Additional Consideration.

Section 13(5): Residual Case

If Periodic
Return filed



POT/TOS = Date on which Return
is to be filed

If Periodic Return
Not filed



Date on which
Tax is Paid

Section 12(2): Time of Supply in Case of Supply of Goods Under FCM

Supply of Specified
Actionable claim



1) Date of Issue of Invoice

(OR)

2) Last Date of Invoice required
to be issued

(OR)

3) Date of Payment

Whichever is Earlier

Supply of
other Goods



1) Date of Issue of Invoice

(OR)

2) ^{*}Last Date of Invoice required
to be issued

(OR)

~~3) Date of Payment~~

Whichever is Earlier

* Last Date of Issue of Invoice



Depends on

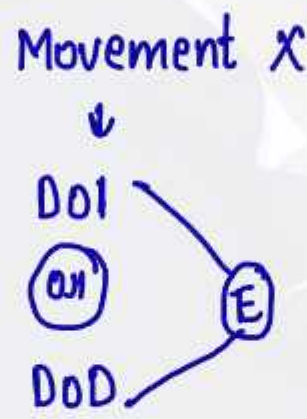
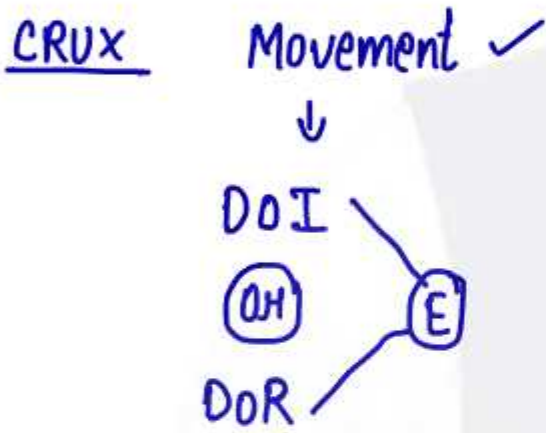


Supply Involves
Movement of Goods
↓

Date of Removal

Supply doesn't involve
movement of Goods
↓

Date of Delivery



Q.	Date of Invoice	Date of Removal	Date of Delivery	Movement involved?	POT
	18/11/2023	19/11/2023	20/11/2023	✓	18/11/23
	15/12/2023	14/12/2023	16/12/2023	X	15/12/23
	5/3/2024	10/3/24	15/03/2024	✓	5/3/24
	5/7/23	2/7/23	4/7/23	X	4/7/23
	8/7/23	4/7/23	15/7/23	✓	4/7/23
	15/11/23	18/11/23	19/11/23	X	15/11/23

Section 12(3) : Time of Supply in Case of Supply of Goods Under RCM

POT/TOS = Earliest of the following

i) Date of Receipt of Goods

(Or)

ii) Date of Payment *

(Or)

iii) 31st day from the Date of issue of Invoice

* Book Entry
(Or)
Bank Debit (E)

Q.	Date of Receipt of Goods	Date of Payment	Date of Invoice	31 st DAY from DOI	POT/TOS
	1/7/23	10/8/23	26/6/23	27/7/23	1/7/23
	1/7/23	25/6/23	29/6/23	30/7/23	25/6/23
	1/7/23	5/7/23	2/7/23	2/8/23	1/7/23
	1/7/23	4/7/23	25/5/23	25/6/23	25/6/23
	25/6/23	23/6/23	2/6/23	3/7/23	23/6/23
	1/8/23	5/8/23	27/6/23	28/7/23	28/7/23

Section 14: Time of Supply in Case of SOG/SOS change in Rate of GST



g. Date of Completion	Date of Invoice	* Date of Payment	POT / TOS
BEFORE	BEFORE	AFTER	DOI
BEFORE	AFTER	BEFORE	DoP
BEFORE	AFTER	AFTER	DOI ⊕ DoP ∖ E /
AFTER	AFTER	BEFORE	DOI
AFTER	BEFORE	AFTER	DoP
AFTER	BEFORE	BEFORE	DOI ⊕ DoP ∪ E ∪

* Date of Payment

If Amount Credited
within 4 days from the
Date of change in Rate of GST.



POT = Book Entry
(or)
Bank Credit

Whichever is EARLIER

If Amount NOT Credited
within 4 days from the
Date of change in Rate of GST.



Date of Credit in Bank A/c.

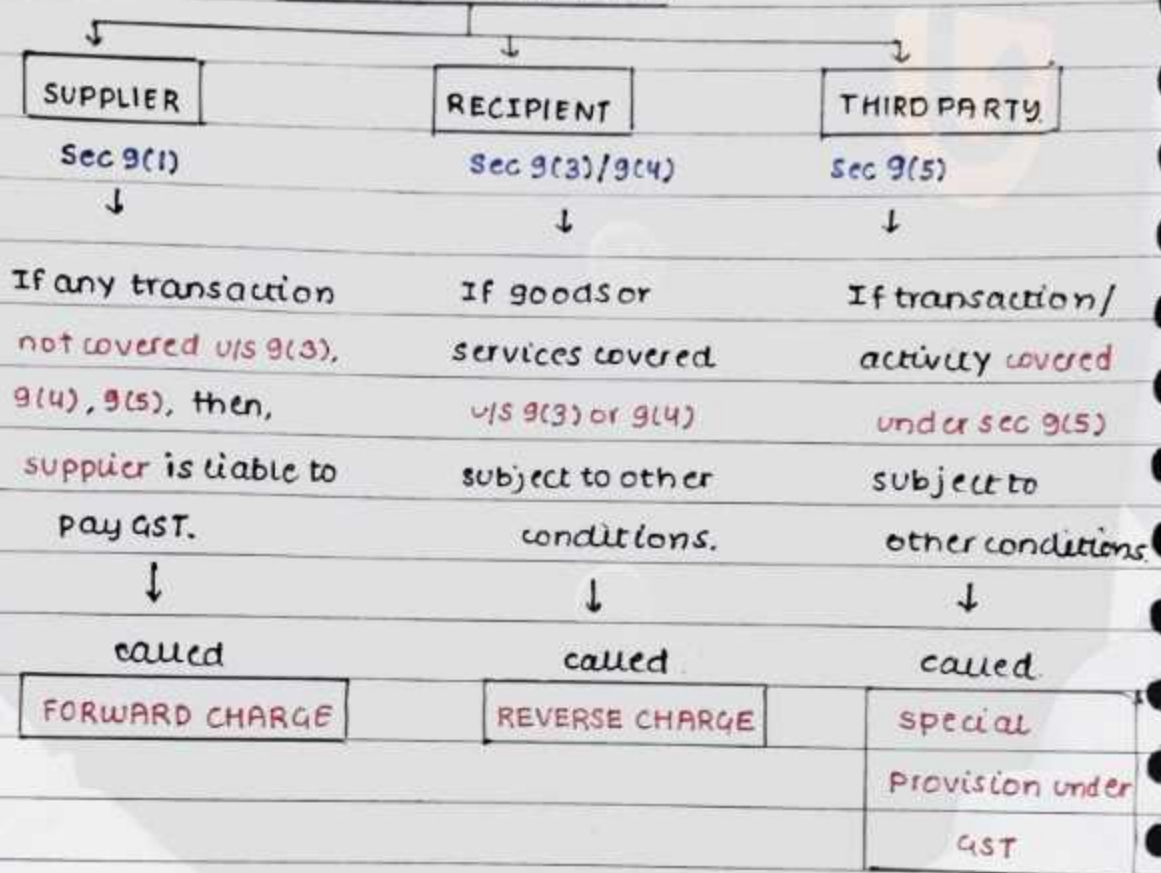
Example: Old Rate = 5%
New Rate = 12%
Change in GST Rate = 2/8/23

Date of Completion	Date of Invoice	Date of Payment	POT / TOS	Rate of GST
1/8/23	27/7/23	5/8/23	27/7/23	5%
25/7/23	8/8/23	1/8/23	1/8/23	5%
28/7/23	6/8/23	9/8/23	6/8/23	12%
5/8/23	10/8/23	1/8/23	10/8/23	12%
8/8/23	31/7/23	4/8/23	4/8/23	12%
15/8/23	31/7/23	29/7/23	29/7/23	5%

"Checkpoint B" and Checkpoint S"

Background

Who is liable to pay GST?



(in syllabus → 19)

~~22~~ services notified *vis* 9(3).
~~8~~ goods notified *vis* 9(3).
~~1~~ service notified *vis* 9(4)

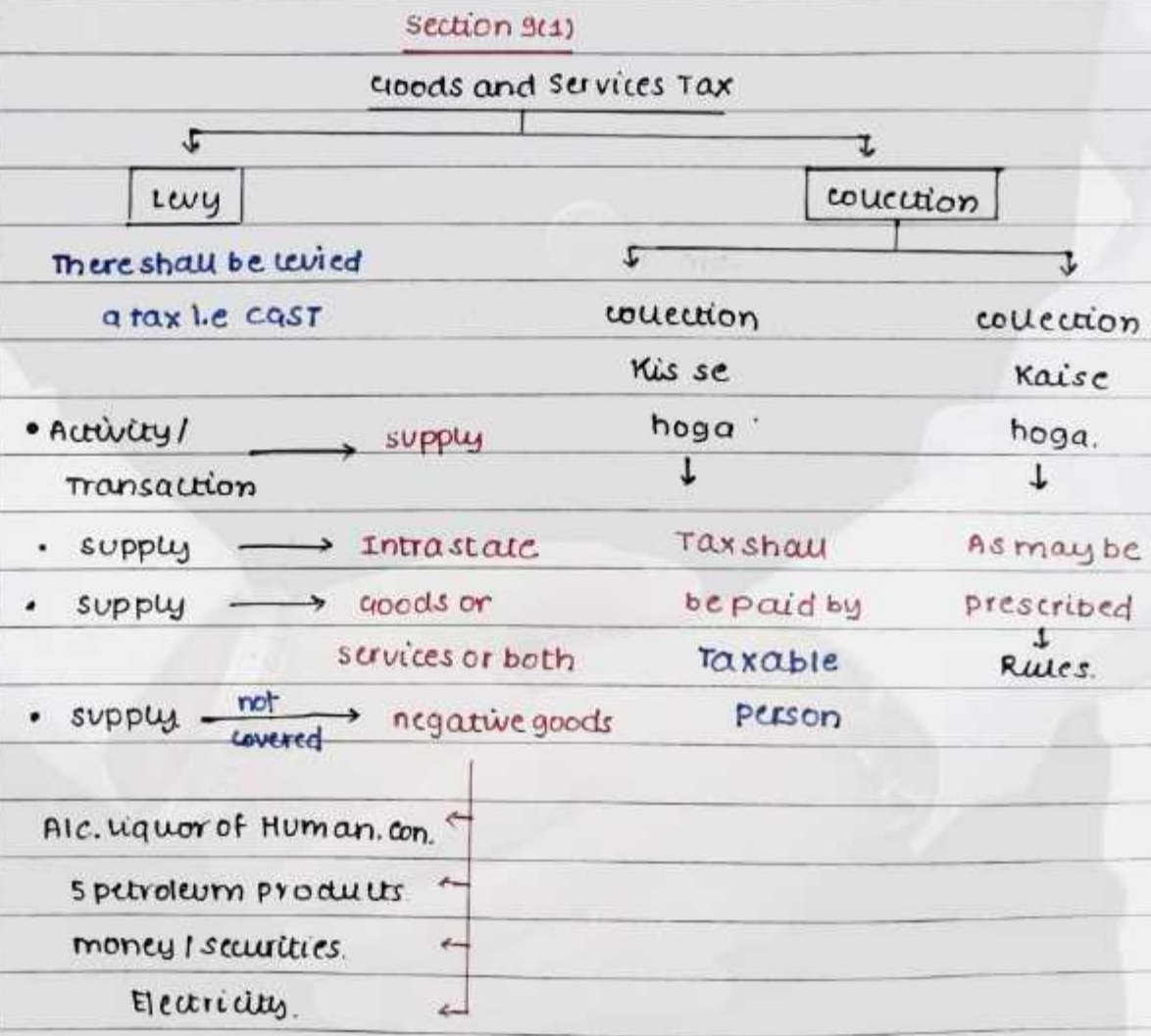
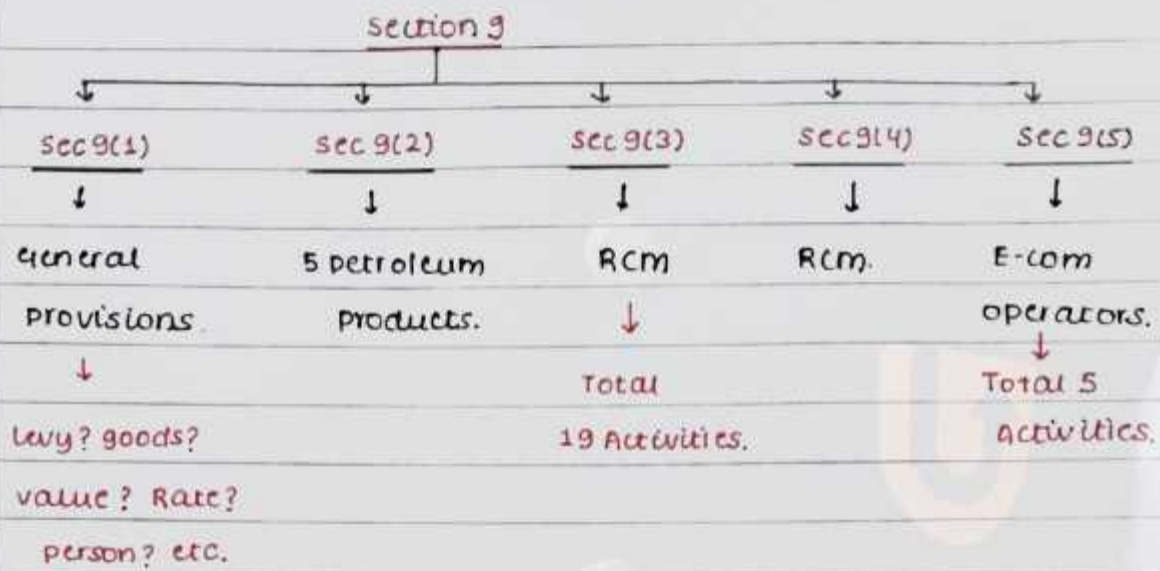
} RCM

5 services notified *vis* 9(5). }

} ECO.

Total 36 goods or services – where supplier is NOT liable to pay GST.

↓
(24 in CA - Under)



LEVY

COLLECTION

Page No. /

Date

- supply of other than negative goods.

↓

value v/s 15

- Rate of GST.
↓
max 20% CGST
max 20% SGST/UTGST

(Job GST lag jāayega, then go for collection)

At present max rate notified

CGST → 14%

UTGST / SGST → 14%

28%

Section 9(2)

GST applicable on 5 petroleum products, from the date when GST council will recommend.

- 5 Petroleum products

→ petroleum crude

→ natural gas.

→ high speed diesel

→ Aviation Turbine fuel

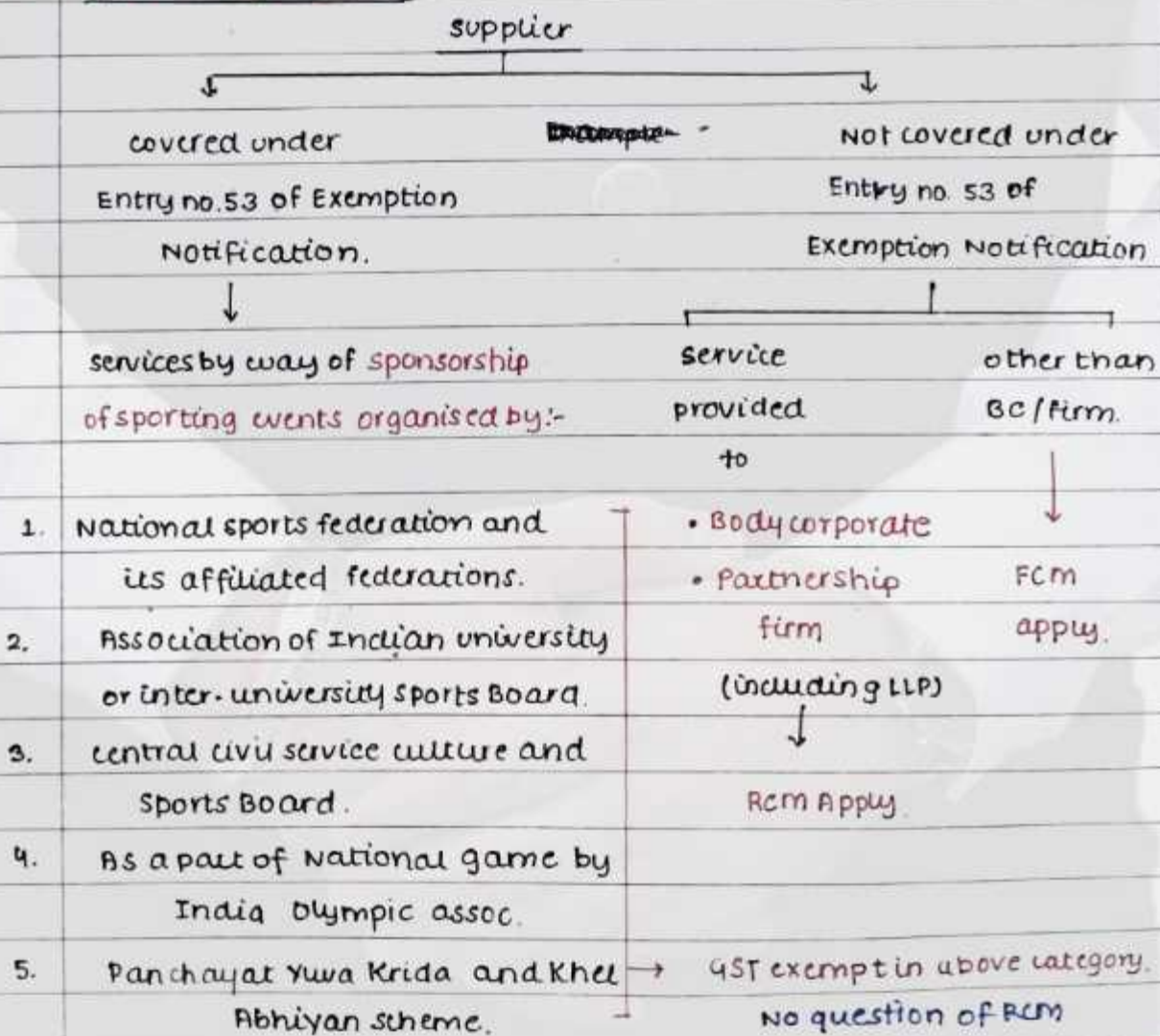
→ motor spirit.

Sec 9(3)

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

RCM in case of services

1. Sponsorship services.



Example → Decide which person is liable to pay GST in following independent cases, where recipient is located in taxable territory.

a) Mr. A sponsor Indian football league organised by ITC Ltd.

Supplier → ITC Ltd.
 Recipient → Mr. A. } FCM shall apply as Mr. A is not B.c. / partnership firm.

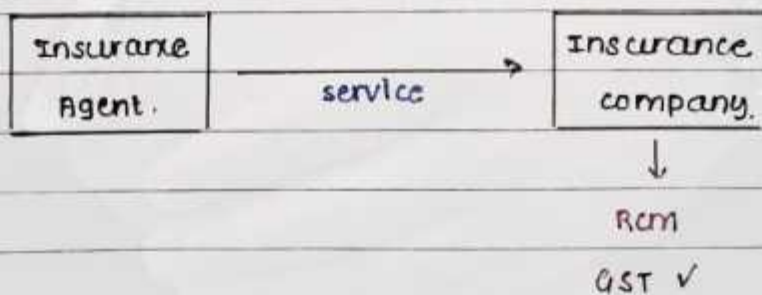
b) IPL sponsored by TATA Ltd.

Supplier → IPL organiser }
 Recipient → TATA Ltd. } RCM apply.

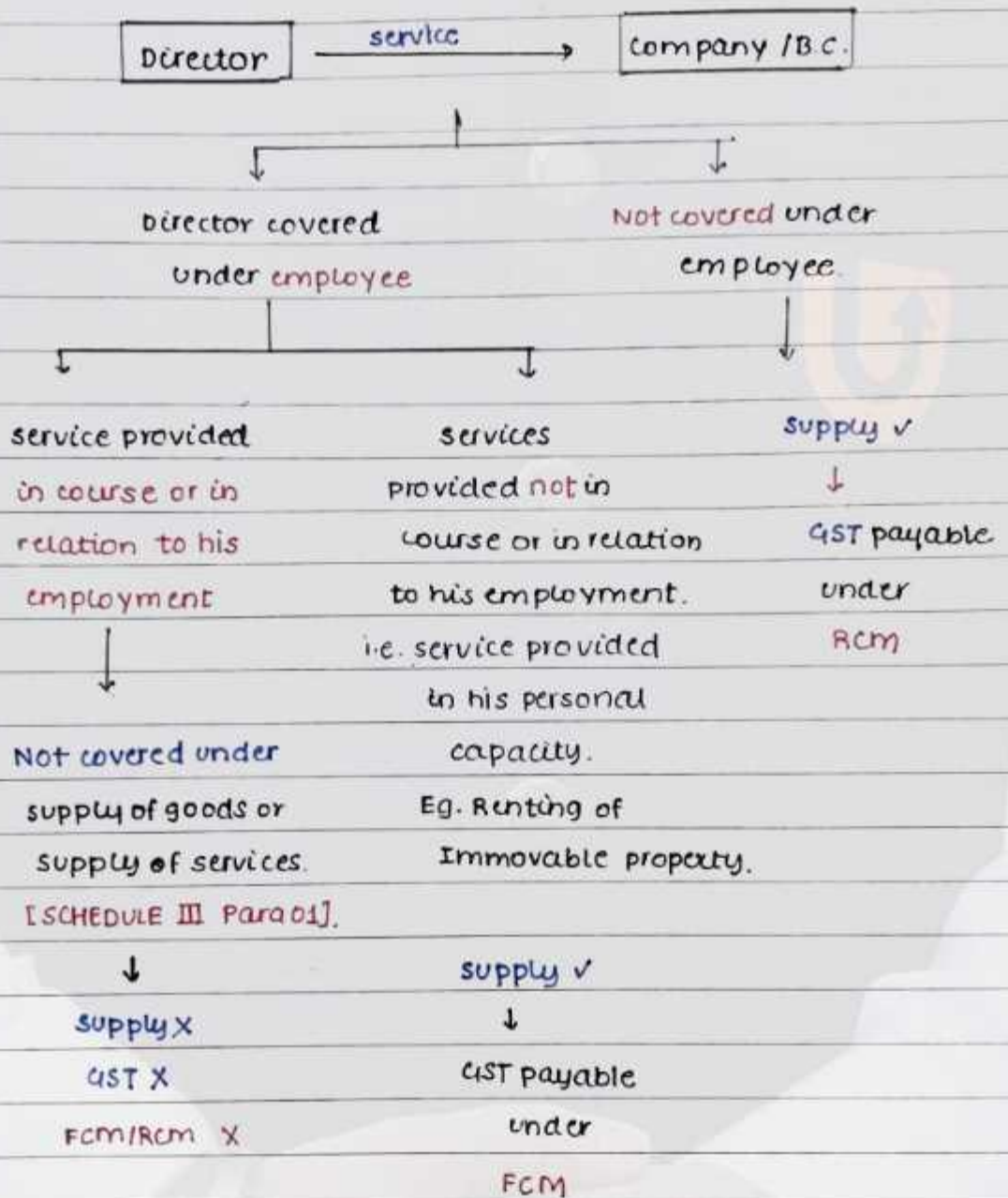
c) Miss Shina Ambani provided sponsorship service to another Indian love cricket academy, a LLP.

→ Supplier → Miss Shina
 Recipient → Indian love cricket academy (LLP). } RCM apply.

2. Insurance Agent service.



3. Service by Director



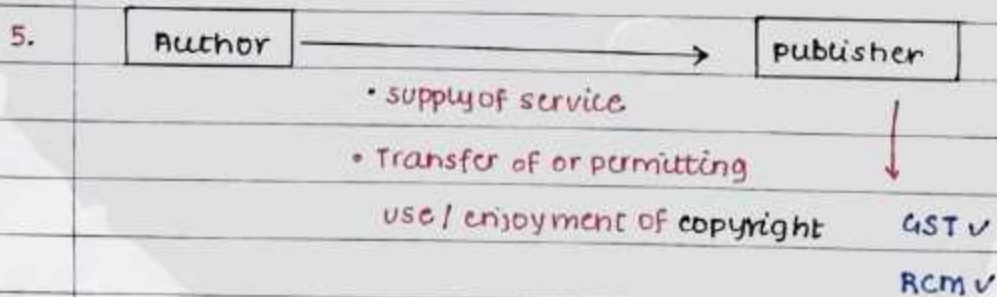
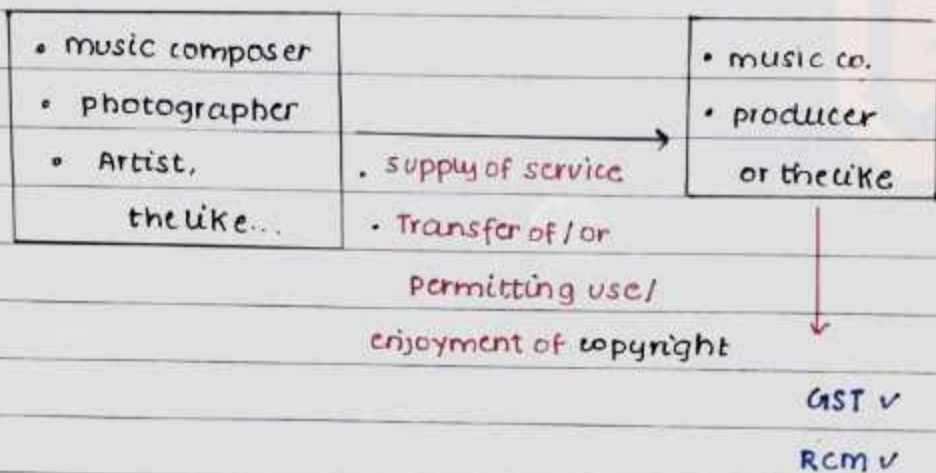
Example-

Gopal is a whole-time director of V Ltd. Salary is ₹150,000 p.m. Besides, he gets sitting fees for Board meetings. Amount paid for sitting fees for Dec 2023 to March 2024 is ₹50,000 for 5 meetings. Find out GST liab. for Gopal and V Ltd.

Solution → 150000 - NO GST liab.

50000 - Rcm will be applicable, Vg utd. pay GST liab.

4. copyright service



Note - Rcm not applicable if,

a) Author has taken registration under GST, files declaration in [FORM ANNEX-01] with cast/sast commissioner that he is opting for **Forward charge** and that he will not withdraw this option within 1 year from the date of exercising this option.

b) Author makes declaration [FORM ANNEX-02] on the invoice, issued by him to the publisher.

Example - 1.

Mr. PR Rehman is a music composer in Mumbai, he has composed new music. The use of new music is allowed to music co. (5911 Records), in lieu of lumpsum consideration. You are required to find out following -

a) who is liable to pay GST?

→ Music co. pays GST under RCM

b) What if the music co. is located in Toronto (non-taxable territory), then who is liable to pay GST?

→ Supplier (PR Rehman) will pay GST under FCM, provided there is an export of service., and if all conditions are fulfilled → NO GST on export.

Example 2

Kumar Vishwas, a writer and author of "Koi Deewana Kenta hai" temporarily transfer copyright of his published book to Pinku Publications Ltd. for a consideration. Discuss who is liable to pay GST on such copyright service under following 2 situations -

1. Kumar Vishwas is unregistered under GST.

→ Pinku Publications Ltd. will pay GST under RCM on behalf of Kumar V.

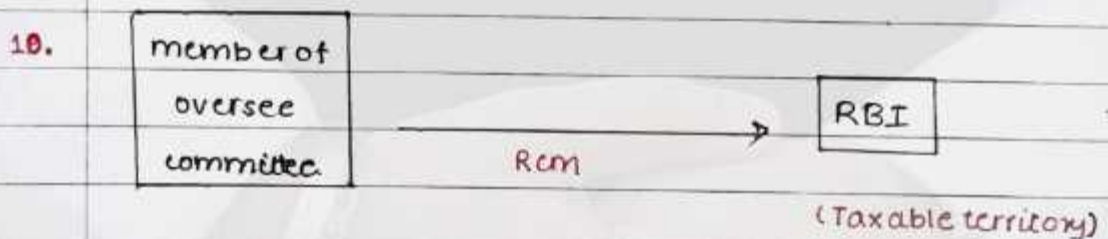
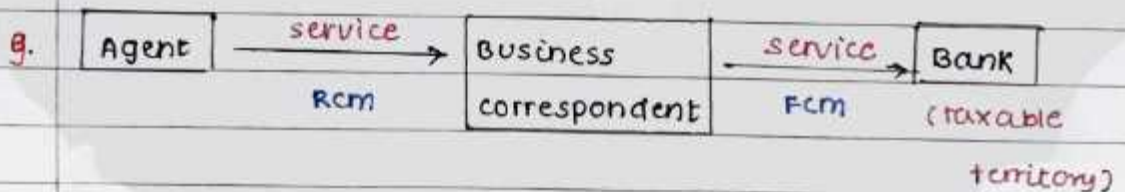
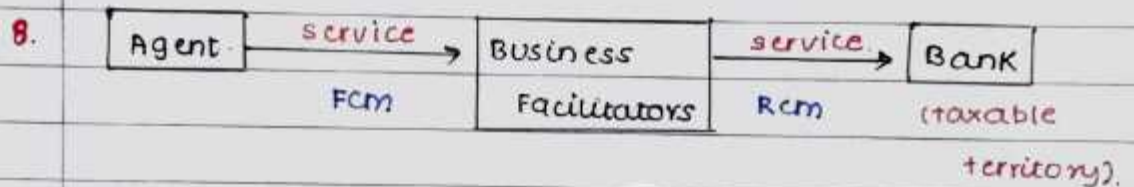
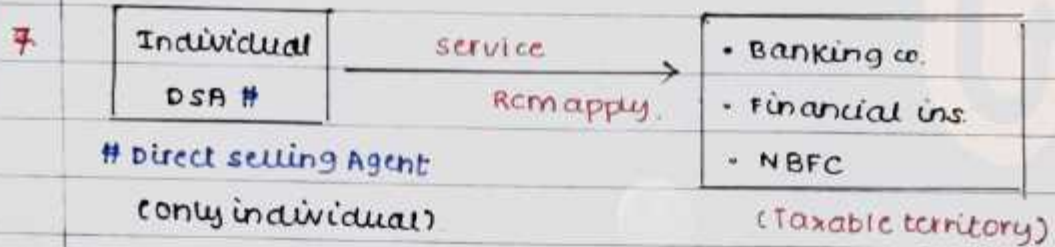
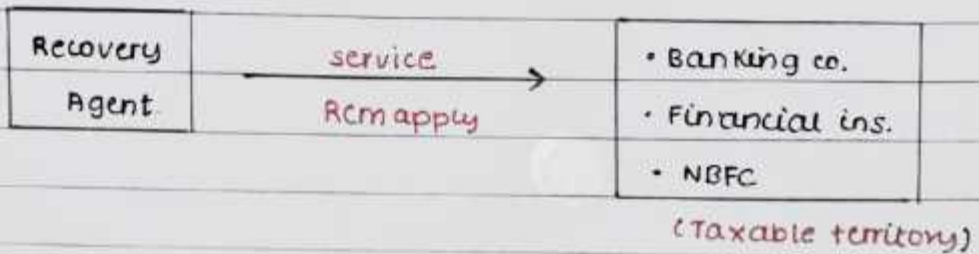
2. Kumar Vishwas is registered under GST. as he is engaged in supply of other goods/services.

RCM will not apply if -

1. Author has taken GST regn + File ANNEX-01 FORM + opt for FCM + 1 year vesting period.

2. Author makes declaration (FORM ANNEX-02) on invoice, Issued by him to publisher

6. Service related to Banking sector



Page No.	
Date	

Example 1 - M/s Sakshi Associates, a recovery agent (located in Chennai). empanelled by SBI, local Head office, Chennai.

Following service of M/s Sakshi Associates in the month of NOV 2020 as follows -

- a) Fees of ₹ 2,25,825 for supply of service in relation to recovery of dues from the defaulting borrowers at the place of buss/occupation and if such borrowers are unavailable at place of buss. then, at his/her residence.

→ Rcm applies, SBI pays GST

- b) supply of service with regard to demand for recovery or taking possession of security from defaulting borrowers for which separate fees charged from the bank ₹ 55175.

Assume GST rate → 18%. Answer the following -

Is it supply of service? → Yes, supply of service

If so, who is liable? → SBI

What will be GST liability?

$$225825 + 55175 = 281000 \times 18\%$$

$$= ₹ 50,580/-$$

Example 2 → 1) SBI Bank has app. Mr. A as DSA, to provide services of tele-calls for potential customers and persuade them to avail services of our bank and also to provide advertisement related to this service for which SBI paid remuneration of ₹50000 to Mr. A.

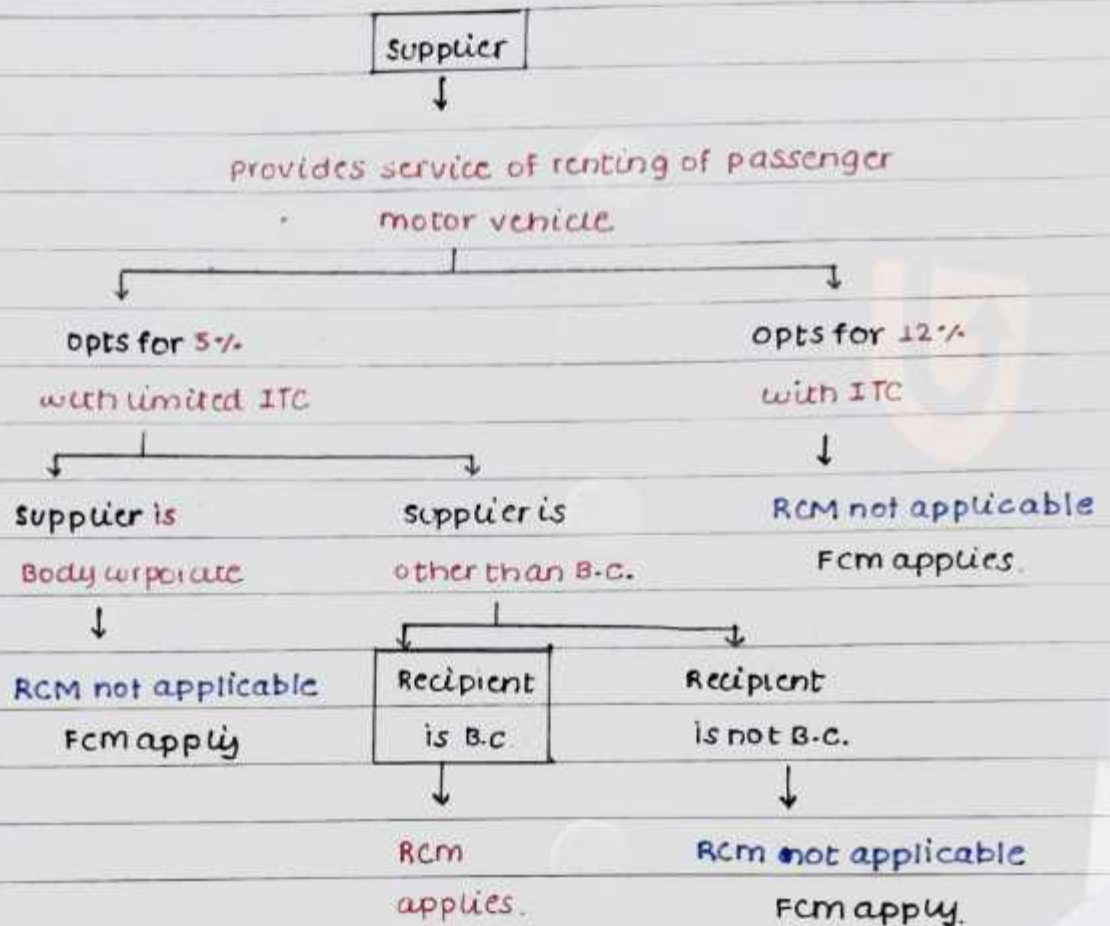
whether services provided by Mr. A, who is liable to pay GST?

→ RCM applies, SBI pays GST liability.

2). what will be your answer, if SBI appoints ABC Ud. for the said service?

→ FCM applies, because RCM will not be applicable to Body corporate DSA.

11. Renting of Passenger motor vehicle



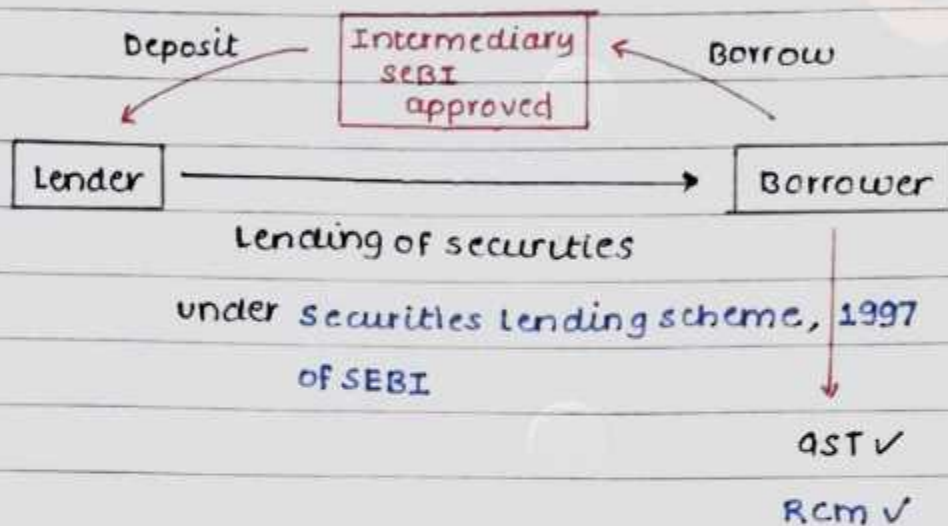
Example- Rahul is GST registered normal supplier engaged in the supply of service of renting of passengers' vehicle. It is supplying renting services charging GST at 5% to its non-corporate clients.

→ RCM will not apply because service is provided to non-body corporate.

He has got a contract for supply of service to A Ltd. (Body.corp) whether this supply will attract GST in hands of recipient.

→ RCM applicable, because service is provided to Body-corporate.

12.

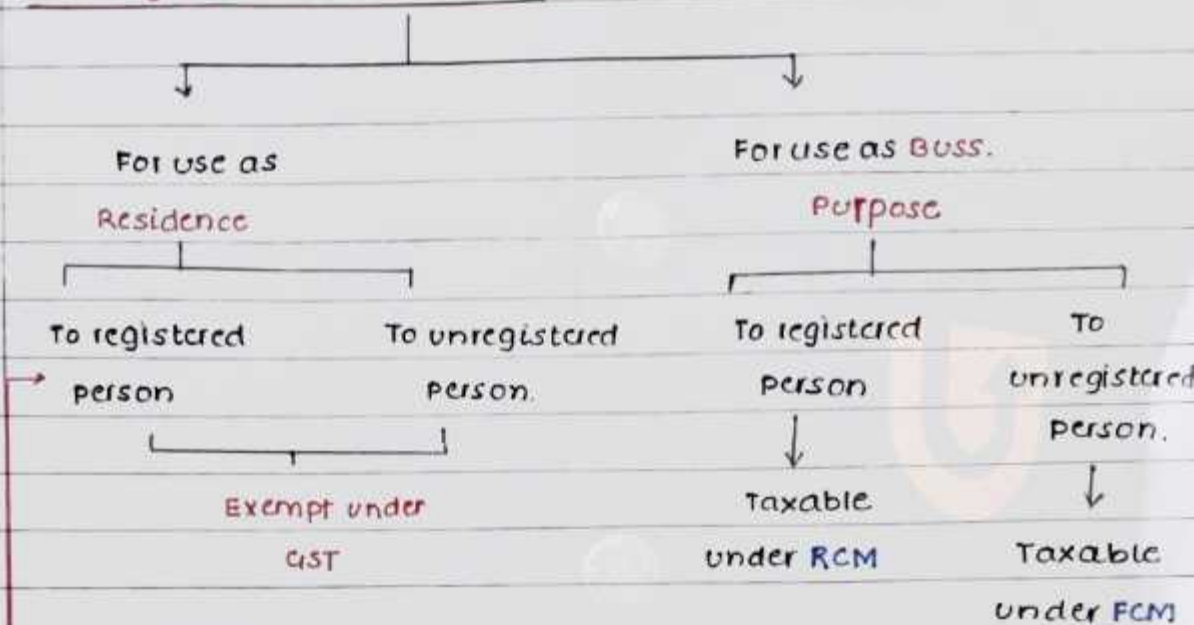
Lending of securitiesExample-

P Ltd. is the owner of 20,000 shares of TATA Ltd. has lent out these shares to Q Ltd. through SEBI approved intermediary in terms of Securities Lending scheme, 1997. For this lending activity, P Ltd. will be getting due consideration from Q Ltd.

Who is liable to pay GST?

→ Borrower (Q Ltd.) shall be liable to pay GST under RCM.

13. Renting of Residential dwelling



Two conditions for exemption

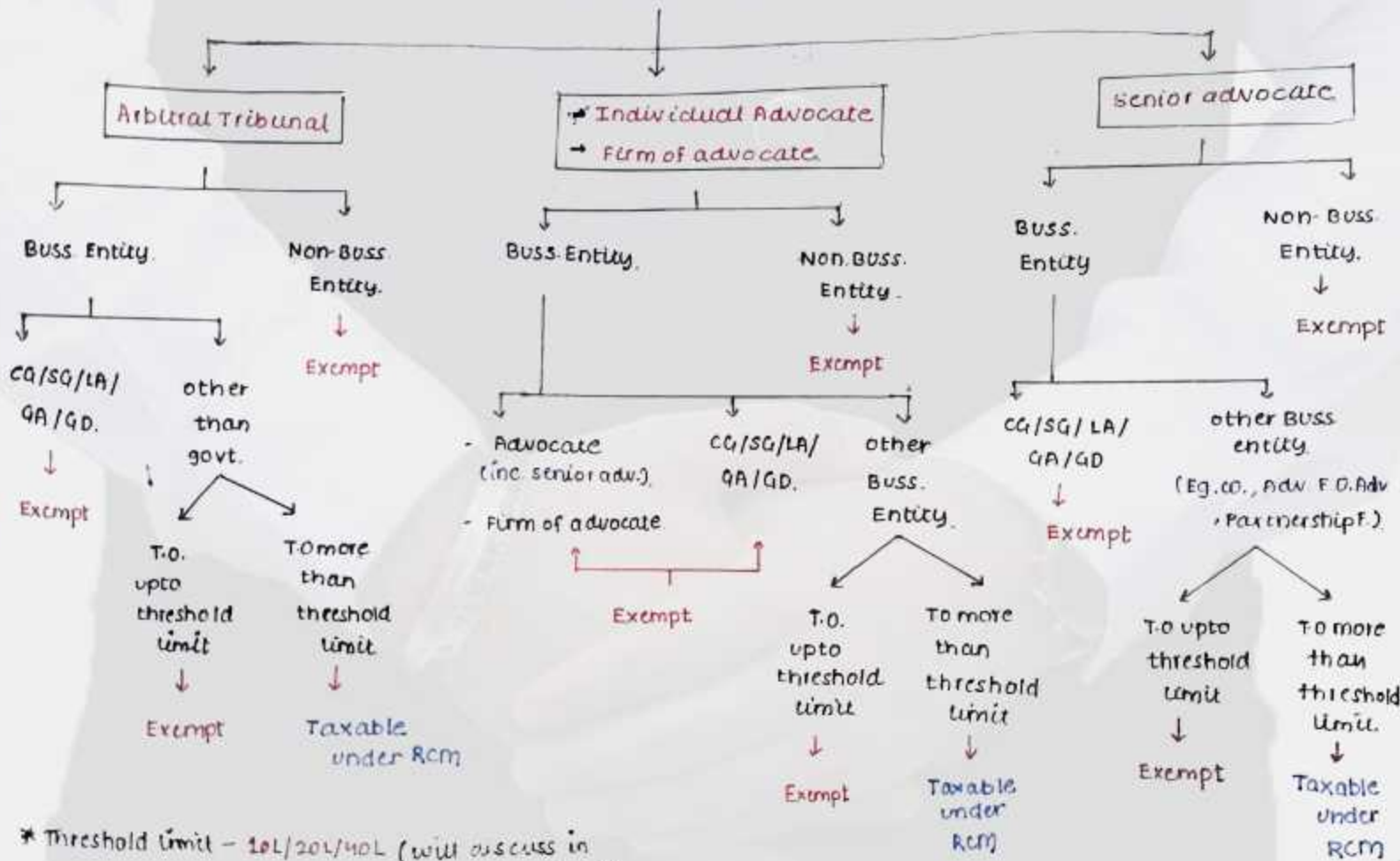
1. use for personal purpose
2. Amt. transfer i.e Rent from his personal A/c.

Example- Mr. VG provides service of renting of residential dwelling to Mr. PG and charge 40000 p.m rent.

Who is liable to pay GST in the following cases -

- (i) Mr. PG (URP) - use for Res. purpose. Exempt.
- (ii) Mr. PG (URP) - use for Buss. purpose. Taxable under FCM. (Mr. VG).
- (iii) Mr. PG (R.P.) - use for Res purpose, Amount debited from personal A/c. Exempt
- (iv) Mr. PG (R.P.) - use for Buss. purpose - Taxable under RCM (Mr. PG)

service provided by

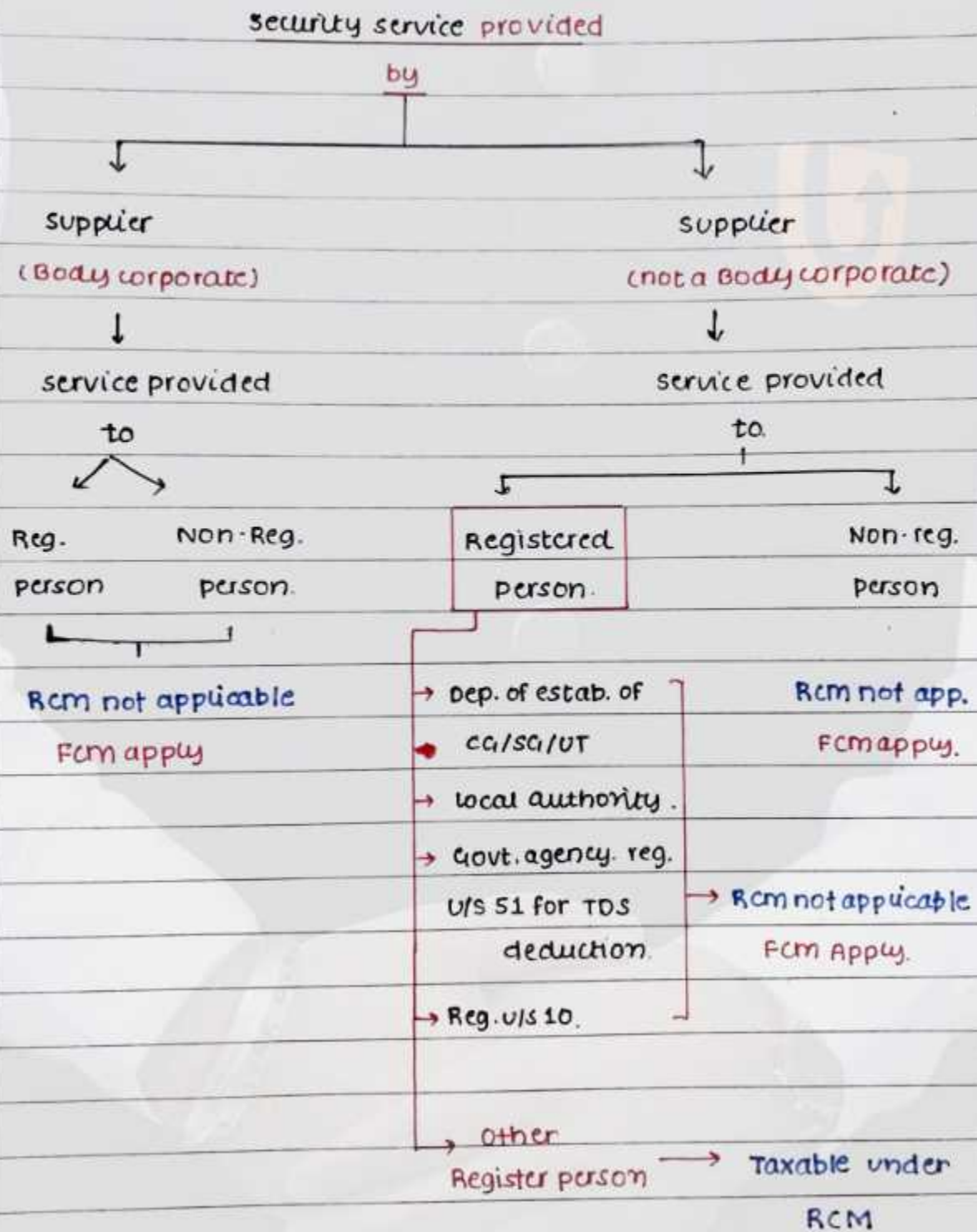


* Threshold limit - 10L/20L/40L (will discuss in registration ch.)

Example-

	Service provider	Service receiver	Fees charged	whether GST levied or not?
1)	VG and Co. (Firm of Adv.)	RIL Ltd. (T.O. - 1 crore)	₹ 10 LAKH	✓ - RCM GST pay - RIL Ltd.
2)	Mr. VG (Senior Adv.)	Mr. PG (Non-Buss. Entity)	₹ 2 LAKH	× (exempt)
3)	Mr. VG (Advocate)	PG and Co. (Firm of Adv.) T.O - 70 LAKH.	₹ 15 LAKH	× (exempt)
4)	Mr. VG (Senior Adv.)	Mr. PG (Adv.) (T.O - 4 LAKH)	₹ 2 LAKH	× (exempt)
5)	Arbitral Tribunal	Mr. VG (Personal Dispute)	₹ 5 LAKH	× (exempt)

16. Security service (Security guard)

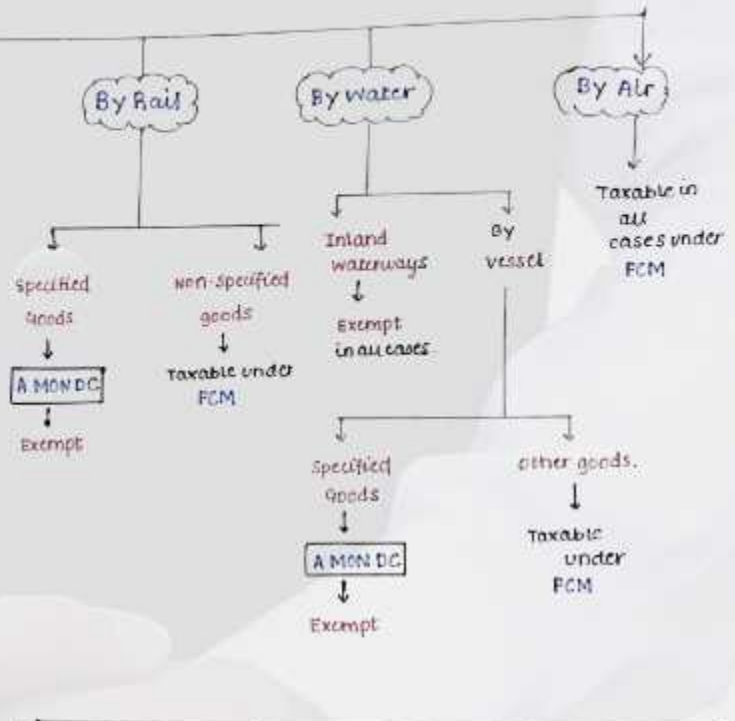
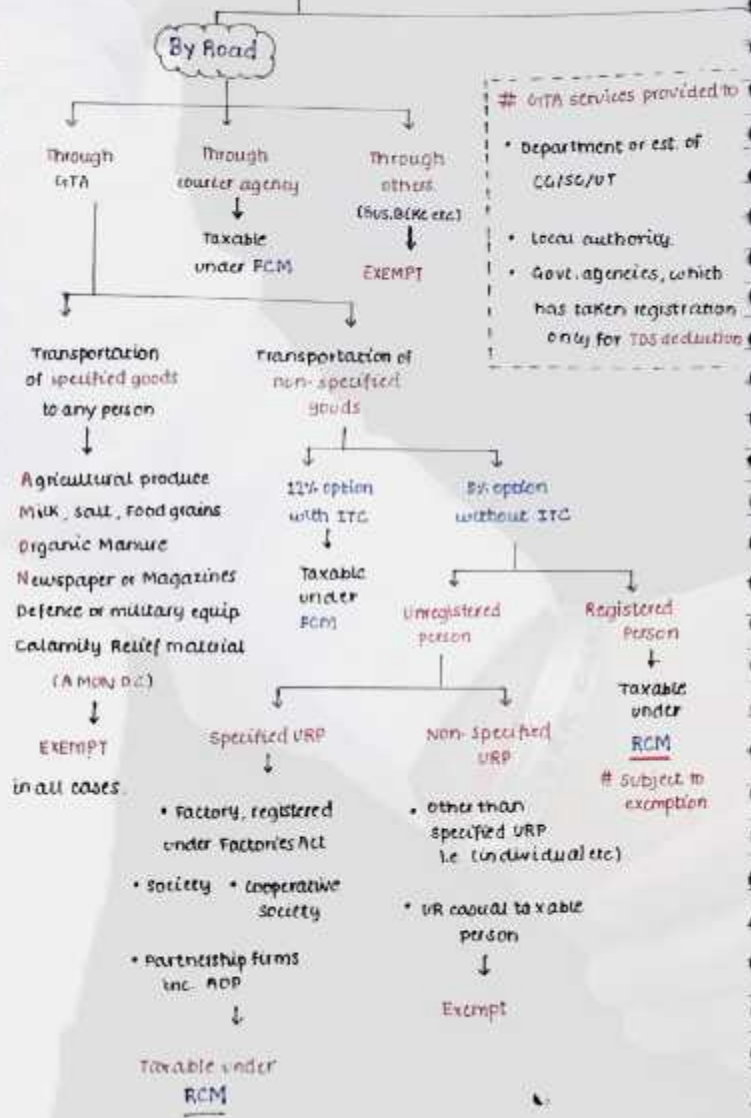


Example -

security service provided by	security service provided to	Taxable under FCM or RCM
VG Ltd.	Mr. A (Reg. person)	FCM
VG Ltd.	PG Ltd. (Reg. person)	FCM.
VG (Individual)	VG Ltd. (Reg. Person).	RCM
VG (Individual)	local authority.	FCM
VG (Individual)	Mr. PG. (registered under comp. scheme)	FCM
Mr. VG.	Central govt. (Reg.)	FCM.

17. Goods transport and inter-state service

MG STUDY HUB



RCM not applicable if :-

- (i) The supplier has taken registration under CGST Act, 2017 and exercised the option to pay tax on service of GTA in relation to transport of goods supplied by him under forward charge, AND.
- (ii) The supplier has issued tax invoice to the recipient charging GST at the applicable rates and has made the prescribed declaration on such invoice issued by him.

18. Government services
VG STUDY HUB

Services provided by CG/SQ/UT/LA

- Services provided by Department of Post
- service related to an aircraft or vessel.
- Transportation of goods / passengers.

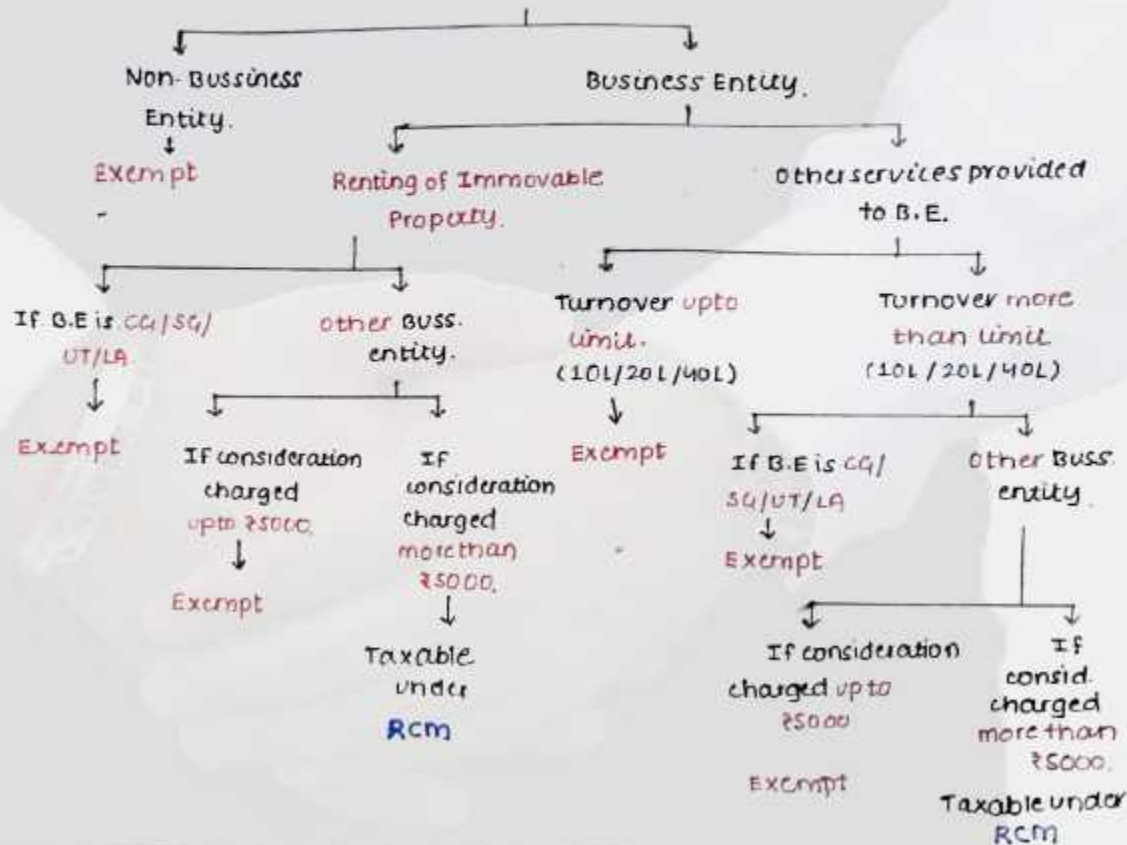
↓
TO ANY PERSON

↓
Taxable under "FCM"

Amendment

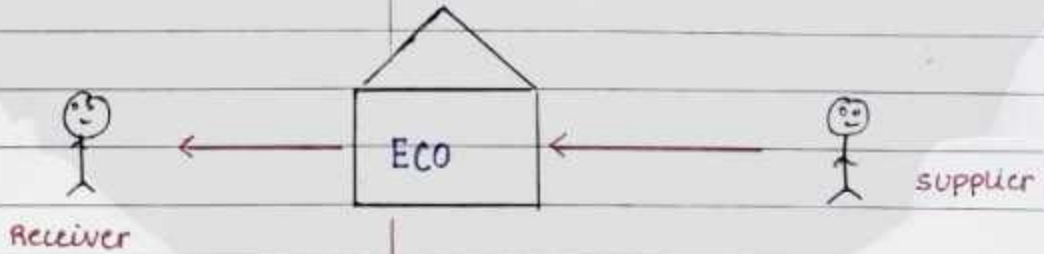
Service provided by railway department is now taxable under FCM.

Other services (like renting, banking, visa, Telecommunication etc.)



* Section 9(5) : ECO is liable to pay GST

<p>→ Always ECO is liable to pay GST.</p>	<p>→ Passenger Transportation* (ola, UBER, RedBus etc)</p>
<p>• ECO is liable to → IF supplier T.O. pay upto threshold limit.</p>	<p>→ Providing accomodation (oyo, Make my Trip etc)</p>
	<p>→ Housekeeping (urban company).</p>
	<p>→ Restaurant service (swiggy, zomato)</p>
	<p>Restaurant Restaurant</p>
<p>• Supplier is liable to → IF supplier T.O. more than threshold limit.</p>	<p>situated in hotel where rent upto 7500/day</p>
	<p>situated in hotel where Rent > 7500/day</p>
	<p>↓ ↓</p>
	<p>ECO is liable to pay GST Supplier is liable to pay GST</p>



- All goods
- other than 4 services (mentioned above)
- ↓
- Always supplier is liable to pay GST.
- section 9(5) not applicable.
- ECO will collect TCS @ 1%.
- subject to registration.

Note :- sec 9(5)

old entry - service by way of transportation of passengers by radio taxi, motor cab, motor cycle, omniBUS or any other motor vehicle.

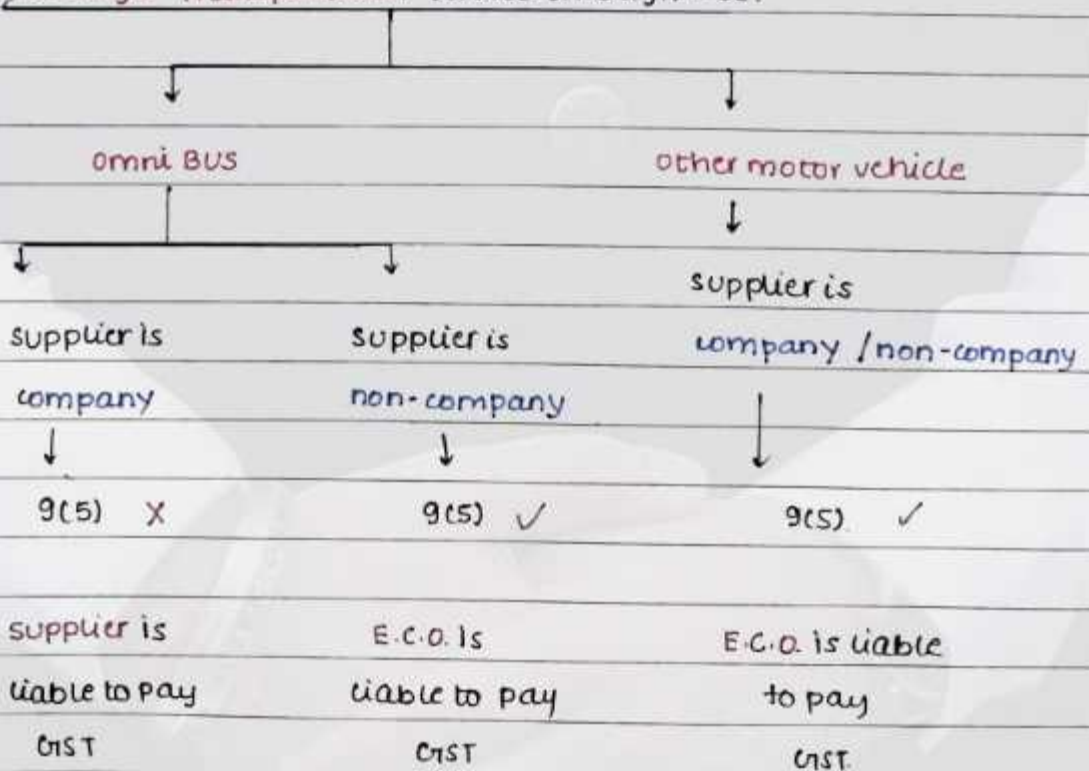
change in old law - same as above except omniBUS.

New Law - services by way of transportation of passengers by an omni BUS - **except** person supplying such service through E.C.O is a company.

(*)



Passenger Transportation service through Eco.



ITC+Payment of GST

Scheme of ITC - At a Glance

Section 16 to 20 deals with the availability of ITC.

The Scheme has been discussed in detail in the coming sections of this chapter. Here is the overview of ITC:

1) This scheme is designed to avoid cascading effects of Taxes and make GST, a destination based Tax.

2) ITC is available on all Input, Input Services and Capital Goods used for the Purpose of Business (or) Profession by a Taxable Person.

3) ITC is Used for the Payment of Tax on Taxable outward Supply to avoid cascading effect.

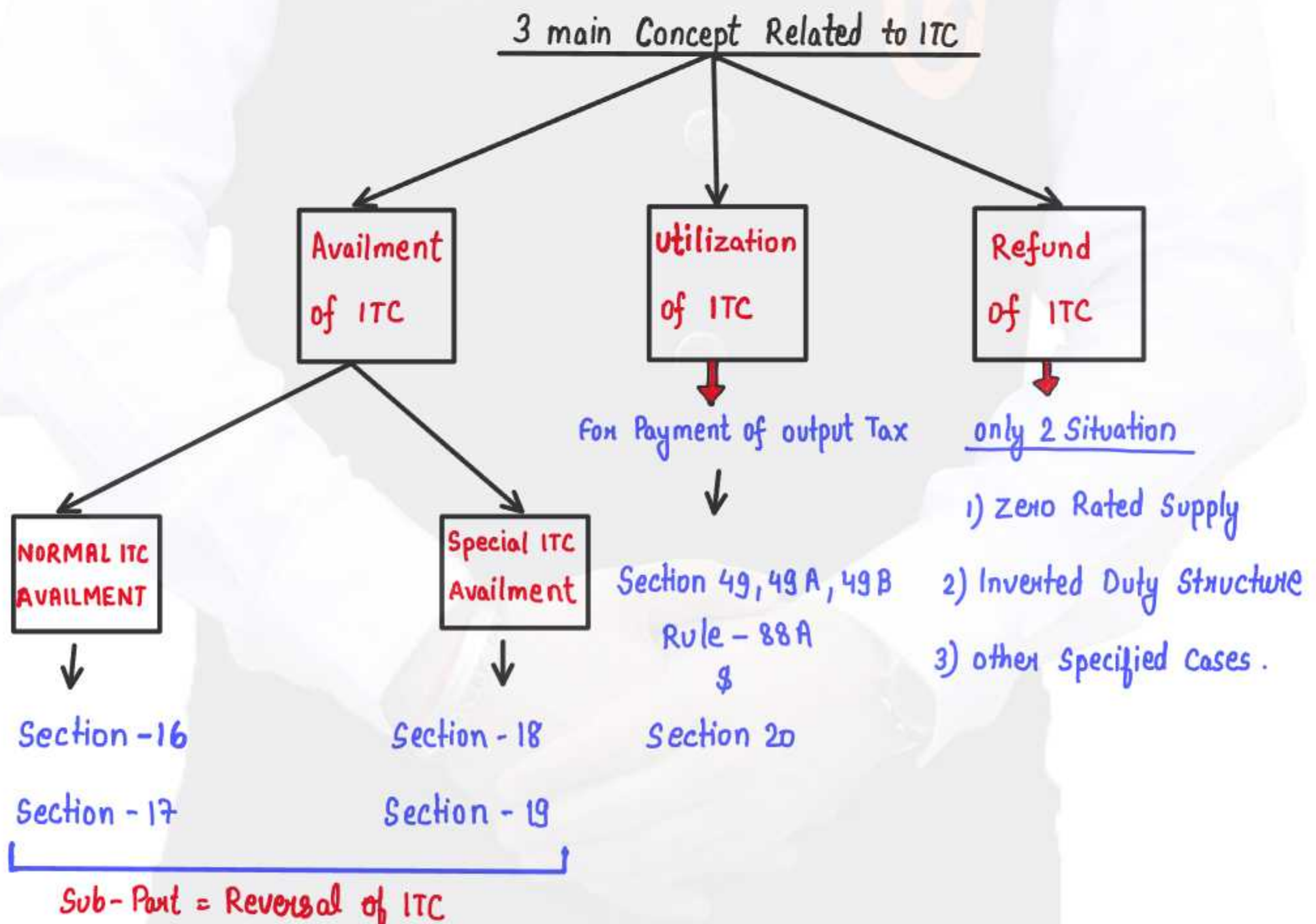
4) GST law does not require "ONE TO ONE" co-relation between Input/Input Service and Final Product/Services.

Any eligible ITC Can be used for Payment of Tax of Any Taxable outward Supply.

5) ITC Can be availed & utilised for the Payment of Taxable outward Supply, it means if outward supply is exempted then ITC Cannot be availed & utilised.

b) The exception of above rule is "Zero Rated Supply".
In such case ITC is available even if there is no Tax on outward supply (Assessee can claim Refund of ITC).

7) If a Taxable Person is making both Taxable and Exempt Supply he is entitled to avail Full Credit of ITC in respect of Input/Input Service/Capital Goods exclusively used for Taxable Supply and No Credit of all Input/Input Service/Capital Goods which are exclusively used for Exempt Supply.



Section 16 → Eligibility and Conditions for taking Input Tax Credit.

Section 17 → Apportionment of Credit and blocked Credit.

Section 18 → Availability of Credit in Special Circumstances.

Section 19 → Taking ITC in respect of Inputs and Capital Goods sent for Job work.

Some important Definitions related to ITC chapter

- | | |
|---------------------|------------------------|
| 1. Input | 6. Output Tax |
| 2. Input Service | 7. Exempted Supply |
| 3. Capital Goods | 8. Taxable Supply |
| 4. Input Tax Credit | 9. Agent |
| 5. Input Tax | 10. Non-Taxable Supply |

1. 'Input' means

any Goods other than Capital Goods used or intended to be used by a Supplier in the course or furtherance of Business.

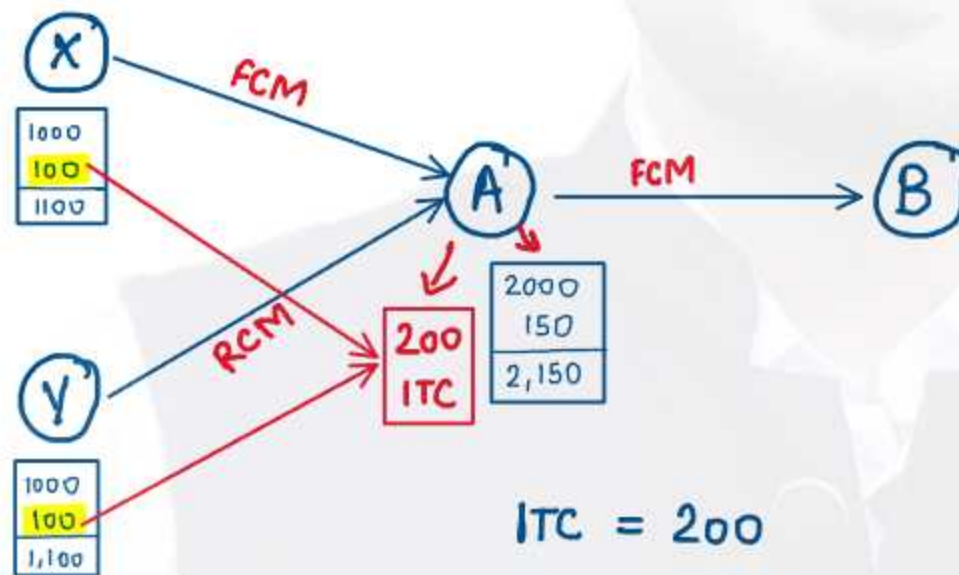
2. 'Input Service' means

Any Service used or intended to be used by a Supplier in the course or furtherance of Business.

3. 'Capital Goods' means

Goods, the value of which is Capitalised in the books of account of the Person claiming the ITC and which are used or intended to be used in the course or furtherance of Business.

Example



$$\text{ITC} = 200$$

$$\text{ITC Use} = 150$$

$$\text{ITC Balance} = 50$$

7. 'Exempt Supply' means

Supply of any Goods or Services or both which attracts

Nil Rate of Tax or which may be wholly exempt from Tax

under Section 11, or under Section 6 of the Integrated Goods

and Services Tax Act, and includes Non-Taxable Supply.

CRUX

Exempted Supply means

- Nil Rated Supply
- 100% Exempted Supply
- Non Taxable Supply

Inward Supply

GST Paid on
Inward Supply

Outward Supply

EXEMPTED

Nil Rated

Non-Taxable

Zero Rated

Taxable

ITC

X

X

X

✓

✓

8. 'Taxable Supply' means

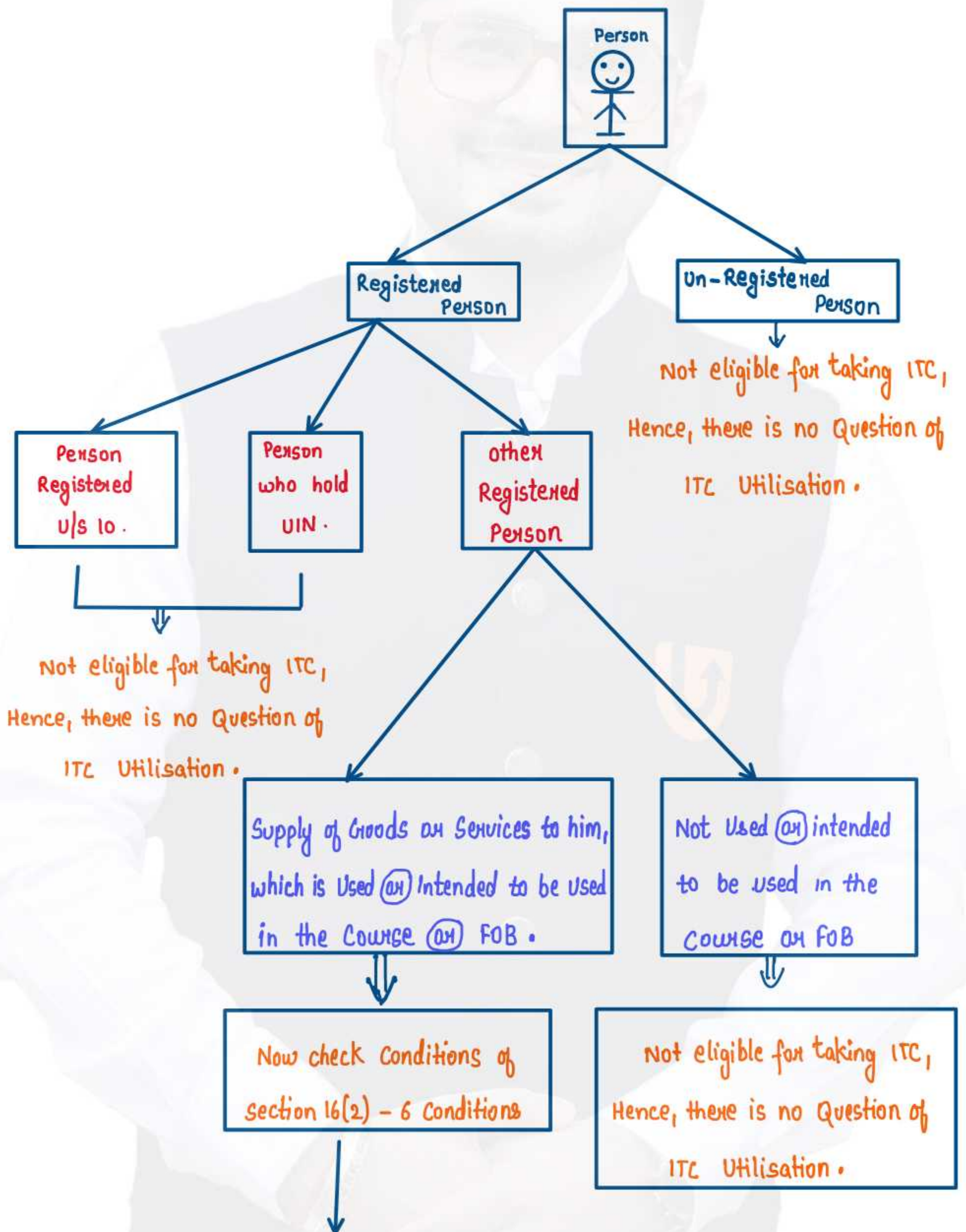
A Supply of Goods or Services on both which is leviable to Tax under this Act.

9. 'Non-Taxable Supply' means

A Supply of Goods or Services on both which is not leviable to Tax under this Act.

Section 16 : Eligibility and Conditions for taking ITC

Analysis of Section 16(1) & 16(2)



1. Possession of Tax Paying Document
(i.e. Tax Invoice, Debit Note)

2. Details of Invoice/Debit Note uploaded by Supplier in his GSTR-1 (or) Using IFF and details Communicated in the form GSTR-2B.

CRUX

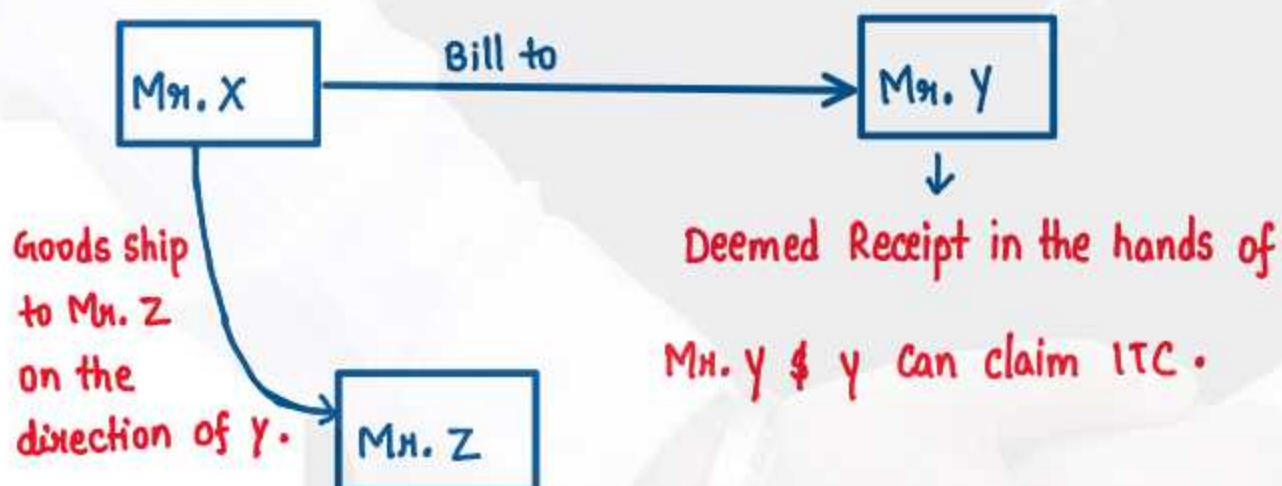
Invoice uploaded in GSTR-1 & Communicated in GSTR-2B = Full ITC allowed on such Invoice

Invoice not uploaded in GSTR-1 & Communicated in GSTR-2B = No ITC can be claimed

3. Receipt of Goods (or) Services (or) both.

Imp. Point

What about "Bill to Ship to Model" ?



4. Details of ITC in respect of the said supply communicated to the Registered Person u/s 38 "NOT RESTRICTED".

5. Tax leviable on supply actually paid to Govt.

├→ FCM → Supplier
└→ RCM → Receiver

6. The Registered Person who is taking ITC must have file his Return in GSTR - 3B u/s 39.

Whether above Transaction Covered u/s 17(5) "Blocked ITC"

Yes



Can't claim ITC

NO



Finally Taxable Person Can claim ITC

CRUX of Section 16(1) & 16(2)

अगर किसी Taxable Person ने ITC claim करना है तो, नीचे दी गई सभी Conditions Satisfy करनी होंगी!

- ① Person → Registered Under GST Except Sec-10 & VIN
- ② Goods (OR) Services → Used (OR) intended to Used in the Course (OR) FOB.
- ③ Receiver के हाथ में Tax Invoice/DN होना चाहिए।
- ④ Factory/office में G/S Receive हो चुकी हो Except Bill To Ship To Model.
- ⑤ Supplier ने GSTR-1 में Invoice upload कर दिये हों & GSTR-2B में Communicate हो चुका हो।
- ⑥ Govt. को Tax Paid कर दिया हो।
- ⑦ Receiver ने GSTR-3B file कर दी हो।
- ⑧ ITC Restricted ITC ना हो।
- ⑨ Section 17(5) में Cover ना हो।

If all above Conditions Satisfied then R.P. Can claim ITC.

NOTE -1 : Where the Goods against an invoice are received in lots or installments, the registered Person shall be entitled to take credit upon receipt of **last lot or installment.**

NOTE 2 : Where a Recipient fails to pay to the Supplier of Goods or Services or both, other than the Supplies on which Tax is Payable on Reverse charge basis, the amount towards the value of Supply along with Tax Payable thereon within a Period of One hundred and eighty days from the date of issue of invoice by the Supplier, an amount equal to the ITC availed by the recipient shall be added to his output Tax liability, along with interest thereon.

↳ Reversal of ITC

↳ 18% P.a. (From Starting)

Section 16(3)

The Registered Person has claimed depreciation on the Tax Component of the Cost of Capital Goods and Plant and Machinery, the Input Tax Credit on the Said tax Component shall not be allowed.

Example

Cost of Plant & Machinery = 4,00,000

GST @ 28% = 1,12,000

5,12,000

4,00,000



Always claim Depreciation
U/s 32 of I. Tax Act, 1961.

1,12,000



Either claim Depreciation (or)
claim ITC (at the option of
Taxable Person).

My opinion = If ITC Blocked then Depⁿ Beneficial.

If ITC not Blocked then ITC Beneficial.

Section 16(4): Time limit for Availing ITC

ITC on invoices pertaining to a FY (or) Debit Note issued in a FY
Can be availed anytime:

- (i) Till 30th November of the Succeeding year (or)
- (ii) Date of filing of Relevant Annual Return (Actual Date)
- whichever is earlier.

Example: Invoice issued = 16/03/24
Value = 10,00,000 @ 5% GST

$$\boxed{\text{GST} = 50,000}$$

20,000 ITC not availed as Invoice

was not uploaded (or) any other Reason

Can he avail ITC after that? what is the last date

to claim ITC if :-

		<u>Last date</u>
Case 1	AR filed = 18/06/2024	18/06/24
Case 2	AR filed = 15/11/2024	15/11/24
Case 3	AR filed = 15/12/2024	30/11/24

Q. Debit Note related to above Invoice issued on 18/08/2024 of ₹ 2,00,000 and GST charged @ 12% GST (i.e. 24,000).
Assessee forget to claim ITC of ₹ 24,000.

Whether he is eligible to claim ITC and What is the last date to claim ITC if :

- 1) AR filed 18/8/25
- 2) AR filed 25/12/25

→ Debit Note issued in a FY 24-25

Due date of AR = 31/12/25

Case 1 (i) 18/8/25
(ii) 30/11/25

Case 2 (i) 25/12/25
(ii) 30/11/25

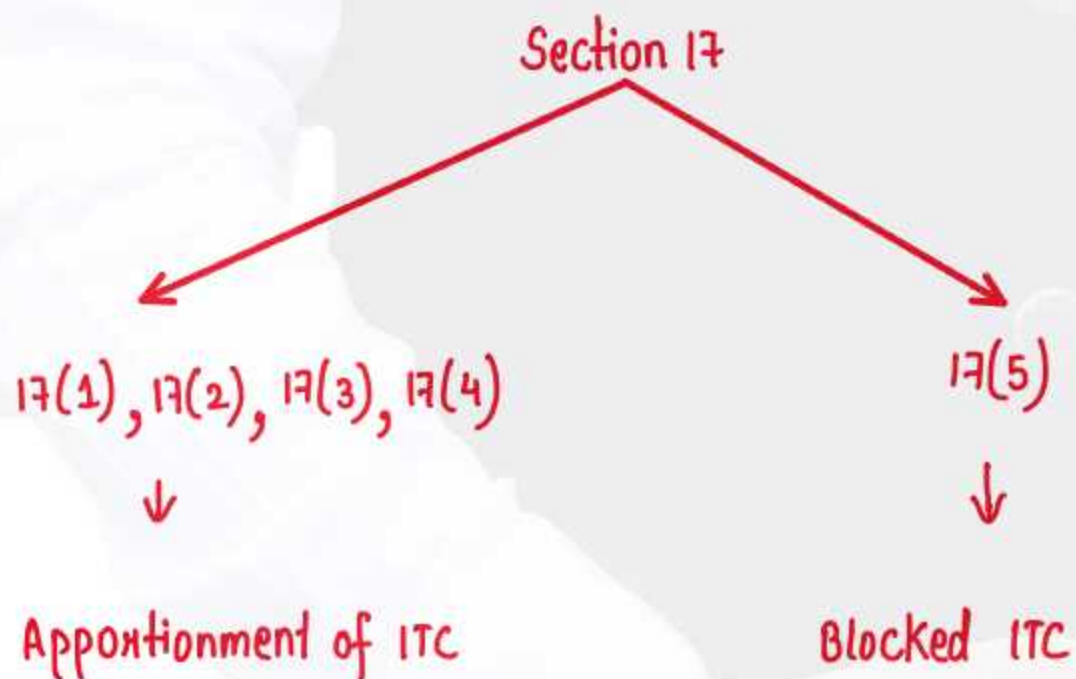
(E)

(E)

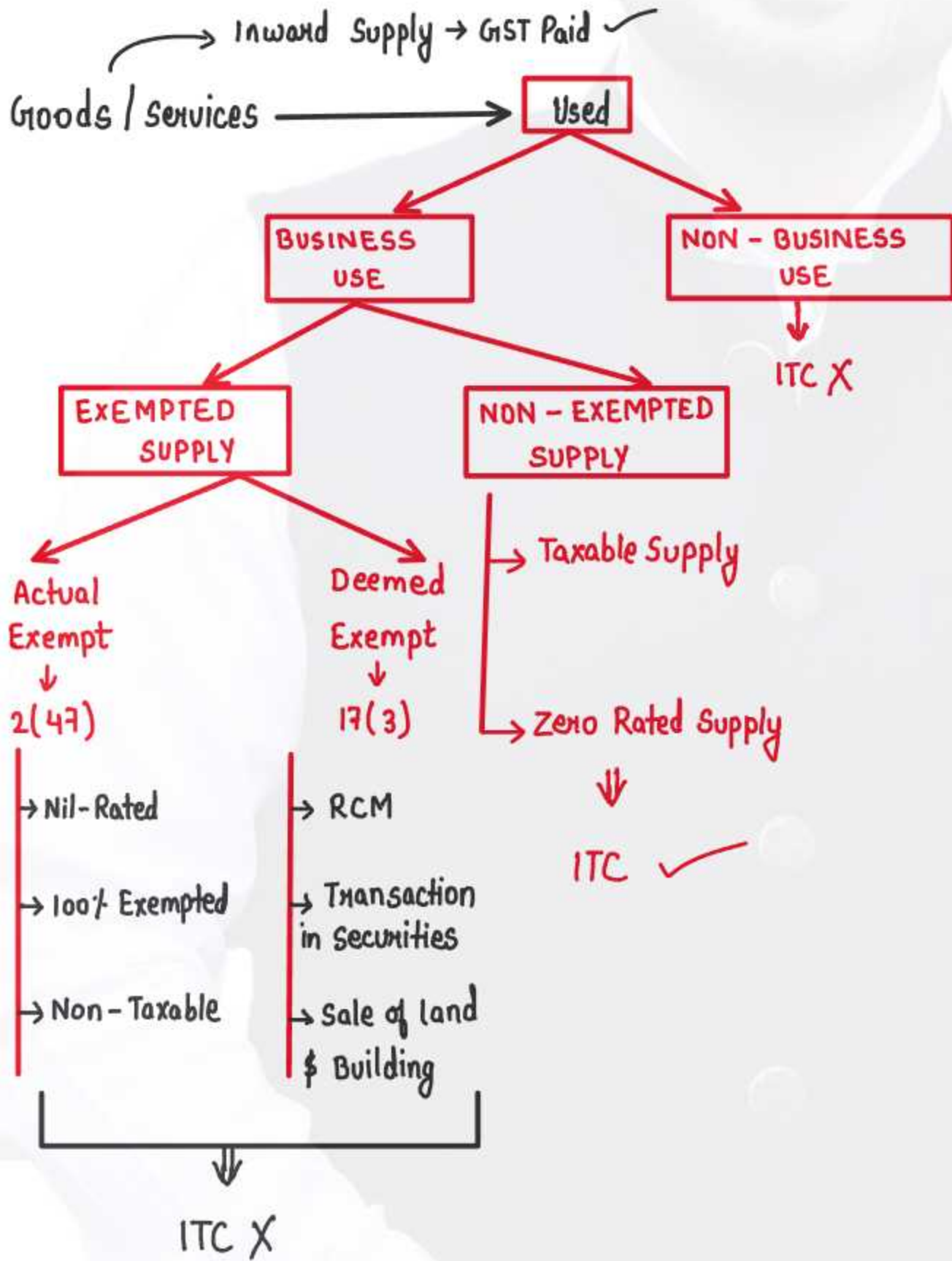
Section 41 : ITC Availment @ Reversal in Specified Case

- (1) ITC shall be allowed finally not provisionally.
- (2) ITC availed by R.P but the Tax Payable thereon has not been Paid by the Corresponding Supplier then Recipient shall Reverse ITC along with Interest (@18% P.a.)
If Supplier Paid Tax to Govt. after Sometime then Recipient can re-claim/re-avail ITC of that amount.

Section 17 : Apportionment & Blocked ITC



Analysis of Section 17(1) + 17(2) + 17(3)



Section 17(4)Banking Co./NBFC/FIOption

Actual Base



Taxable Supply = ITC ✓

Exempted Supply = ITC x

Notional Base



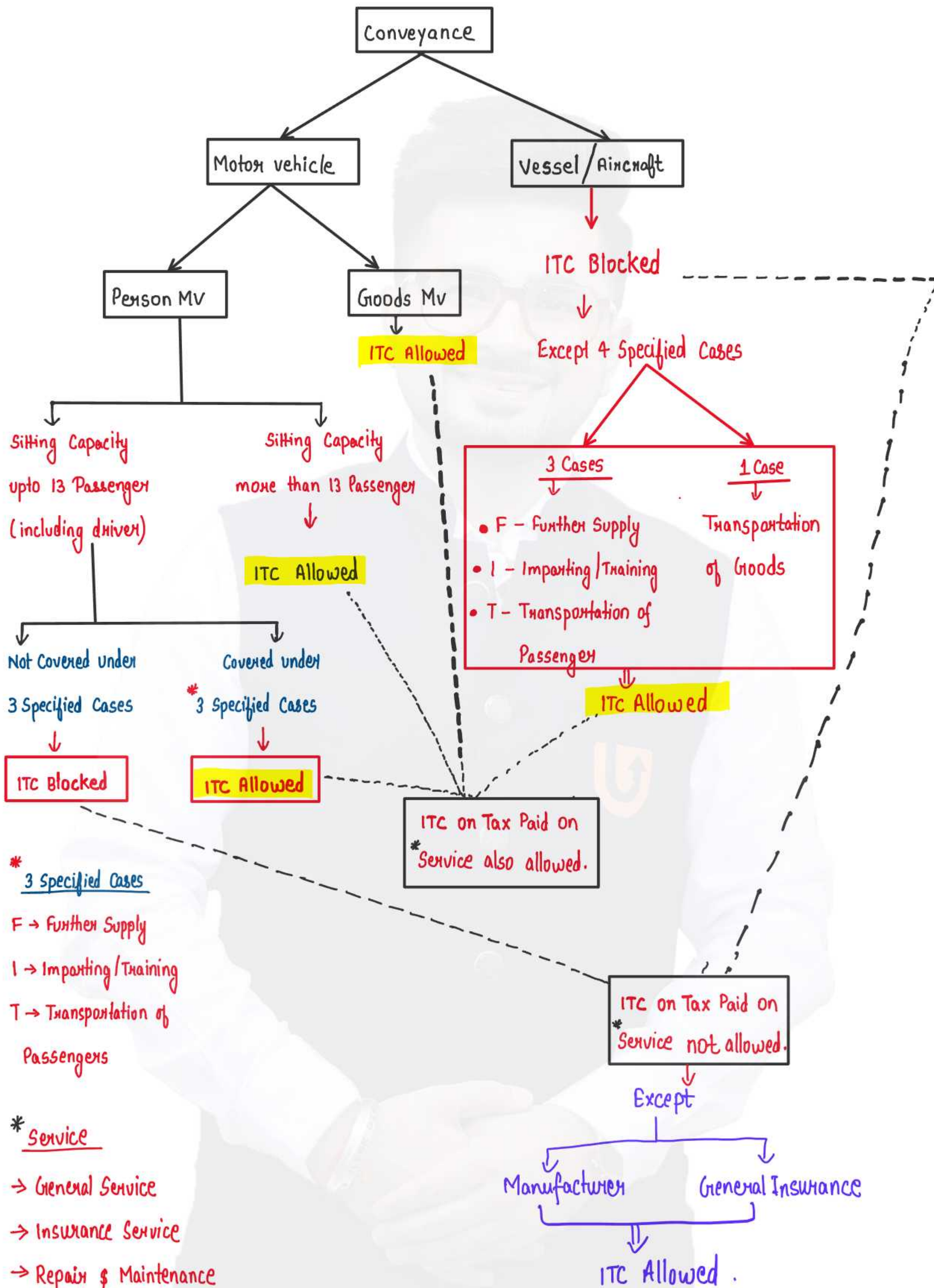
Avail Eligible ITC = xxx

(-) 50% of E. ITC = $\frac{(xxx)}{xxx}$ Balance ITC Can
be claimedxxx

NOTE: 100% ITC can be claimed if Transaction entered b/w
Branches Registered under same PAN.

Section 17(5)

Analysis of Section 17(5)(a)/(aa)/(ab)



CHUX

→ जहाँ - जहाँ MV/V/A का ITC मिलेगा, वहाँ - वहाँ उसकी Service का भी ITC मिलेगा !

→ जहाँ - जहाँ MV/V/A का ITC नहीं मिलेगा, वहाँ - वहाँ उसकी Service का भी ITC नहीं मिलेगा !

Section 17(5)(b)

Following Supply of Goods or Services or both -

- (i)
- Food and Beverages
 - Outdoor Catering
 - Beauty Treatment
 - Health Service
 - Cosmetic and Plastic Surgery
 - Leasing, Renting or Hiring of MV
 - Vessels or Aircraft referred in clause (a) or (aa)
 - Life Insurance and Health Insurance

ITC allowed in following case :

1. If inward Supply & outward Supply are same.
2. Provide such Goods (or) services as composite supply / Mixed supply.

(ii) membership of a club, Health and fitness Centre;

(iii) Travel Benefits extended to employees on vacation such as leave or home Travel Concession;

Proviso to Section 17(5)(b) i.e. Complete clause (b) :

ITC in respect of such Goods or Services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law.

(c) Goods or services or both on which Tax has been Paid u/s 10;

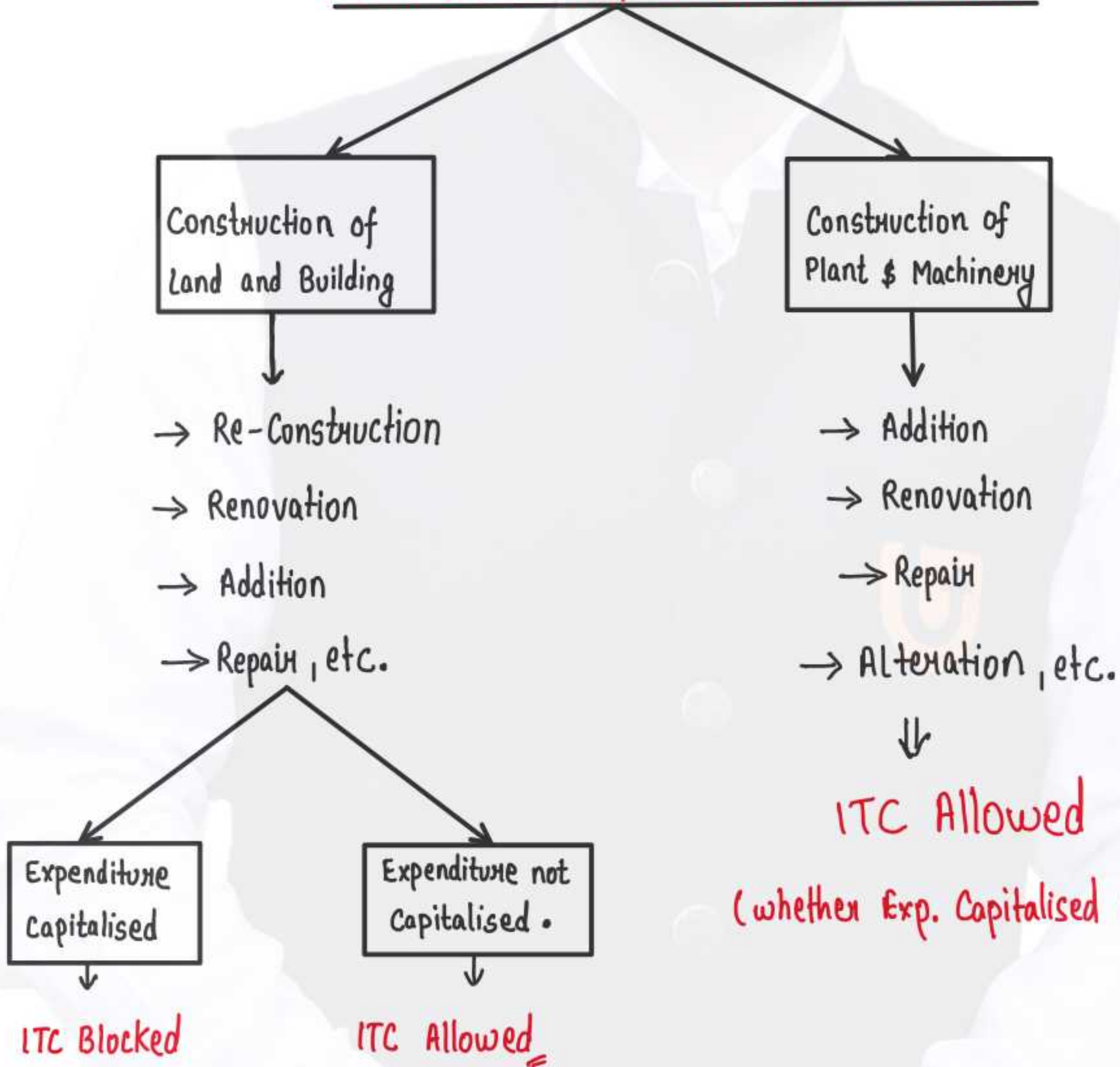
(d) Goods or Services or both received by a Non-Resident Taxable Person except on Goods imported by him;

(e) Goods or Services or both used for Personal Consumption;

(f) Goods lost, stolen, destroyed, written off or disposed off by way of gift or free samples;

(g) Any Tax Paid in accordance with the provisions of section 74, 129 and 130.

(h) Goods or Service provide for CSR activity.

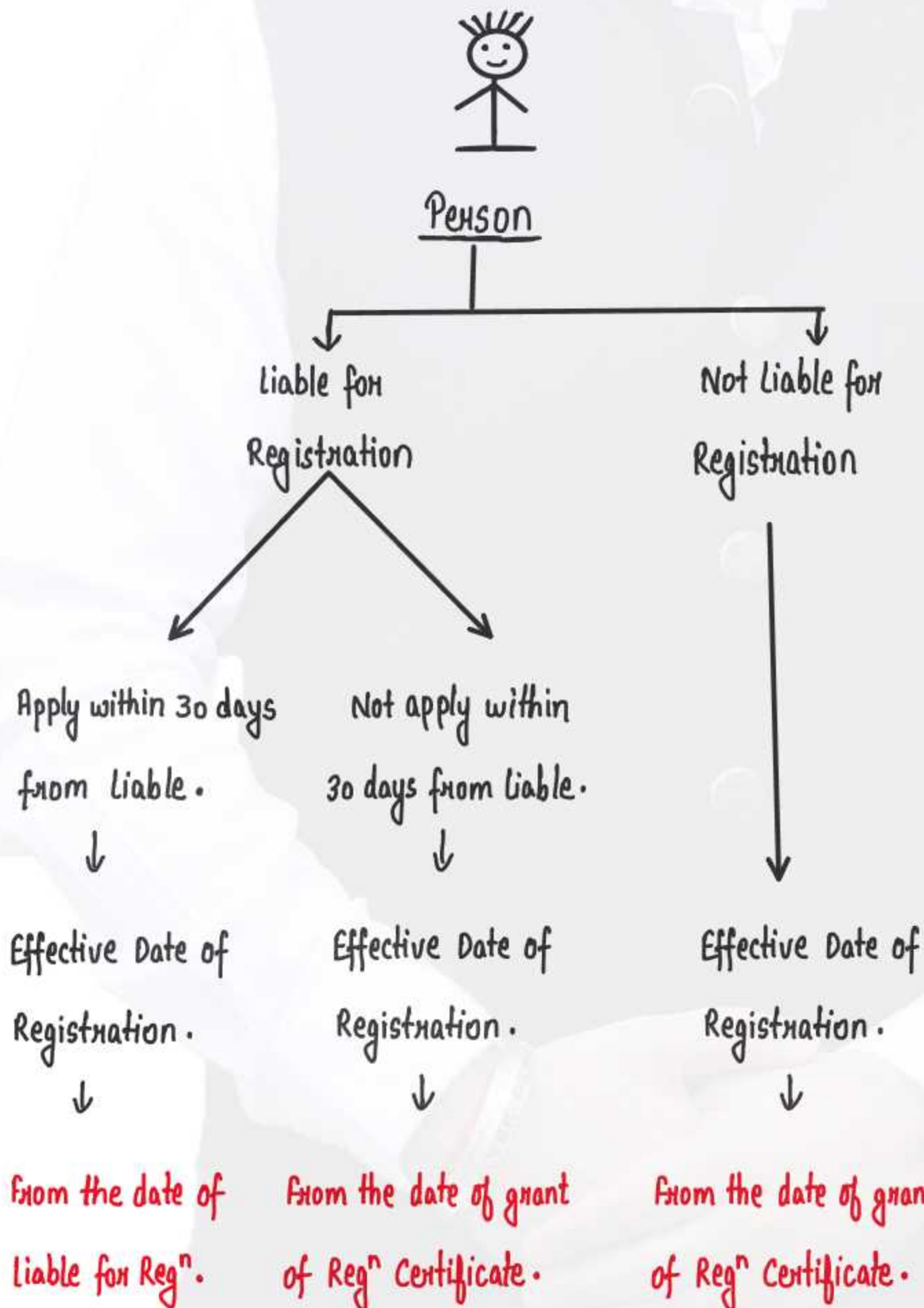
(i) & (j)WORK CONTRACT & CONSTRUCTION CONTRACTPlant & Machinery does not include

- 1) Land and Building & Civil Structure
- 2) Telecommunication Towers
- 3) Pipelines laid outside the factory premises.

Section 18 → Availability of Credit in Special Circumstances.

Concept of Effective Date of Registration:

(GST में किस दिन से Effective Registered माना जायेगा)



Example 1.

Liab^e for Registration = 18/7/2023

Applied for Registration = 2/8/2023

Regⁿ Certificate granted = 14/8/2023

Ans:- Effective Date of Regⁿ = 18/7/2023

What if apply for Registration = 20/8/2023

and RC granted on 26/8/2023.

Ans:- Effective Date of Regⁿ = 26/8/2023

Example 2.

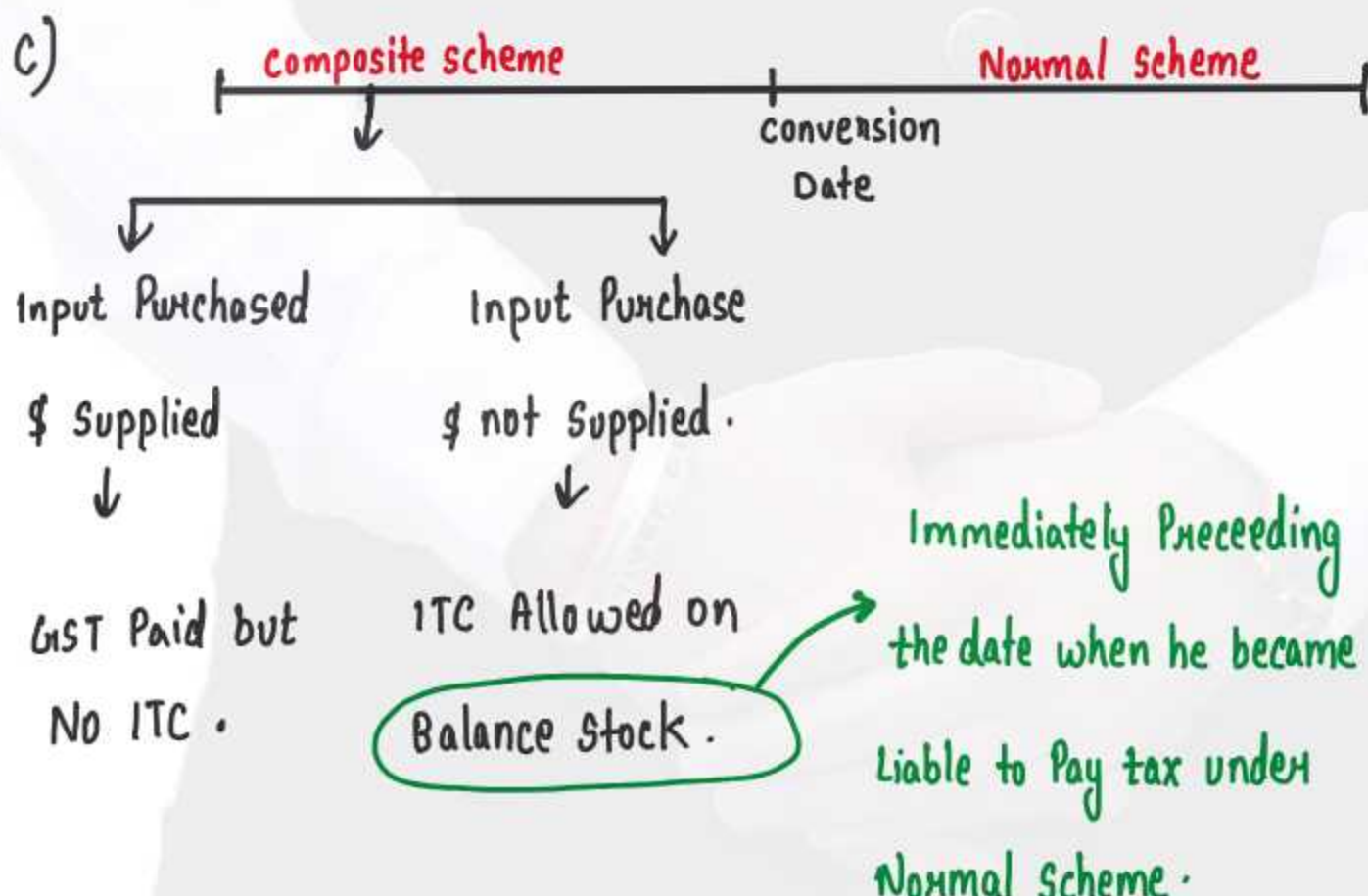
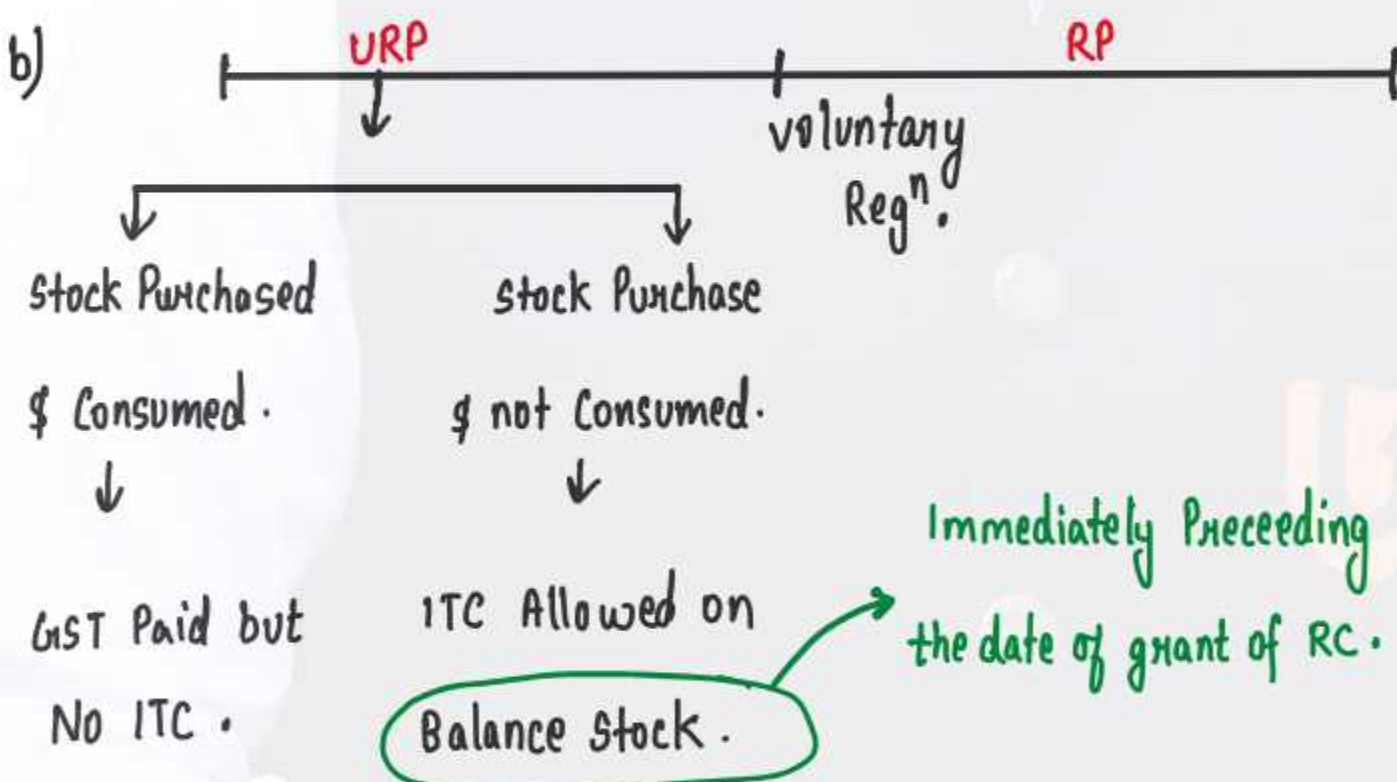
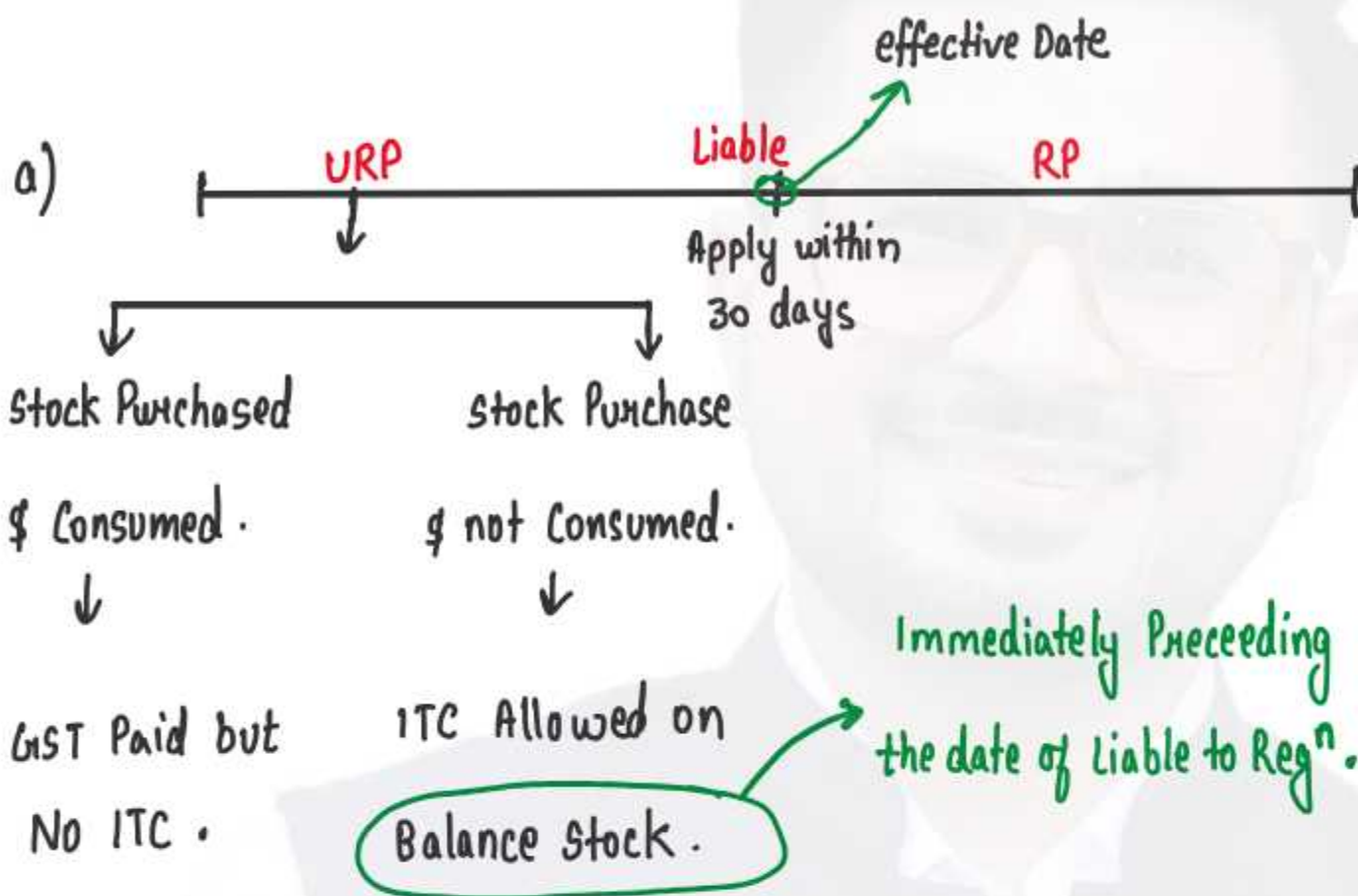
Applied for Registration voluntarily = 27/7/2023

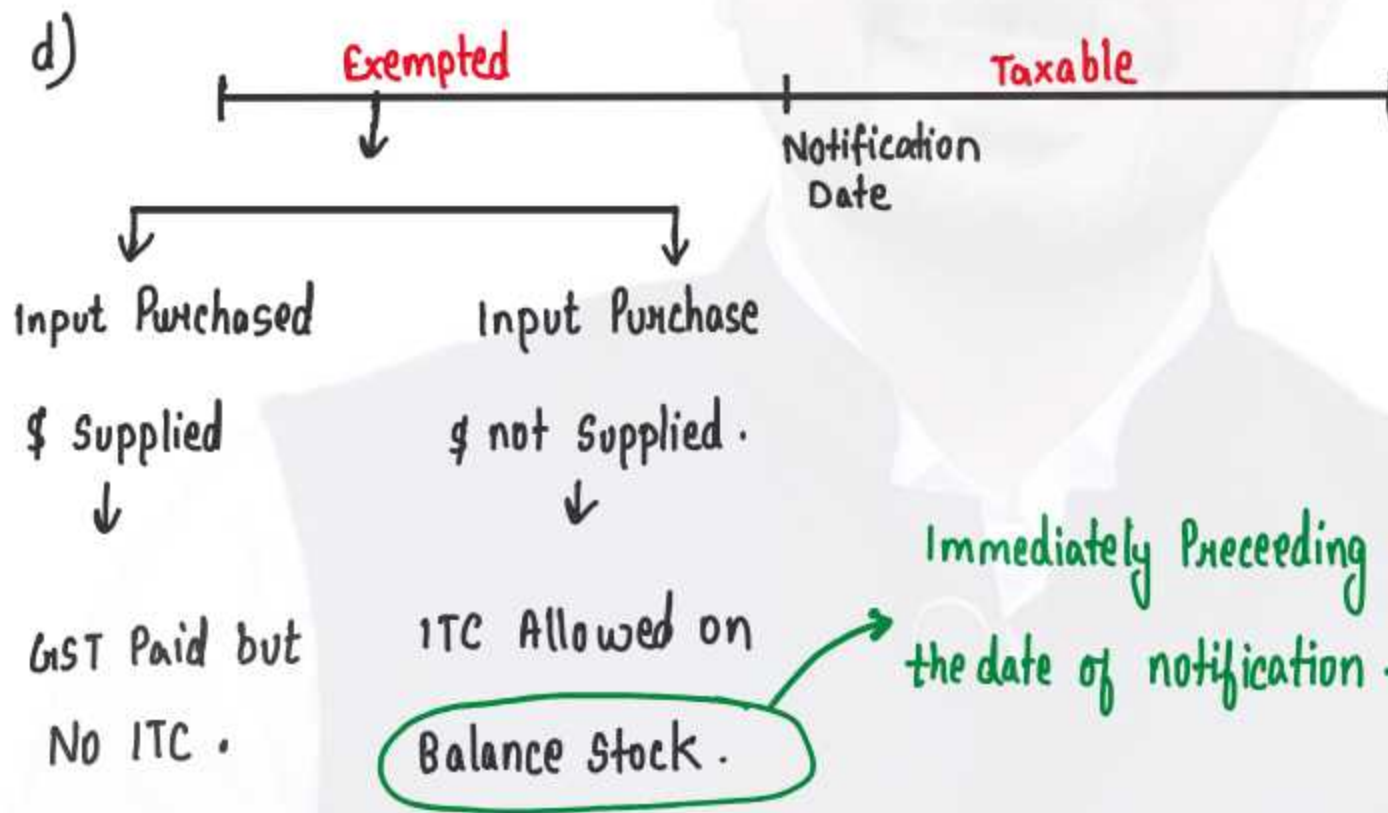
Regⁿ Certificate granted = 8/8/2023

Ans:- Effective Date of Regⁿ = 8/8/2023

→ Effective Date of Regⁿ means इस दिन से supply पर GST charge किया जायेगा और इस दिन से हम Purchase पर ITC claim करेंगे !

* Analysis of Section 18(1) & 18(2):





- * For (a) & (b) clause, stock means only Input Stock and not Capital Goods.
- For (c) & (d) clause, stock means input and Capital Goods. **

** How Can I claim ITC in case of Capital Goods:

Input Tax Paid on Capital Goods = xxx

(-) 5% each quarter on part thereof = (xxx)

∴ Balance amount xxx
↳ can claim ITC.

Example: Person opt Composition Scheme = 1/4/23

He purchased 100 kg input at 100/kg on same date

\$ GST Paid @ 18%. He acquired a Machine worth

12,00,000 on 1/4/23 and paid GST @ 5%.

On 15/01/24 he shifted into Normal Scheme.

Stock in hand on 14/01/24 = 15 kg.

Compute eligible ITC of Input & Capital Goods.

$$\begin{aligned} \text{Ans} \Rightarrow \text{Input on 14/01/2024} &= 15 \text{ kg} \times 100 = 1,500 \\ &= 1500 \times 18\% = \mathbf{270} \end{aligned}$$

$$\text{Capital Goods} = 12,00,000 \times 5\% = 60,000$$

$$\begin{aligned} &(-) 5\% \text{ each quarter} \\ &\quad \times 4 \text{ Quarters} = (12,000) \\ &\quad = 20\% \\ & (60,000 - 20\%) = \mathbf{48,000} \end{aligned}$$

Example: Mr. Vg Purchased a Capital Goods of ₹ 25 lakhs on 5/4/23 and Paid GST @ 12%, at the time of Purchase outward supply was exempt. But on 18/8/24 after Govt. notification such supply became Taxable. Whether he is eligible to claim ITC of GST Paid on Capital Goods, if yes then Compute the amount.

Ans → Total GST Paid on Purchase of Capital Goods = 3,00,000
 (-) 5% of each Quarter (Total Quarter = 6) i.e. 30% = 90,000
 = 2,10,000

Section 18(2) → Time limit to claim ITC u/s 18.

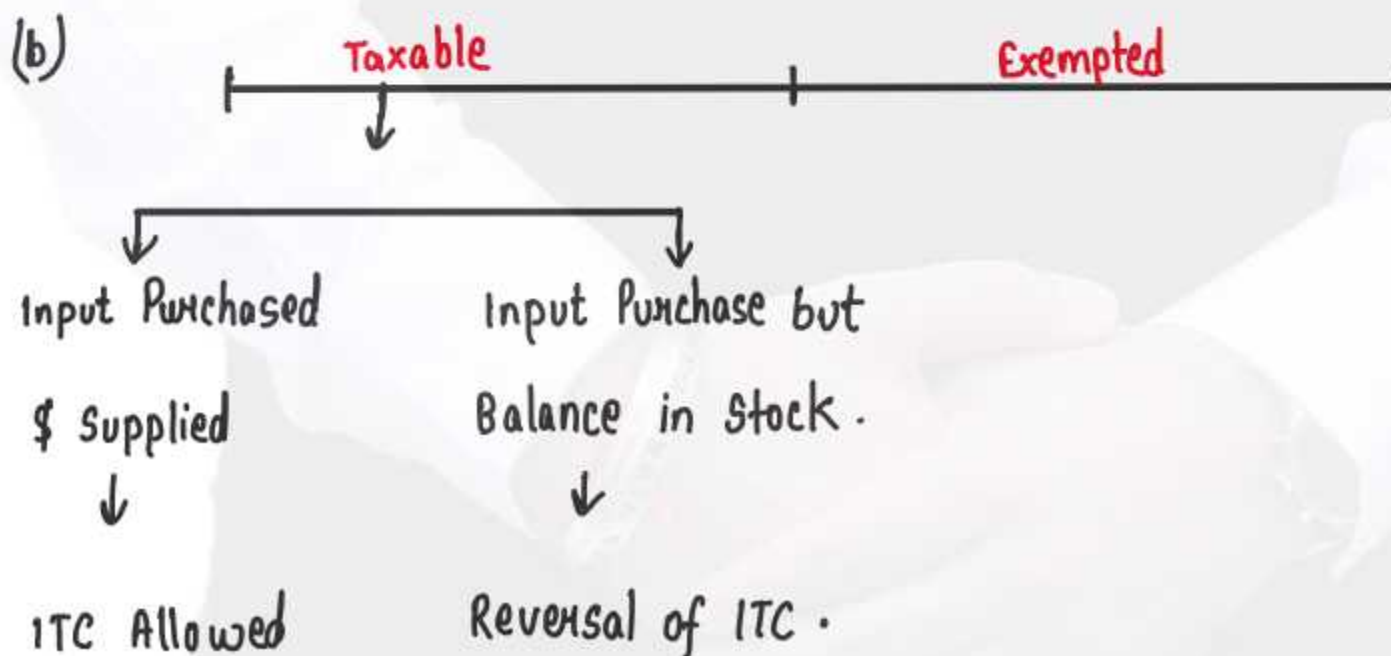
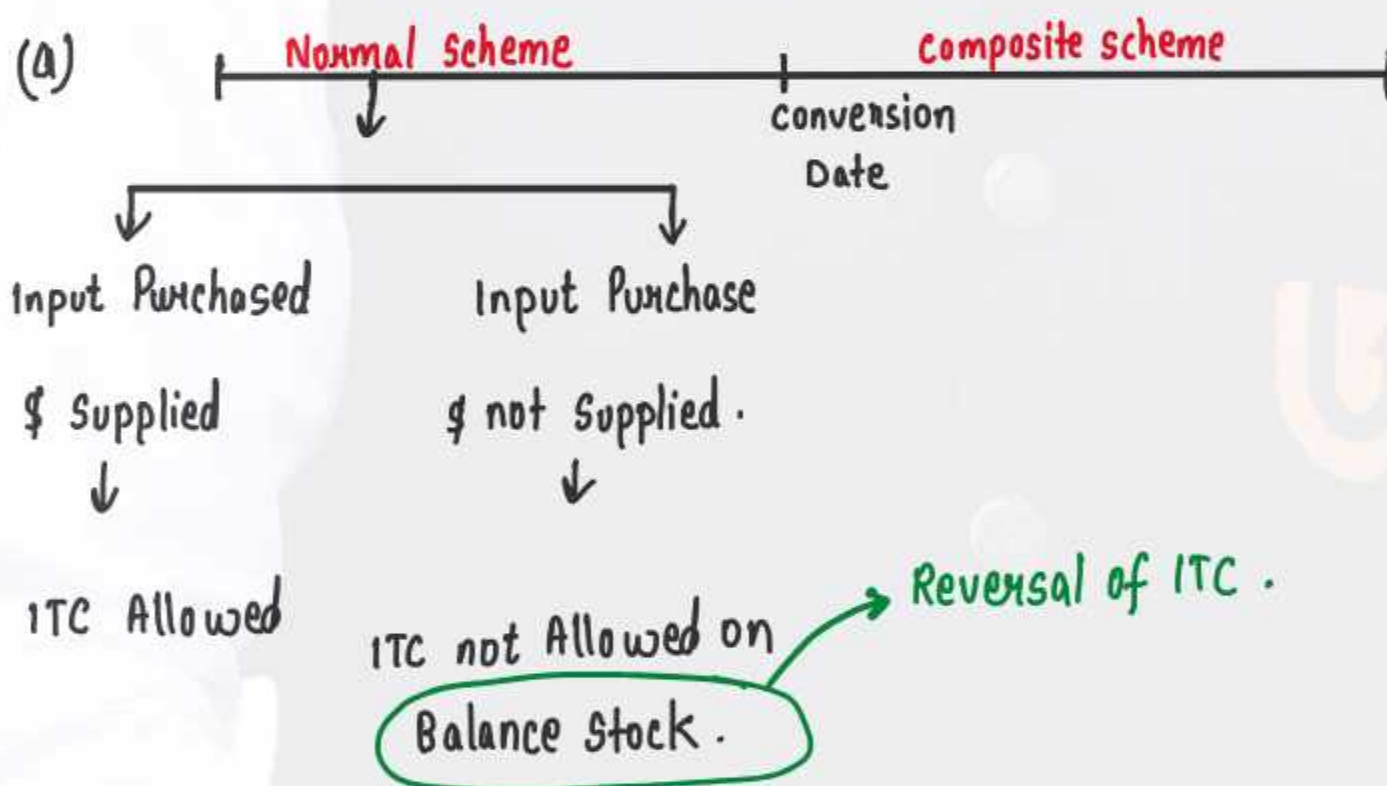
UPTO 1 YEAR FROM THE DATE OF ISSUANCE OF TAX INVOICE.

Crux of time limit of Normal ITC vs. Special ITC.

Normal ITC u/s 16, 17, 19.	Special ITC u/s 18.
(i) 30 th November of next FY. (ii) Actual Date of filing Annual Return. <u>Earlier</u>	upto 1 year from the date of issuance of Tax Invoice.

Section 18(3)

In Case of Amalgamation, merger, demerger, Succession of Company un-utilised ITC Can be Carry-forward to Successor Company (i.e. Amalgamated Company, Resulting Company, etc.)

Section 18(4)

* In both of the above Cases, stock means input and Capital Goods.

Reversal of Capital Goods ITC.

$$\text{ITC Reversal} = \frac{\text{ITC claimed}}{60 \text{ month}} \times \text{Remaining Useful Life (in months)}$$

Reversal of ITC (or) Availment of ITC in Case of Capital Goods

Section 18(1): Availment of ITC	Section 18(4): Reversal of ITC.
<p>Composite Scheme \longrightarrow Normal Scheme</p> <p>Exempt \longrightarrow Taxable</p> <p>Total ITC Paid on Capital Goods = xxx</p> <p>(-) 5% of each quarter on part thereof = (xxx)</p> <hr/> <p>ITC Availed = xxx</p>	<p>Normal Scheme \longrightarrow Composite Scheme</p> <p>Taxable \longrightarrow Exempt</p> <p>$\frac{\text{Total ITC}}{60 \text{ months}} \times \text{Remaining Useful Life}$</p> <p>= ITC Reversal</p>

Q. Goods manufactured by VG Ltd. have been exempted from GST w.e.f. 1/8/23. Earlier these goods were liable to GST @ 12% and following information are provided as on 31/7

(1) Input Costing 1,12,000 (incl. GST) are in stock.

(2) ITC on Capital Goods lying in stock = 72,000

These Goods were Purchased on 1/9/2022.

Compute Reversal of ITC u/s 18(4).

Solution:In Case of Input

$$\frac{1,12,000}{112} \times 12 = 12,000 \text{ ITC Reverse.}$$

In Case of Capital Goods

$$\frac{72,000}{60} \times 49 \text{ months} = 58,800/-$$

↓
Reversal of ITC.

Section 18(6)

In case of supply of Capital Goods on Plant and Machinery on which ITC has been taken, The Registered Person shall pay an amount equal to ITC taken on said CG @ P/M reduced by 5% each quarter on part thereof @ Tax on Transaction value of such CG @ P/M, whichever is higher.

Example VG Ltd. Purchased a machine on 5/6/2020 from PG Ltd. for ₹ 12,00,000 (excl. of GST), paying GST @ 18% and ITC Availed. The machine was sold on 18/10/22 for ₹ 4,00,000 and charged GST @ 12%.
Compute the amount of Reversal of ITC u/s 18(6).

Solution: Reversal of ITC

(i) Transaction value x GST Rate

(or)

(ii) ITC Availed - 5% each Quarter (or) Part

} Higher of
(i) & (ii)

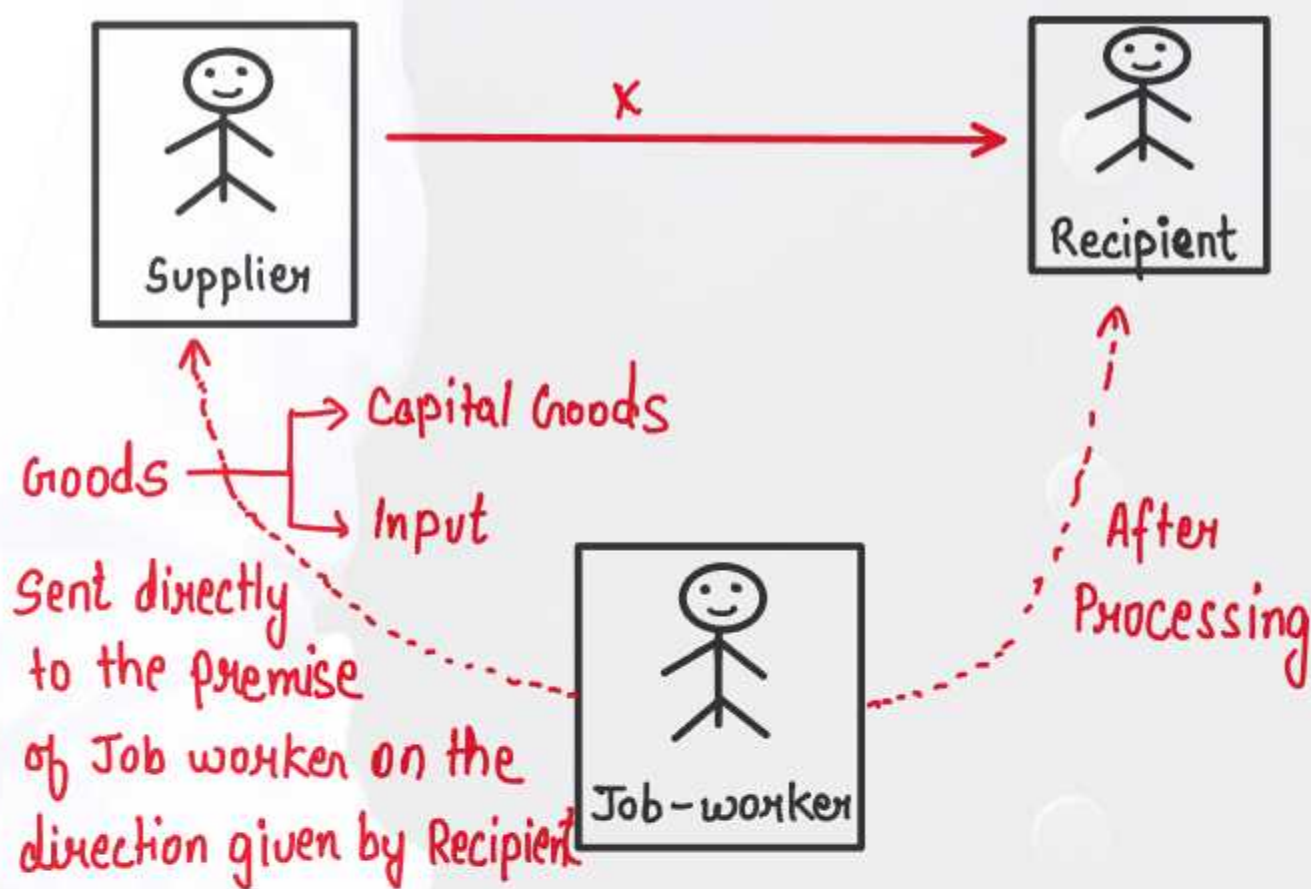
$$(i) 4,00,000 \times 12\% = 48,000$$

$$(ii) 2,16,000 - 55\% (11 Quarters) = 97,200$$

↳ Reversal

(H)

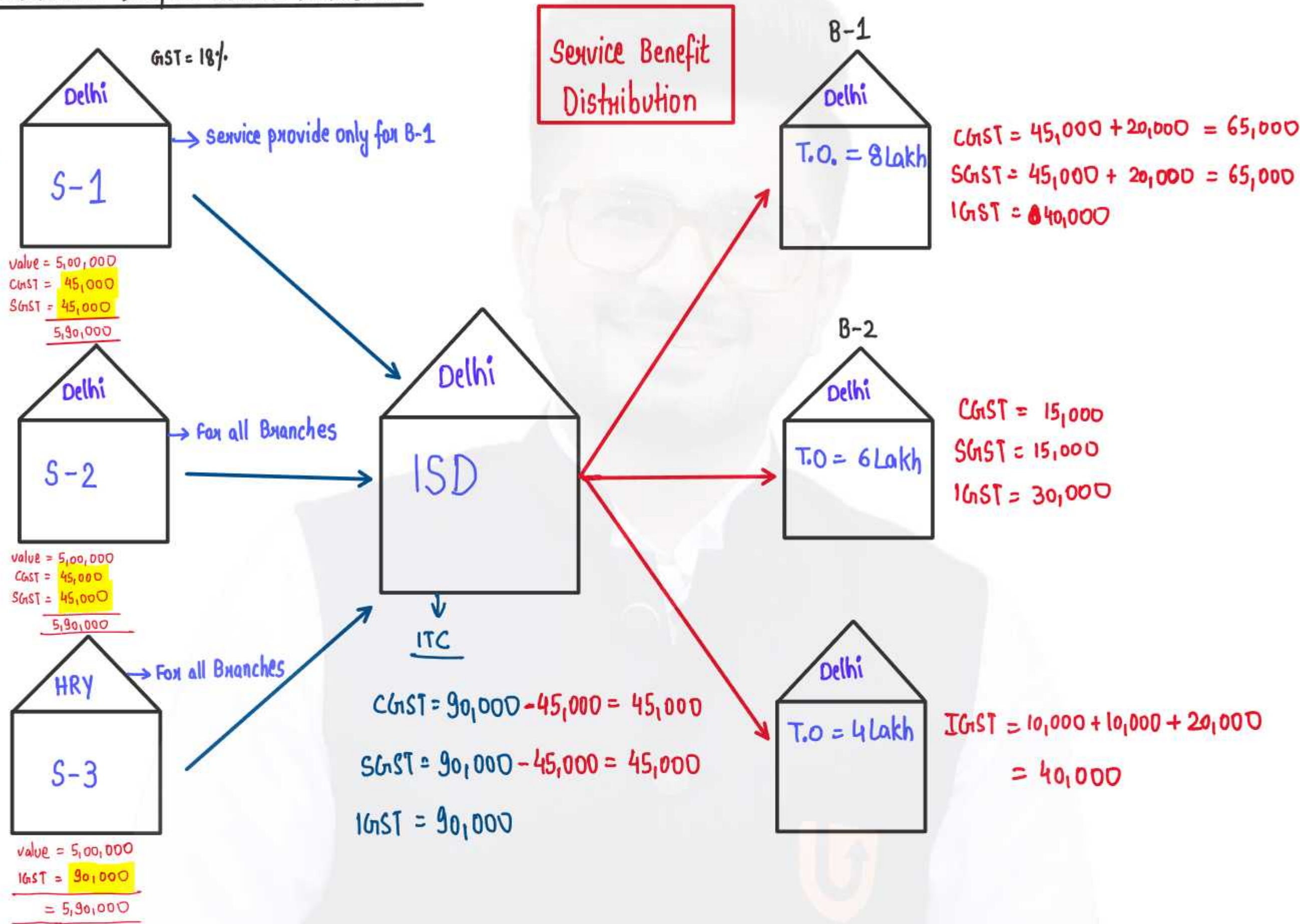
Section 19 → ITC in Case of Job-work



Although section 16(2) provides that ITC will be allowed only when Goods are actually received but under Job work this condition is exempt.

Therefore, ITC can be claimed even if Input/CGI directly sent to Job-worker without being first received to the Place of Principle business.

Section 20 → Input Service Distribution



→ Important Points under ISD [Section 20 + Rule 30]

1. It avails ITC of Input Services based on tax invoices received by it and then distribute that to recipients unit. (Tax Payer unit registered under the same PAN).

2. It is important to note that ISD mechanism is only for distributing the credit on common invoices pertaining to Input Service only not Goods.

3. ISD is a facility made available to business having a **large share of common expenditure** and Payment is done from a **centralized location**. The mechanism is meant to simplify the credit taking process for entities and facility meant for seamless flow of credit under GST.

4. ISD made to take **Compulsory Registration u/s 24**.
(Registration is for distribution and not for making any payment).

5. ISD files **monthly Return under GSTR-6** (13th of Next month).

6. ISD invoice shall mention '**ISD INVOICE**'

7. ISD books ITC on fulfillment of conditions of ITC availment as laid down **u/s 16**.

➤ Manner of Distribution

1. To whom ⇒ To each Recipient of Service who is beneficiary.

[**Pro-Rata** in Ratio of **Turnover during the Relevant Period**).

→ Relevant Period for Distribution

A] If the Recipient of Credit has Turnover in their state in P.F.Y of the year in which Credit is distributed = Such F.Y

B] If Some or all the recipients do not have any T.O in their State in P.F.Y = Last Quarter for which details of Such T.O of all the Recipients are available.

→ Manner of Distribution of different types of GST.

1. IGST → Always Distributed to IGST.

2. CGST →

- CGST (If Recipient unit is located in Same State in which ISD is located).
- IGST (If both are in different locations).

3. SGST/UTGST →

- SGST/UTGST (If both location are Same).
- IGST (If both location are different).

Note → Credit Distribution in Same month (And furnish Details in GSTR-6).

→ Consequence of wrong Distribution

- Penalty on ISD (sec 122) → a) 10,000
 - b) Amount wrongly Distributed.
- } Higher.

→ Recovery is from Recipient, not from ISD with interest @ 18% P.a. (Section 21).

Payment of GST

Section 49 : Payment of GST Liability, Interest and Penalty

Section 50 : Interest on Delayed Payment

Section 51 : TDS Collection

Section 52 : TCS Collection

+

Linked with Rule 85, 86, 87 and 88

1. Due date of Payment is 20th/24th/22nd of next month
↓
Jab POT nikla, uske next month ki 20th ko.
2. Return Can't be filed without Payment of GST.
3. No further Return without Previous.
4. Generate Payment challan **GST PMT 06** → valid for 15 Days.
↑
(For Payment of GST)

5. Payment Mode → E-Credit ledger

↳ E-Cash ledger.

↳ Payment deposit in E-Cash ledger

in following mode :

- Net Banking
- Debit Card
- Credit Card
- RTGS
- NEFT
- IMPS, etc.

6. Payment over the Counter, maximum of ₹ 10,000 .

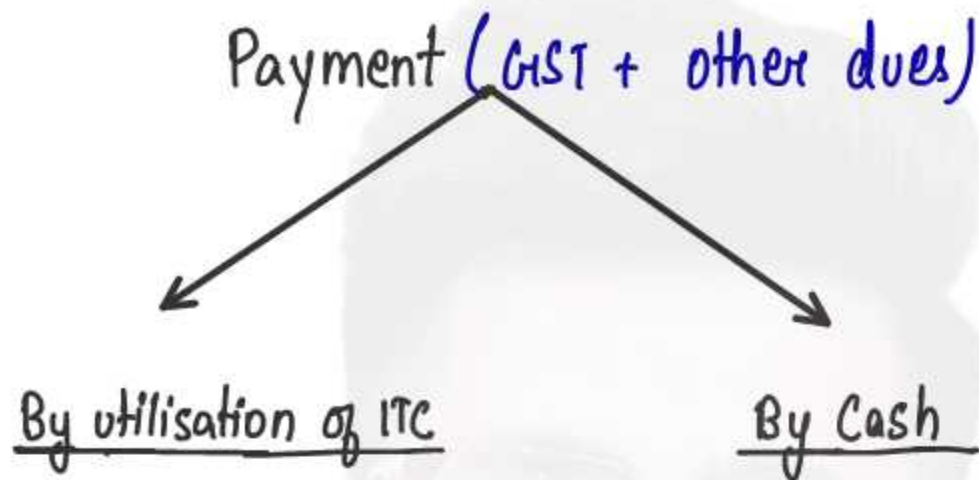
7. All the Taxpayers will get 3 Electronic ledger namely :

- E-Liability ledger (Rule 85)
- E-Credit ledger (Rule 86)
- E-Cash ledger (Rule 87)

* Difference between E-Liability / E-Credit / E-Cash ledger

E - Liability Ledger	E - Credit Ledger	E - Cash Ledger								
<p>1. Booking of Liability of R.P. ↳ Debit in E.L.L.</p> <p>Discharge of Liability ↳ Credit in E.L.L.</p>	<p>↳ ITC Aailed ↳ Credit in E.C.L.</p> <p>↳ ITC Utilized ↳ Debit in E.C.L.</p>	<p>↳ Deposit by R.P. ↳ Credit in E.C.L.</p> <p>↳ Payment by R.P. ↳ Debit in E.C.L.</p>								
<p>2. All the Liabilities of Taxable Person under this Act, shall be recorded and maintained in E.L.L.</p> <ul style="list-style-type: none"> - Self - Assessed liabilities. - Determined by Proper officer in any proceedings. - Created by Portal itself. - (Interest may arise time to time, liability arise due to mismatch.) 	<p>ITC Self assessed in the Return of a R.P. shall be Credited to this E-Credit Ledger.</p> <p><u>Purpose -</u> Amount available in E-Credit ledger maybe used for :</p> <ul style="list-style-type: none"> • "Output Tax Liability" (FCM only) • Discharge of Tax dues. (only FCM Liability) • Discharge of other dues (including REM) 	<ul style="list-style-type: none"> • Deposit through challan GST PMT 06 • Specified mode of Payment <ul style="list-style-type: none"> - Internet Banking - Debit / Credit Card. - NEFT / RTGS - OTC Payment (by cash, cheque - max. 10k Per challan) • Additional deposit on E-Cash Ledger. <ul style="list-style-type: none"> - TDS as deposited by Recipient. - TCS as to be deposited by ECO. 								
<p>3. Order of discharge of the Liability -</p> <p>1st - Self - Assessed liability (Tax and other dues of Previous Tax Periods)</p> <p>2nd - Self - Assessed liability (Tax and other dues of Current Tax Period).</p> <p>lastly - other liability (Tax/other dues) (Liability determined u/s 73 or 74)</p>	<ul style="list-style-type: none"> • Manner (49(5), 49A, 49B, BBA) <table border="0"> <thead> <tr> <th><u>Order</u></th> <th><u>Manner</u></th> </tr> </thead> <tbody> <tr> <td>1G1ST</td> <td>1st - 1G1ST then CG1ST (or) SG1ST (any manner)</td> </tr> <tr> <td>CG1ST</td> <td>1st - CG1ST 2nd - 1G1ST</td> </tr> <tr> <td>SG1ST/UTG1ST</td> <td>1st - SG1ST/UTG1ST 2nd - 1G1ST</td> </tr> </tbody> </table> <p><u>Rule 86A: Blocking of ITC</u> ↳ P.O. Can Restrict a R.P. from Using E.C.L.</p> <p><u>Unblocking of ITC (2 situations)</u></p> <ul style="list-style-type: none"> - Unblocking by Commission - Post 1 year, Blocking will Cease automatically. 	<u>Order</u>	<u>Manner</u>	1G1ST	1 st - 1G1ST then CG1ST (or) SG1ST (any manner)	CG1ST	1 st - CG1ST 2 nd - 1G1ST	SG1ST/UTG1ST	1 st - SG1ST/UTG1ST 2 nd - 1G1ST	<ul style="list-style-type: none"> • Utilisation of E - Cash Ledger <ul style="list-style-type: none"> → Discharge of Tax dues. → Discharge of other dues. <p><u>NOTE</u> - R.P. is allowed to T/F deposit from any major/minor head to another major / minor head.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Manner of Transfer</p> <p style="text-align: center;">↓</p> <p>GST PMT 09 to be Submitted.</p>
<u>Order</u>	<u>Manner</u>									
1G1ST	1 st - 1G1ST then CG1ST (or) SG1ST (any manner)									
CG1ST	1 st - CG1ST 2 nd - 1G1ST									
SG1ST/UTG1ST	1 st - SG1ST/UTG1ST 2 nd - 1G1ST									

CRUX -



• Tax Dues (only RCM) ✓

• other dues -

→ Interest ✓

→ Penalty ✗

→ RCM liability ✓

→ other dues...

• Format of E-Cash ledger [Cross-utilisation is now possible by PMT-09]
 ↳ major/minor Heads
 ↳ Distinct Person (SAME PAN).

Major Head

Minor Head

Major Head	Minor Head	Interest	Penalty	Cess	others
1 GST	Tax				
CGST	Tax				
SGST/UTGST	Tax				
Cess	Tax				

	E-liability ledger [Sec 49(7) + R-85]	E-credit ledger [Sec 49(2) + R-86]	E-cash ledger [49(1) + R-87]
Form	GST PMT 01 Part A → Return related liab. Part B → Other liab	GST PMT 02	GST PMT 05
Debit's	<ul style="list-style-type: none"> • Tax + Int. + late fee + other dues (Payable as per return) • Tax + Int. + late fee + others (determined by p.o) • Tax + Int. (arise due to mismatch) • Int. (accruing time-to-time) 	<ul style="list-style-type: none"> - Discharge of liabilities - Any refund of ITC claimed u/s 54. 	<ul style="list-style-type: none"> - Discharge of liabilities - any refund claimed from e-cash ledger.
Credit's	Discharge of payment	ITC earned in the tax period.	Deposits made through TDS, TCS.
Any discrepancy coming to notice	Communication with dept. Form GST PMT 04	GST PMT 04	GST PMT 04

*

Section 50 : Interest on delayed payment

Payment within due date

Payment after due date

No Default

No Interest

Return furnished

before the proceedings

u/s 73/74

Return furnished

after the proceed-

-dings u/s 73/74.

$$\text{Interest} = \text{Net GST Liab.} \times 18\% \text{ p.a.}$$

$$\text{Interest} = \text{Gross GST Liab.} \times 18\% \text{ p.a.}$$

* Gross GST liability. xxx

(-) ITC. xxx

Net GST liability. xxx

* Interest period - from the day succeeding the day on which such tax was due to be paid, to the date of payment.

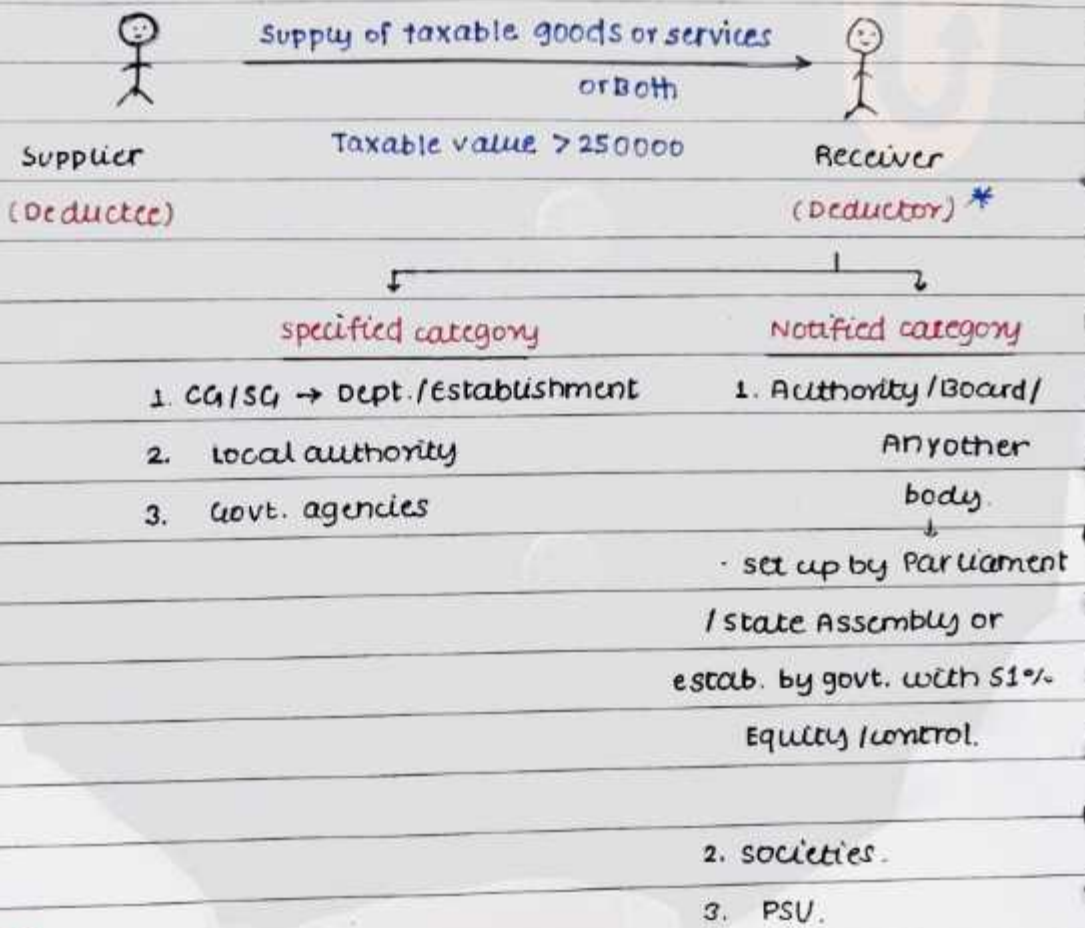
(Due date ke agle din se lekar payment ki date tak)

Payment ki date bhi count hogi.

4 Section 51: Tax deduction at source (TDS)

Exception

1. Auth. under ministry of defence
2. PSU → PSU
3. Tax deductor → Tax deductor



* Note

location of supplier	← → different hai	location of
+		of
Place of supply		Recipient.

↓
TDS provisions shall not apply

* Deductor		
Stage of Deduction	Rate of TDS	Value
→ Payment made	Total 2%	Amt. in invoice xxx
or	1% CGST	(-) GST or cess (xxx)
→ Payment credited	1% SGST	Value for TDS deduction xxx

others

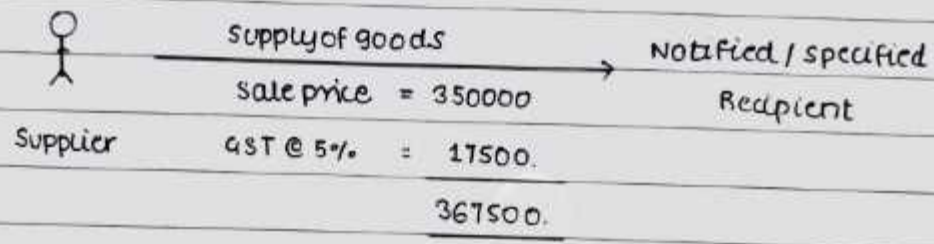
- TDS payment = 10th of next month
(payment through challan)
- Compulsory Registration for TDS deductor u/s 24.
- File TDS return → GSTR 7 → 10th of next month
- TDS certificate → GSTR-7A → within 5 days.
- In case of failure to deduct TDS → pay interest @ 18% p.a. and penalty u/s 122 → 10000 or Default Amt. (Higher)
- Late payment → ₹100 per day max- ₹5000.
- The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with provisions of Sec 54
Provided, that no refund to the deductor shall be granted, if the amount deducted has been credited to e-cash ledger of the deductee.

Important Points

No TDS on rated / exempted supply. It means TDS applies on taxable supplies or services or both and not on 'All taxable supplies'.

Please note that, Taxable supplies is defined in sec 2(108) which cover all supplies that are leviable to tax (even if exempt u/s 11) but taxable goods or services require to enquire whether goods or services are taxable or exempt. If they are exempt, TDS will not apply.

Example 1-



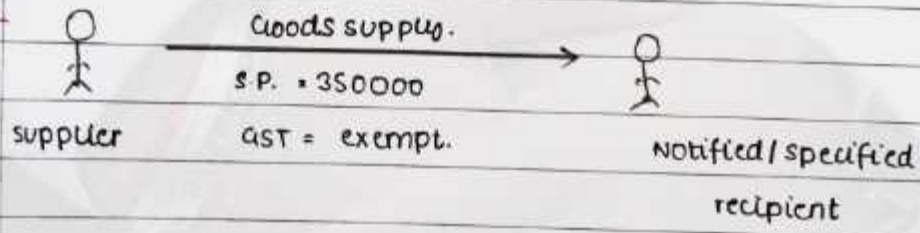
Solution-

$$367500 - 17500 = 350000$$

$$\times 2\%$$

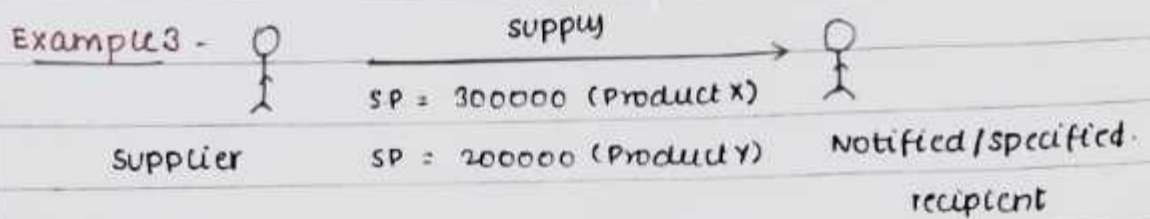
$$\underline{7000} \rightarrow \text{TDS}$$

Example 2-



Solution- No TDS, as supply is exempt.

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$$\text{GST @ 5\% (A)} = 15000$$

$$\text{GST @ nil rate (B)} = -$$

$$515000$$

Solution - Product Y - No TDS.

$$\begin{aligned} \text{Product X} - 315000 - 15000 &= 300000 \times 2\% \\ &= 6000 \rightarrow \text{TDS.} \end{aligned}$$

Example 4 \rightarrow If the location of supplier and place of supply = Delhi, and, location of recipient = Punjab.

Solution - No TDS provisions shall apply.

Section 52 : Tax collection at source (TCS)

Concept - TCS refers to the tax which is collected by ECO when a supplier supplies goods or services through Eco and payment for that supplies is collected by Eco.

Purpose - The purpose of TCS is just to enable the govt. to have a trail of transactions and to monitor and verify the compliances.

Tax collector - Eco (third party), the one who is receiving consideration of supply.

* Eco fulfilling the following conditions are liable for TCS -

- 1). Eco is not made liable to pay GST.
- 2). Eco is collecting consideration of supply from recipient and then remitting to supplier.

• Supply transaction - No value limit.

$$\text{Rate} = 0.5\% + 0.5\% (1\%)$$

• Collection procedure - 1) collect tax and then deposit to govt. on monthly basis (10th of next month).

2) Furnish.

• monthly statement - GSTR 8

• Annual statement - GSTR 9B

• In case of default

(TCS not collected or collected but not paid or late paid)

↓

Int. @ 18% p.a to be paid + Tcs amount

Example

① <u>Liability</u>	<u>E-Credit ledger</u>
GST = 1,80,000	↓
Interest = <u>40,000</u>	Credit = 1,90,000
<u>2,20,000</u>	

Determine the Amount to be deposited in E-Cash ledger.

→ Interest Liability of ₹ 40,000 shall be deposited through E-Cash ledger, Hence ₹ 40,000 to be deposited in E-Cash ledger.

② <u>E-Liability Register</u>	<u>E-Credit ledger</u>	<u>E-Cash ledger</u>
CGST = 1 Lakh (incl. 10k RCM)	IGST = 1,70,000	—
SGST = 50,000 (incl. 10k RCM)		
Interest = 30,000		

Determine the Amount to be deposited in E-Cash ledger.

→ Interest of ₹ 30,000, CGST (RCM) ₹ 10,000, SGST (RCM) ₹ 10,000 shall be discharge from E-Cash ledger. Hence, ₹ 50,000 to be deposit in E-Cash ledger.

③ Gross GST Liability = ₹ 1,50,000

ITC = ₹ 60,000

Due date of Payment = 20/1/24

Govt. initiate Proceedings u/s 73/74 = 25/2/24

Case I : Return filed and Tax paid on 11/2/24

Case II : Return filed and Tax paid on 5/3/24

Compute Interest u/s 50 if any.

$$\rightarrow \text{Case I : } 90,000 \times 18\% \times \frac{22}{366} \text{ (leap year)}$$

$$= 974/-$$

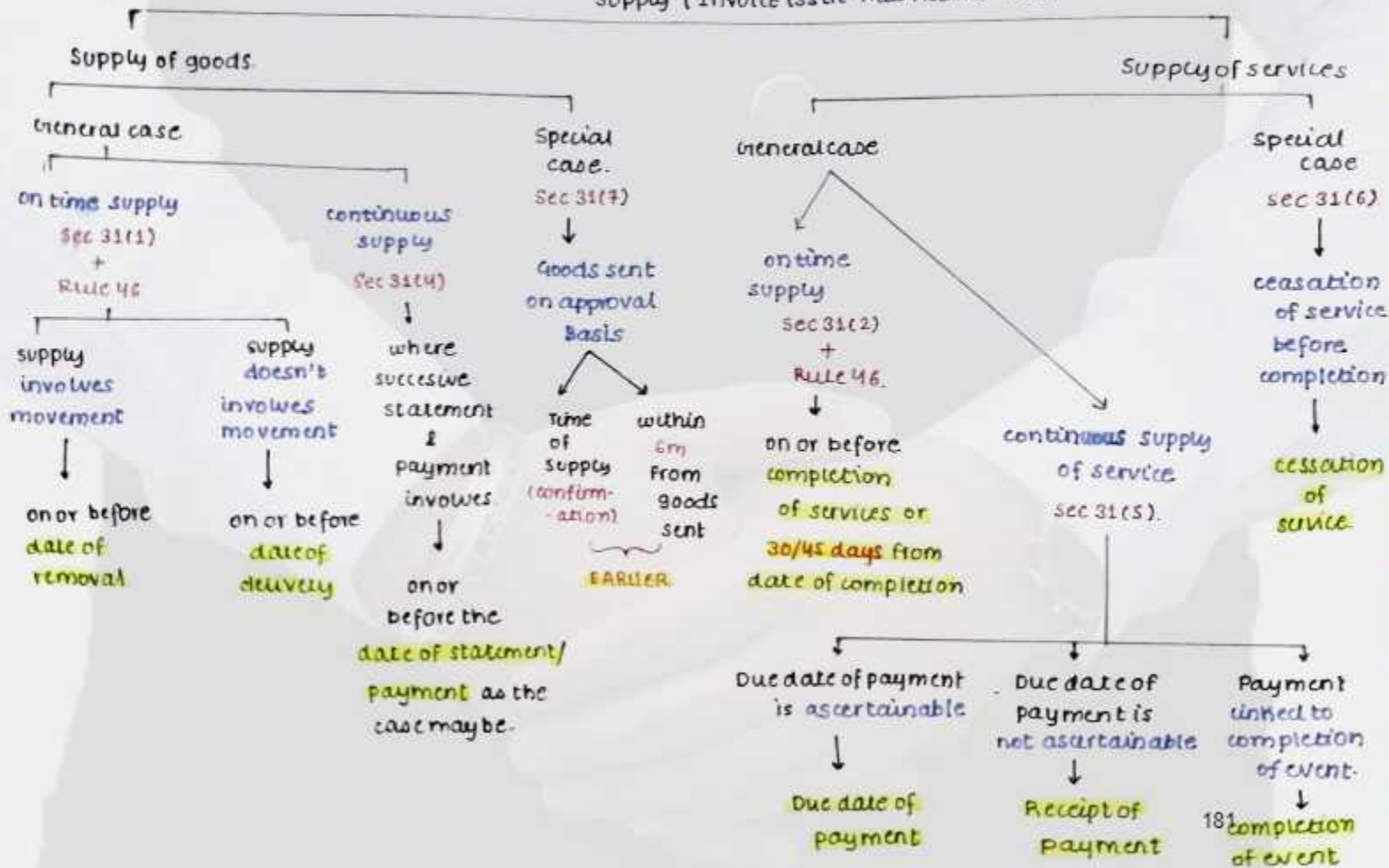
$$\text{Case II : } 1,50,000 \times 18\% \times \frac{45}{366}$$

$$= 3,320/-$$

Tax Invoice / Debit note / Credit note

Analysis of section 31

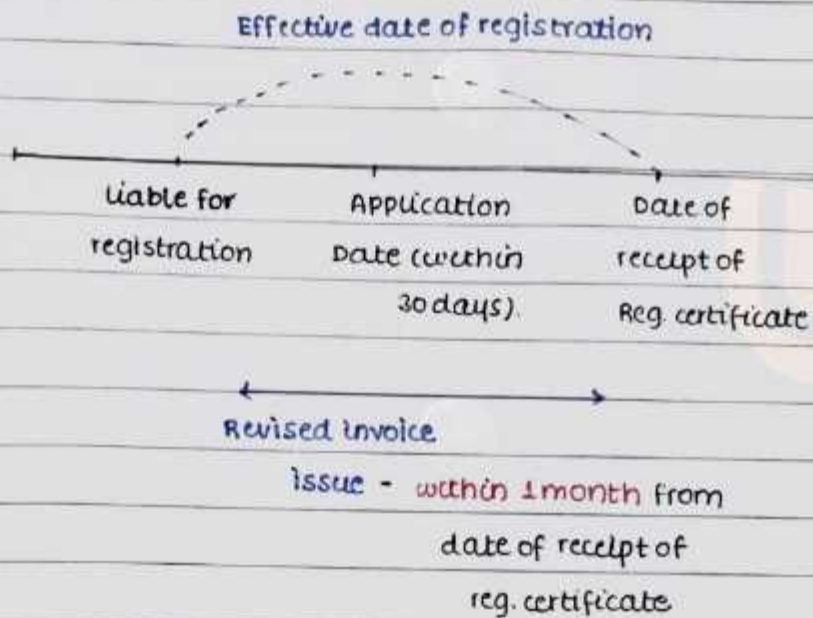
Supply (Invoice issue Kab Karina hai)



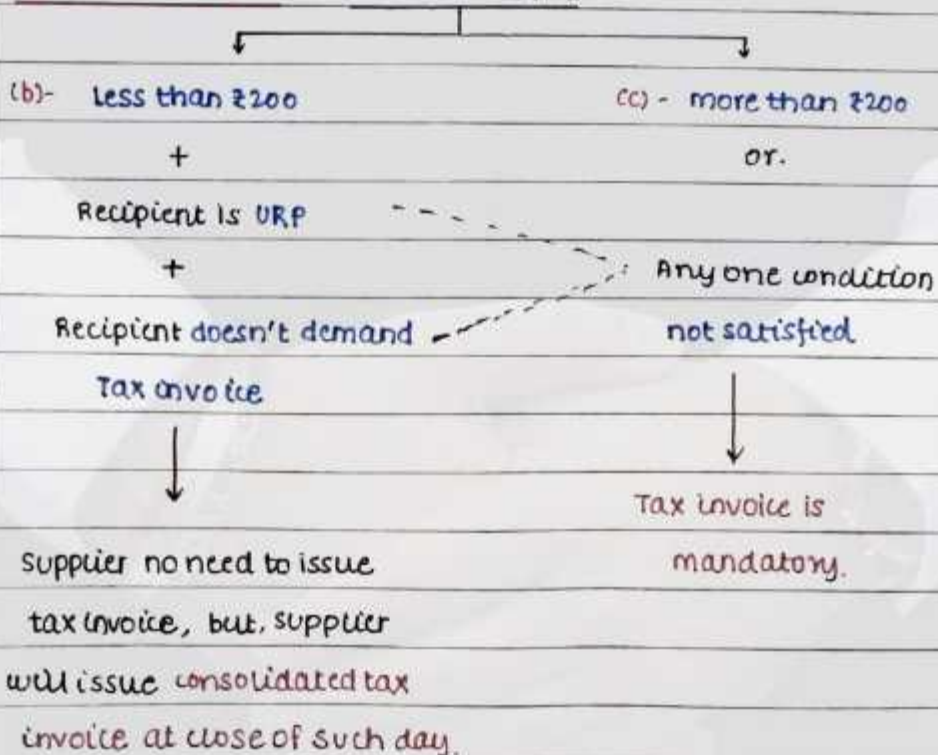
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* Section 31(3) (Analysis of its sub-sections)

• Sec 31(3)(a)



• Sec 31(3)(b) and (c) - value of supply



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Example-

Penku owns a departmental store and is GST registered dealer regd. as a normal tax payer. The following information is noted from his record pertaining to Dec 2021.

Item	Purchase	Amnt. charged before GST	Ans- Invoice
Body wash	Y (URP)	180.	consolidated
Fair and lovely	Vivek (RP)	1000.	Tax invoice
Shampoo	A (URP)	1500.	Tax invoice.
Face wash	B (URP)	250.	Tax invoice
Shaving cream	C (URP), demand Tax invoice.	110.	Tax invoice
Nail polish	D (URP)	190.	consolidated.
Powder	E (RP)	100.	Tax invoice
* Toothpaste	G (URP)	200.	Tax invoice
Nail polish.	E (RP upto 10)	150.	Tax invoice

only C wants Tax invoice and assume no other receiver of goods wants tax invoice.

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• Sec 31(3)(d) & (e)

- Supplier will issue-
- (d) In case of advance payment → Receipt voucher
- (e) Advance payment received, but subsequently no supply is made → Refund voucher

• Sec 31(3)(f) & (g)

- Receiver's obligation
- (f) In case of RCM → self invoice (if supplier is URP)
- (g) RCM wala making payment of supply → RCM wala receiver issue Karega payment voucher.

* Rule 48 : manner of issue of Tax invoice

In case of supply of goods -

original - Buyer
 Duplicate - Transporter
 Triplicate - supplier

} 3 copies.

In case of supply of service -

original - recipient
 duplicate - supplier

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* Rule 55: Delivery Challan

Delivery challan is to be issued instead of invoices in situations as follows-

- Supply of liquid gas (at the time of removal: Quantity not known)
- Goods transportation: for Job work
- Goods transportation: other than by way of supplies
- such other supplies → as may be notified.

copies of challan - 3 copies.

original → consignee

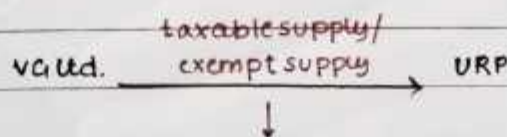
duplicate → Transporter

triplicate → consignor

* Rule 46A: Invoice-cum Bill of supply

where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person,

a single "invoice-cum-bill of supply" may be issued for all such supplies.



single "invoice cum bill of supply" issue

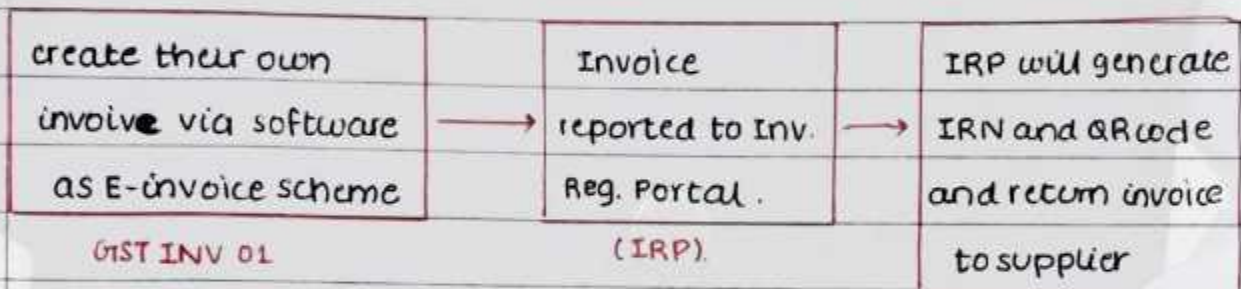
Karsakte hai.

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E-invoice vs Dynamic QR code.

→ Some important points related to E-invoice.

- E-invoice is not mandatory, only notified person are enable to issue E-invoice.
- E-invoice is not generation of invoice by GOVT. Portal.



• Benefits/Advantages of E-invoice.

- 1) Auto-reporting of invoice into GST return.
- 2) Auto-generation of E-way Bill.
- 3) Reduction in errors
- 4) Easy payment
- 5) cost-reduction
- 6) Reduction of tax-evasion
- 7) Elimination of fake invoices.

Difference b/w Invoice vs Dynamic QR code

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Particulars	E-invoice	Dynamic QR code
• Notification no.	N/No. 13/2020 CT + N/No. 05/21	N/No. 14/2020 CT
• Type of transactions covered	supplies made by regd person to another regd person (B2B supplies). [Export also covered].	supplies made by regd person to unregd person (B2C supplies) [Export not covered].
• Threshold limit. who will be covered Based on PAN.	Regd. person (GST tax payer) having A.T.O more than 5 crores in any prec. year from 17-18 onwards.	Regd. person (GST tax payer) having A.T.O more than 500 crores in any preceding year from 17-18 onwards.
• QR code made available by:	QR code would be generated by IRP and returned against e-invoice reported to IRP.	QR code will be generated by supplier himself either on point of sale (POS), machine or invoice used.
• Payment of QR code	To verify whether invoice has been reported or not.	To enable payment using UPI by mobile application by scanning the QR code.

Q1. If any entity's T.O. crosses the threshold limit for e-invoice during F.Y., then what date shall be statement generating e-invoice?

Ans- If preceding year's T.O. beginning from 17-18, exceeds the prescribed limit in a F.Y. it would be required to generate e-invoice from beginning of the next year.

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→ Exemptions from E-invoice

- 1) SEZ units
- 2) Insurer / Banking companies / Financial Institutions inc. NBFC.
- 3) Goods Transportation Agency (GTA)
- 4) Supplier of Passenger Transportation service.
- 5) Cinema Hall ticket.
- 6) Govt. department and local authority.

Exemptions / Non-requirements of Dynamic QR code

Dynamic QR code is not applicable to an invoice issued to an unregistered person by following supplies -

- 1) Insurer / Banking co. / Financial Institutions inc. NBFC.
- 2) GTA
- 3) Supplier of Passenger Transportation service.
- 4) Cinema Hall ticket
- 5) O/DAR service supply
- 6) In case of export.

• Requirement to furnish HSN code in "Tax invoice"



A.T.O in preceding FY.	No. of digits	
upto 5 crore	4 digits	In respect of supply of goods / services or both. B2B → mandatory B2C → optional
more than 5 crore	6 digit	whether supply to ↗ RP 188 ↘ VRP

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However for certain goods, (having particular HSN) - 8 digit HSN
↓
shall be mentioned on "Tax invoice".

9 goods - chemicals.

* Important content for Tax-Invoice

- 1) Name, address, and GSTIN of supplier
- 2) consecutive serial no. and date of issue
- 3) Name, address and GSTIN of recipient (if registered)
- 4) HSN/SAC code
- 5) Description of goods or services
- 6) Quantity in case of goods
- 7) Total value of supply
- 8) Taxable value of supply.
- 9) Place of supply.
- 10) Tax payable on Reverse charge Basis.

Section 34 + Rule 53 : concept of Debit note / credit note

Both issued by supplier to receiver. ←

A) credit note - If taxable value in Tax invoice is found to exceed,
Taxable value in respect of such supply.

- GST charged on taxable value found exceed.
- Goods supplied are returned by recipient
- Goods supplied are found to be deficient.

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Time limit to issue credit note -

Details of CN shall be issued till the end of month of Nov following the end of F.Y. in which supply was made.

i.e. 30th November of next year

or

Actual date of furnish of Annual Return

} EARLIER

B) Debit Note - (supplementary invoice)

- Taxable value in "Tax invoice" is found to be less than tax invoice in respect of such supplies.
 - GST charged in Tax invoice is found to be less than GST payable in respect of such supplies.
- No time limit to issue in case of Debit note.

NOTE

- Assessee/supplier can issue more than one credit note/debit note for one tax invoice.
- Supplier can issue only one credit/debit note for more than one tax invoice.

CRUX

value/Rate kam hai → increase karne hai → Debit note

value/Rate zyada hai → decrease karne hai → credit note

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Return under GST

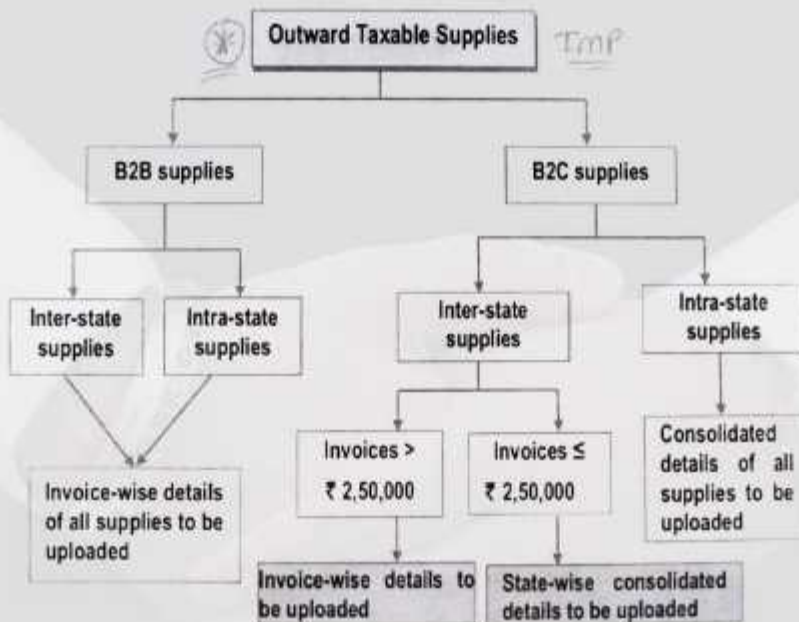
List of Return / Statements under GST

Return / Statement	Periodicity/ Description	Who Files?	Date for filing
GSTR-1	Monthly statement of outward supplies of goods and/or services	Person registered under regular scheme (including a casual taxable person)	Due date prescribed in the Act is 10 th day of the next month. However, presently, the same is being extended to 11 th day of the next month.
	Quarterly statement of outward supplies of goods and/or services	Registered persons opting for QRMP Scheme (including a casual taxable person)	13 th day of the month succeeding the quarter has been notified as the due date.
GSTR-3B	Monthly return	Person registered under regular scheme including casual taxable person	20 th of the month.
	Quarterly return	Registered persons opting for QRMP Scheme including casual taxable person	22 nd or 24 th of the month depending upon the State or Union Territory in which they are registered
GSTR-4	Return for a financial year	Registered person paying tax under composition scheme	30 th April of the next financial year
GST CMP-08	Quarterly Statement for payment of self-assessed tax	Registered person paying tax under composition scheme	18 th day of the month succeeding the quarter
GSTR-5	Monthly return	Registered non-resident taxpayer	13 th day of the next month or within 7 days after expiry of registration, whichever is earlier
GSTR-5A	Monthly return	Registered person providing OIDAR services from a place outside India to a non-taxable online recipient	20 th day of the next month

20-21.
1/4/20 - 31/3/20¹
↓
30/4/201

GSTR-6	Monthly return	Input service distributor (ISD)	13 th day of the next month
GSTR-7	Monthly return	Registered person required to deduct tax at source	10 th day of the next month
GSTR-8	Monthly statement	E-commerce operator required to collect tax at source	10 th day of the next month
GSTR-9	Annual return	Registered person other than an ISD, tax deductor/tax collector, casual taxable person and a non-resident taxpayer	31 st December of the next financial year
GSTR-9A	→ <u>below</u>		
GSTR-10	Final return	Taxable person whose registration has been <u>surrendered</u> or <u>cancelled</u> ⊕	Within <u>three months</u> of the date of cancellation or date of order of cancellation, whichever is later.
GSTR-11	Details of <u>inward supplies</u>	Persons who have been issued a Unique Identity Number (<u>UIN</u>)	

GSTR 9A Annual Return composition 31st December of next financial year scheme



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Question-

M/s Gauri Shiva, a R.P. in Punjab, supplier of goods taxable at 12% in the state of Punjab and Haryana. He furnish following details in relation to independent supplies made by him in quarter ending June 2023

Supply	Recipient	R.P./U.R.P	Nature	Value	Invoice wise/ consolidated?
1	A	R.P.	Intra	220000	Invoice wise
2	B	RP	Inter	255000	Invoice-wise
3	C	URP	Intra	180000	consolidated
4	D	VRP	Intra	260000	consolidated
5	M	URP	Inter	300000	Invoice-wise
6	N	URP	Inter	50000	consolidated
7	O	URP	Inter	250000	consolidated
8	P	URP	Inter	280000	Invoice-wise
9	Q	RP	Intra	150000	Invoice-wise

Ques- Mr. X is a GSTR-P. supplier of goods in UP. Being a normal supplier, he is liable to file GSTR 1 and GSTR 3B. Discuss manner of furnishing GSTR-1 and GSTR-3B under following cases-

	Sep 23	Oct 23	NOV 23	Dec 23
outward	Yes	Yes	NO	NO
Inward	Yes	Yes	Yes	NO
Gross tax payable	800000	500000	NU	NU
ITC claimed	(200000)	(700000)	(500000)	NU
Net Tax payable	100,000	NU	NU	NU
Requirement of filing				
GSTR-01 →	Yes	Yes	Yes	Yes
GSTR 3B →	Yes	Yes	Yes	Yes
manner of filing				
GSTR-01 →	Portal	Portal	Portal or SMS	Portal or SMS
GSTR 3B →	Portal	Portal	Portal	Portal or SMS

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NOTE - GSTR-01 need to be filed even if there is no Business activity in tax period.

→ File Nil Statement.

Ques- Mr. C, a regd person in U.P. does not file GSTR-01 for the month of June 2020, But he wants to file GSTR-1 for month of July 2020. Is it possible?

Ans - No, he is not allowed to file GSTR-01 for month of July, 2020.

Ques- A is a regd person in state of Gujarat. He uploads GSTR-3B every month. During month of February, 2024 He is out of India and no transaction is made during this month. He is of the view that there is no need to upload GSTR-3B for the month of Feb, 2024. Is he correct.

Ans- Even if there is no transaction, he still needs to file Nil Return.

Ques- Mr. C, R.P. in Rajasthan, does not file GSTR-3B for the month of June, 2023, But wants to file GSTR-3B for month of July 2023. Is it possible?

Ans- No, as per Sec 39(10), for filing returns, previous return has to be filed.

Ques- B is a regd dealer in Kerala, as a normal tax payer for F.Y. 23-24 but on Jan, 24 He decided to opt for composition scheme and for that purpose submitted online intimation.

Is he liable to upload GSTR-01 for the month Jan, 2024?

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Ans- Yes, even if he filed intimation in Jan, he will get composition scheme from 1 April, 2024.

So, he has to upload GSTR01 for the month Jan, 2024

* Important points.

Registered person is not allowed to furnish GSTR-01 :-

- 1) Return/Statement not furnished in Form GSTR-1 or GSTR-3B for the preceding ~~year~~ month.

	<u>Preceding month</u>	<u>Next month</u>
GSTR-1	X	X
GSTR-1	✓	✓
GSTR-3B	X	X (GSTR-1 not allowed)
GSTR-3B	✓	✓ (GSTR-1 allowed).

- 2) Not furnished Bank details as per Rule 10A.

- 3) If person opting QRMP and GSTR-1 and 3B not filed in preceding quarter, then GSTR-1 not allowed in next quarter.

- 4) Mismatch with GSTR-1 and GSTR-3B.

- 5) Mismatch with GSTR-2B and GSTR-3B.

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QRMP Scheme

- optional return filing scheme
- Quarterly Return
- monthly payment.

• Eligibility.	Tax payers having aggregate T.O. of upto 5 crores in preceeding financial year.
• conditions to be fulfilled for becoming eligible.	• Tax must have furnished the last return, as due on the date of exercising such option.
• Manner of exercising option	• Tax payer can opt in for any quarter from 1st day of 2nd month of preceeding quarter to the last day of first month of quarter for which option is being exercised. Eg- For July-sep. : 1 May - 31 July time.
• validity of option once exercised.	Taxpayers are not required to exercise their option every quarter. where such option is exercised once, they shall continue to furnish return as per selected option for future tax periods, unless they revise the said option.

options for making monthly payment of tax under QRMP scheme

- Fixed sum method
- self Assessment method

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* Opting for QRMP scheme is GSTIN-wise.

This means that a person may avail QRMP scheme option for some GSTIN(s) and not for other GSTIN(s).

→ Rectification or errors/omissions

- Revision of return X
- Rectification on account of scrutiny, audit, inspection or enforcement activities. X
- Rectification in subsequent return. ✓

↳ maximum time limit for rectification

30 Nov of next F.Y.

or

Actual date for filing annual return.

whichever is earlier.

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* GST practitioner (GSTP)

↳ means any person who has been approved u/s 48 to act as practitioner.

→ What are the functions that GSTP can perform on the GST portal on behalf of tax payer?

• GSTP authorised by R.P. can do the following on his behalf :-

1) Furnish statement u/s 37 (GSTSTR-1)

2) Furnish Return u/s 39 (GSTSTR-3B/4/5/6/7)

u/s 44 (Annual return GSTSTR 9/9A)

u/s 45 (Final Return GSTSTR 10).

• other functions :-

1) Deposit E-cash ledger

2) Furnish details of Form GST ITC-04 (Job worker challan)

3) Furnish information for generation of EWG.

4) Filing application for ammendment/cancellation of registration.

5) Filing refund application

6) Filing intimation to pay tax u/s 10 or withdrawal u/s 10.

Note - The responsibility of correctness of any particular furnished in the return or other details filed by GSTP shall continue to rest with the registered person, on whose behalf such return and details are furnished.

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• Eligibility conditions for GSTP : Rule 83(1)

A person can apply for enrolment as GSTP if he :-

- | | |
|------------------------------------|---|
| 1) Indian citizen | 2) Person of sound mind. |
| 3) Is not adjudicated as insolvent | 4) Is not convicted by any competent court. |

+

satisfy any one of the following conditions:-

- He is retired judge of commercial tax dept. of any SG or retired judge of CBIC.
- He has enrolled as sales tax practitioner or TRP under old law for 5 years or more.
- He has passed -
 - Graduate / Post graduate from Indian university.
 - Degree of any foreign university which is recognised by Indian university.
 - Final exams of CA/CS/CMA.

• Manner of enrolment {Rule 83(1) + 83(3)}

Apply over common portal for enrolment (GST-PCT-01)



P.D. check eligibility of person for enrolment of GSTP.



Issuance of enrolment certificate (GST PC2-02)



Enrolment is permanent unless cancelled.

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→ cancellation of Enrolment

GST officer is entitled to remove GSTP if he is found guilty of misconduct.

- Manner →
 - SCN of such misconduct. (GST PCT-03)
 - Reply by GSTP.
 - Removal order (GST PCT 04).



If GSTP aggrieved, then appeal to commissioner.

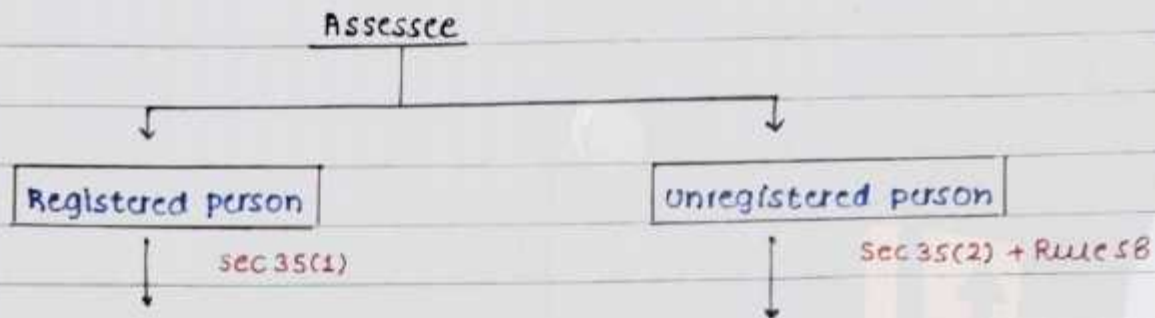
(within 30 days).

→ surrender of enrolment

- 1) surrender application over portal. (GST PCT 06)
- 2) Enquiry by commissioner.
- 3) Enrolment cancellation order (GST PCT 07)

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Date: _____

Accounts and Records (section 35)Types of Books of Accounts:-

- Production / manufacturing of goods
- Inward / outward supplies.
- Balance stock of goods
- ITC availed.
- output tax paid or payable
- # others as may be prescribed.

- owner of
- warehouse or
- transporter.

maintain details of:-

- consignor
- consignee
- other relevant as may be prescribed.

others as may be prescribed (for reg. person only).

- goods or services imported or exported.
- supplies covered under RCM with documents.
- Advance received / paid.
- Name / address of supplier, Receiver, Transporter and warehouse.

* Location of maintenance of Books of Accounts.

- ↳ At principle place of business (mentioned in certificate of registration).

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- where more than one place of business, is specified in the certificate of registration,
Accounts relating to each place of buss. shall be kept at such place of buss.

Mode:- manual or electronic.
(at the option of regd. person)

Rule 57:- 1) A proper back-up of all e-records shall be maintained.

2) upon demand, Regd. person shall make available records in hard copy or e-copy.

3) Upon demand, access to e-records shall be provided and password shall also be shared.

* Power of commissioner

Not relevant

Commissioner may notify u/ds of person for:-

Additional Books

of Accounts.

Sec 35(3).

Relaxation in Books

of Accounts

Sec 35(4)

* Penal provision Sec 35(6).

If any default arise v/s 35(1) or 35(2) then punishment v/s 73 or 74

(will discuss in CA Final).

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Section 36.Time limit for maintaining Books of Accounts -

72 months from date of annual GST return.

Eg. FY- 20-21 → due date of annual return = 31/12/2021.

+ 6 years

31/12/2027* who is the party for appeal and revision?

1 year after disposal

or.

72 months (6 years) from the date

of Annual GST return

} whichever is

Later

Eg. • case related to FY 20-21

a) 30/6/27 (case disposal date). + 1yr = 30/6/28

b) 31/12/2021 + 6yrs = 31/12/27.

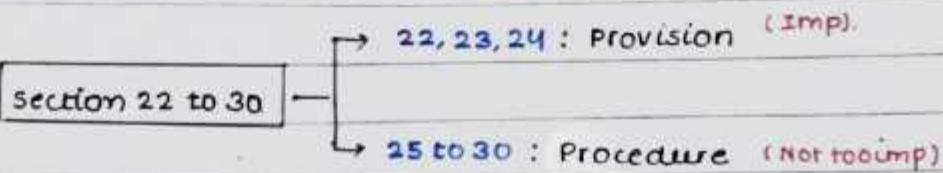
whichever is later → 30/6/28.

• case related to FY- 20-21.

a) 30/6/2025 (case disposal date). + 1yr = 30/6/2026.

b) 31/12/2021 + 6yrs. = 31/12/2027

whichever is later → 31/12/2027.

Registration under GST

- Sec 22- Person liable for registration
 Sec 23- Person not liable for registration
 Sec 24- Compulsory / Mandatory Registration

- Nature of registration

- The registration in GST is PAN based and state specific.
- One registration per state/UT.
 However, a business entity having separate place of buss. in a state may obtain separate registration for such place of business.
- GST identification number called GSTIN - 15-digit number and certificate of registration incorporating therein this GSTIN is made available to applicant on GSTN common portal.
- Registration under GST is non tax specific i.e single registration for all taxes i.e CGST, SGST/UTGST, I GST and cesses. (Sec 26)

Analysis of Section 22/23/24

Section 22

Person liable for registration

CRUX of threshold limit → applicable for Intra-state
State wise

Aggregate Turnover in C.F.Y

Manipur	Pondicherry	other states
Mizoram	Sikkim	(JK, Assam,
Tripura	UK	Haryana,
Nagaland	AP	UP, Delhi etc.)
MMNT	Telangana	
	Meghalaya	
	PSU/ATM	

7 specified goods	10L	20L	20L
other goods	10L	20L	40L
Services	10L	20L	20L
Goods and services	10L	20L	20L

Section 23

Person not liable for registration

1. Exclusively supply of exempted goods or services. (100% exempt)
2. Agriculturists.
3. Person making only reverse charges supplies (i.e. supplies of RCM)
4. Inter-state supply of services (taxable) upto 20 lakhs.
5. Inter-state taxable supply of notified Handicraft or Handmade upto 20 lakhs.
6. casual taxable person making inter-state taxable supply of handicraft goods upto 20 lakhs.
7. supplier of services other than specified u/s 9(5) through ECO upto 20 lakhs.
8. supplier of goods who supply Intra-state through Eco upto 20/20L/40L (threshold limit)

Section 24

compulsory / Mandatory registration

1. Inter state supply of goods or services.
Except
2. casual taxable person who does not have a fixed place of buss. in state / UT from where he wants to make supply
Except
3. Person receiving supply on which tax is payable by recipient on RCM basis (i.e. receiver of service)
4. Non-resident taxable person (NRTD)
5. ECO who collects TCS u/s 52
6. ECO who liable to pay GST u/s 9(5).
7. TDS deductor
8. Agent of same principle.
9. OIDAR service provider
10. Input Service Distributor (ISD)
11. Person supplying online money gaming.
12. supplier of services other than covered u/s 9(5) 205
Except
13. supplier of goods through ECO

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★ Section 25

• Where and when to apply for registration?

- Person who is liable to be registered u/s 22 or 24
 - in every such state/UT in which he is so liable.
 - within 30 days from date on which he becomes liable to registration.

- Casual taxable person or non-resident taxable person
 - in every state/UT in which he is so liable.
 - atleast 5 days prior to commencement of business.

- A person who makes supply from territorial waters of India
 - in coastal state/UT where nearest point of appropriate baseline is located.
 - within 30 days from date on which he becomes liable to registration.

★ Section 26 : Deemed registration

Grant of registration/UIN under SGST/UTGST Act is deemed to be registration/UIN granted under CGST Act, provided application has not been rejected under CGST Act.

Rejection of application for registration/UIN under SGST/UTGST Act is deemed to be rejection of application for registration under CGST Act.

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* Section 27 : special provision for grant of registration
in case of NRTP and CTP

Before going into nuances of registration provision of CTP and NRTP, let's first understand the meaning of CTP and NRTP.

Casual Taxable Person

There may be a case where a person has regd. business in some state in India, but wants to effect supplies from some other state in which he doesn't have any fixed place of buss.

Such person needs to register in a state from where he seeks to supply as a "CTP".

CONSTAT defines CTP as a person who occasionally undertakes transactions involving supply of goods or services or both in the course of FOB, whether as a principle, agent or in any other capacity, in a state / UT where has no fixed place of business.

Further he cannot exercise the option to pay tax under composition levy.

Eg- Krishnadev and Co. engaged in supplying taxable goods, is regd in Rajasthan. It wishes to participate in a 5 days buss. exhibition being held in Delhi.

In this case, Krishnadev and Co. has to obtain regd. as CTP in Delhi.

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Non resident taxable person

A person who is **foreigner** and occasionally wants to effect taxable supplies from any state in India needs registration for the same.

Such person needs to register in the state from where he seeks to supply as a NRTP.

CGST Act defines NRTP as any person who occasionally undertakes transaction involving supply of goods or services or both, whether as a principle or agent or in any other capacity, but who has **no fixed place of buss. or residence in India**.

Further he **cannot** exercise the option to pay tax under **composition levy**.

Based on aforesaid definitions, following points must be considered -

1. CTP might be registered with regard to his fixed place of business in some other state/UT, while NRTP does not have fixed place of business / residence in India at all.
2. CTP has to undertake transactions in course of FOB whereas, NRTP need not to undertake transactions in course of FOB. (Buss. test is absent in definition of NRTP).

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• Special Registration provisions of CTP and NRTP

GST law prescribes special procedure for registration as well as for extension of operation period for CTP and NRTP.

They have to apply for registration at least 5 days in advance before making any supply, Also, registration is granted or period of operation is extended only after they make advance deposit of estimated tax liability.

Special Regd procedure is as follows-

(A) Both CTP and ~~NP~~ NRTP have to compulsorily get registered under GST irrespective of threshold limit, at least 5 days prior to commencement of business.

(B) As per sec 25(6), every person must have PAN to be eligible for registration.

since NRTP will generally not have PAN of India, he may be granted registration on the basis of other prescribed documents.

↳ NRTP has to submit self-attested copy of a valid passport, along with application signed by his authorised signatory who is an Indian Resident having a valid PAN.

However, in case of business entity, incorporated or established outside India, application for registration shall be submitted along with its tax identification no. or unique no. on the basis of entity is identified by Govt. of that country or its PAN, if available.

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- Application will be submitted by **N RTP** in a different prescribed form i.e. **GSTR EQ 09**

where as,

CTP will submit application for registration in Form **GSTR EQ 01** (his reg'n will be PAN based).

- Period of validity of reg'n certificate granted to CTP/N RTP

valid for :-

- Period specified in registration application, or
- 90 days** from effective date of registration.

whichever is EARLIER.

- validity can be extended further by a period **not exceeding 90 days** by making an application **before the end of validity** of registration granted to him.

- Advance deposit of tax

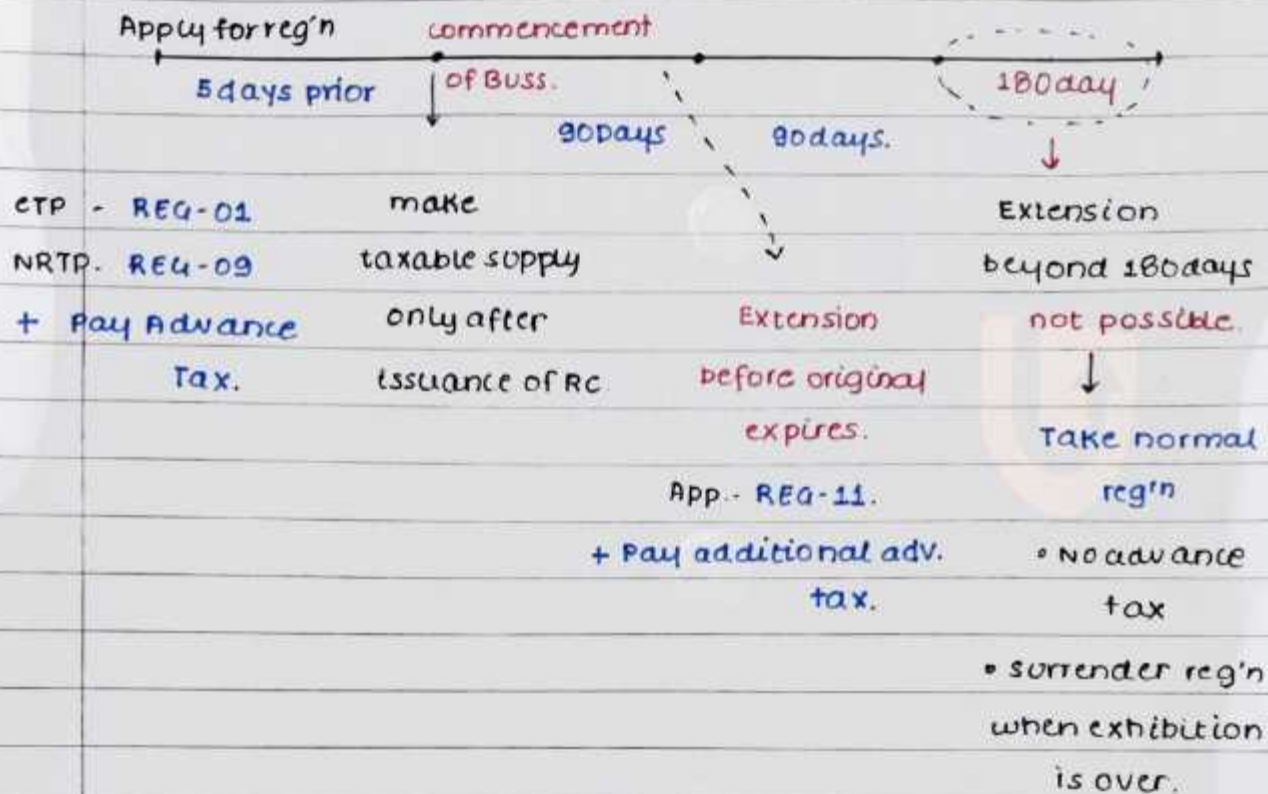
At the time of submitting registration application, CTP/N RTP are required to **make an advance deposit of tax** in an amount equivalent to **estimated tax liability** of such person for the period for which registration is sought.

- Registration of participants of long-running exhibitions
In case of long-running exhibitions (for a period more than 180 days),

Taxable person cannot be treated as CTP, and thus, such person would be required to obtain reg'n as normal taxable person.

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CRUX

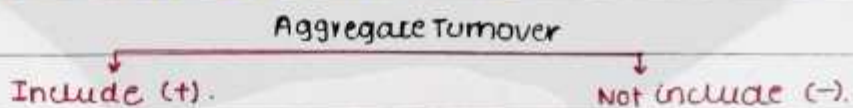


* Aggregate Turnover (A.T.)

A.T. is a crucial parameter for deciding eligibility of supplier to avail benefit of threshold exemption from reg'n and eligibility for composition scheme.

↳ (discussed earlier)

Turnover is total volume of business.



- | | |
|--|--|
| <ul style="list-style-type: none"> • value of all outward supplies <ul style="list-style-type: none"> - Taxable supplies - Exempt supplies - Export - Inter-state supplies of person having same PAN | <ul style="list-style-type: none"> • CST/SST/UTAST/IST • compensation cess • value of Inward supplier under RCM |
|--|--|
- be computed on all India basis.
- Interest / Discount

Page No. Date CRUX (Aadhar Authentication)

App- OK +	App- OK +	App- OK	APP - not OK	APP - not OK
Aadhar not required	Aadhar req. and OK.	Aadhar req. but failed.	Aadhar req. and OK.	Aadhar req. but failed.
↓	↓	↓	↓	↓
RC = 7 days	7 days	30 days	7 days from reply	30 days. from reply

* Section 25 -(Balance part)

- (2) Person having multiple POB in a state/UT, may have separate registration for each POB.
- (3) Person though not liable u/s 22/24, may get voluntarily registered.
- (4) Person has obtained /required to obtain multiple regⁿ in one/multiple state - establishment of Distinct Person.
- (5). Person has obtained /required to obtain regⁿ with respect to an establishment has another establishment in other state/UT.
- (6) PAN is mandatory for registration. TDS deductor may have TAN in order to be eligible for grant of regⁿ.

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- (6A) - R.P. shall undergo authentication/ furnish proof of aadhar no. / furnish alternate and viable means of identification.
- (6B) - same as above (Individual)
- (6C) - others - all type of authorised signatory, managing and authorised partners, Karta shall undergo auth. from 1/4/20.
- (6D) * (6A) - (6B)(6C), not applicable to person notified.
- (7) NRTP- App. - REG-09 + self attested copy of passport.
- 5 days prior to commencement of buss.
- (8) Person fails to obtain regⁿ → PO may register him sub moto.
- (9) ⇒
- * Person notified under (6D) - i.e. 6B, 6C of sec 25 shall not apply to a person who is -
- Not a citizen of India, or
 - A department / establishment of GOI/SGr, or
 - A local authority, or
 - A statutory body, or
 - A PSU's, or
 - A person applying for regⁿ u/s 25(9) i.e for UIN.

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25(9)- Specialised agency of UN, foreign embassy and class of notified person shall be granted VIN for the purpose of refund

APP form - GST REG-13 (Post verification, P.O. may assign VIN within 3 working days)

* Section 28: Amendment of Registration

	core/main field amendment	other/normal changes	change in constitution (resulting in PAN change)
	↓	Apply in GST-REG 14	↓ PAN change)
A.	Legal name of business.	upon submission, RC stands amended.	Apply for fresh registration (GST-REG 01)
B.	Address of Place of Buss. / Additional Place of Buss.		
C.	Addition / deletion / retirement of - Partner, director, Karta, CEO responsible for day to day affairs of buss. which does not need constitution.		

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Change in regn particulars. $\xrightarrow{\text{within 15 days}}$ Apply in GST REG 14 + supporting documents. $\xrightarrow{\text{verified by P.O.}}$ P.O is of the opinion that

Amendment warranted & + docs completed and correct.

Approved amendment within 15 days

Issue amendment order GST-REG 15

Amendment not warranted + docs not completed / incorrect.

serve SCN (REQ-03) within 15 days.

To show cause within 7 days.

(why application shall not be rejected)

R.P. reply (REQ-04) and reply satisfactory.

Approved amendment

Issue order GST-REG-15

Reply not satisfactory OR NO reply.

Reject application

and pass order GST-REG-15

* If no action by P.O. (Proper officer) within specified time. (15 days), RC shall stand amended and amended RC made available to R.P.

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Note-1 Amendment effective from date of submission of application except by commissioner order.

Note-2 change in mobile no./e-mail address only after verification through OTP

Imp * Section 29: cancellation / suspension of Registration
(Rule 20 to 22 and 44).

➤ Yaha P.O. or assessee dono cancel karwa sakte hai.

Sec 29(1): P.O. may suo moto / on application by R.P. or by his legal hier, (in case of death). cancel registration where :-

- (1) Business discontinued / transferred, fully.
- (2) change in constitution, (Amalgamation, demerger).
- (3) Taxable person, no longer liable u/s 22/24, or intend to opt out of voluntary regn u/s 25(3).

➤ Yaha P.O. cancel kara sakta hai.

Sec 29(2): P.O. may cancel registration where -

- a) R.P. has contravened such provisions of act/rules:-

Rule 21 :-

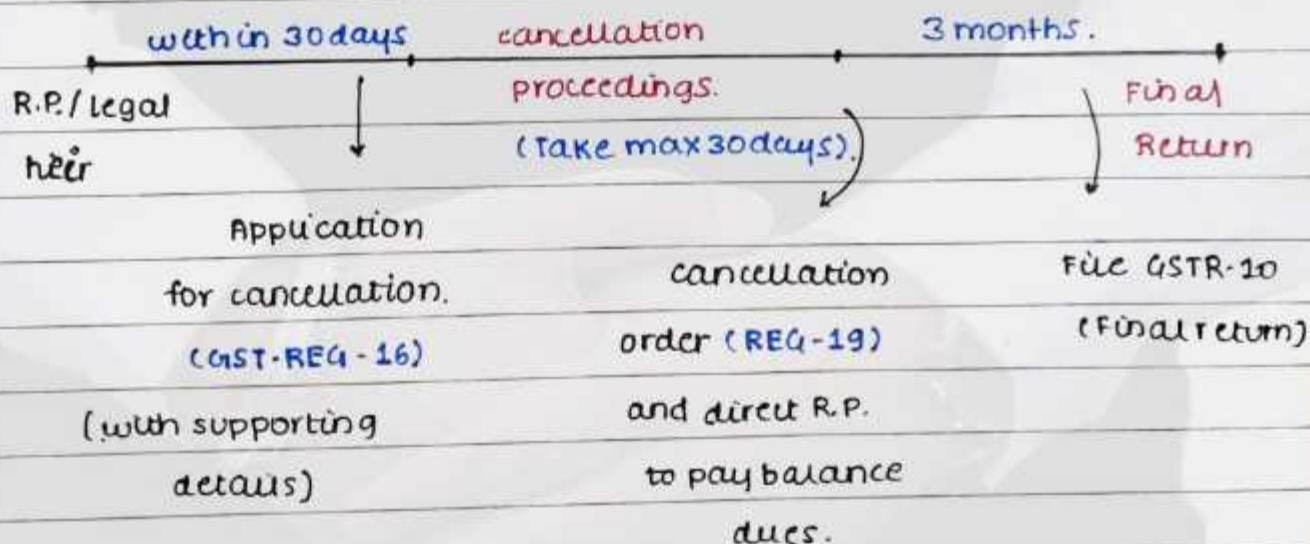
- No Business from declared POB
- Issue Invoice / BOS without supply of goods, services or Both
- violates provision of R-10A (Bank details)
- violates provision u/s 16 and Rules (ITC).
- Furnish incorrect details in GSTR-1
- Violate provisions of R-86B (Restriction on ITC utilisation in E-cr. ledger).

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- (b) composition taxable person - No return from more than 3 months from due date of GSTR-7
- (c) Normal Taxable person - No return for continuous 6 months.
- No return for continuous 2 quarters (if QRMP).
- (d). voluntary registration - Buss. not commenced in 6 months.
- (e). Registration obtained by fraud, wilful mistatement / supression of fact.

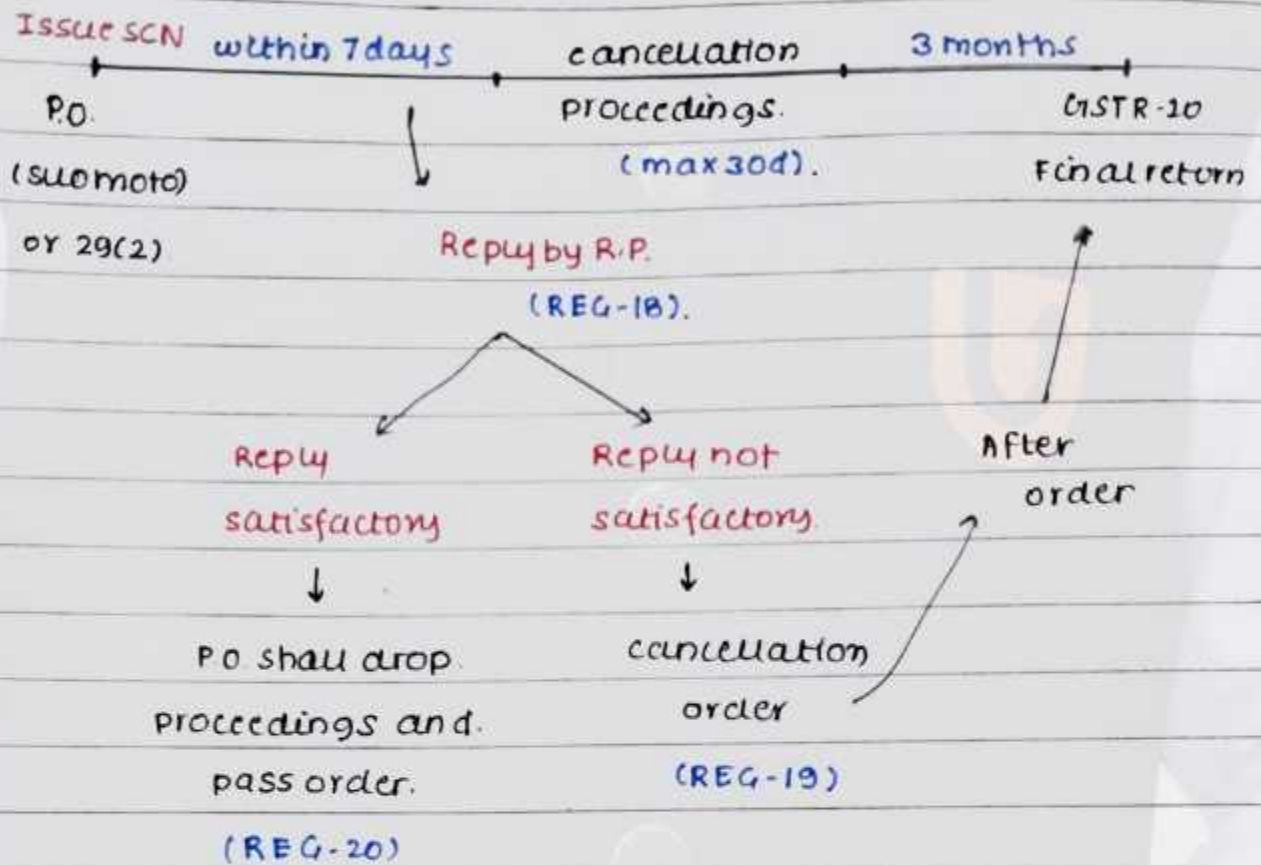
* Procedure of cancellation

Case I - cancellation by R.P.



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case 2 : cancellation by P.O.



sec 29(3) - cancellation of registration not to affect liability to pay tax and dues under this Act, for any period prior to date of cancellation whether or not determined before or after cancellation.

sec 29(4) - cancellation under sust Act, deemed cancellation under cgst Act.

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* Section 30 : Revocation of registration

(Proper officer)



Registration cancelled by P.O. (suo moto)



Revocation application (GST-REQ 21)

(within 90 days + extension)

→ 180 days.



P.O. satisfied

(TAKE max 30 days)



Revoke cancellation



Issue order in

"REQ-22"

P.O. not satisfied.



Issue SCN (REQ-23)

(within 7 days)



R.P. will reply in

REQ-24 within 30 days



P.O. satisfied.

P.O. not satisfied.



Reject application



order passed.

REQ-05.

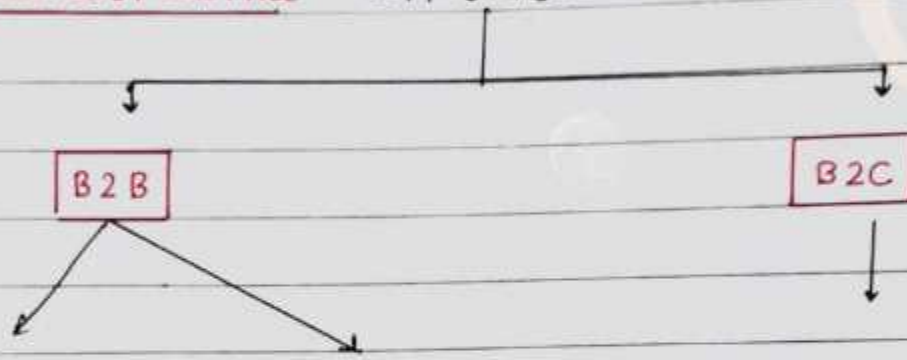


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Place of supply

(Refer Saransh BOOK)

Section 10 of IGST Act: supply of goods.



POS =

Location where goods terminate i.e. destination point	Location where goods delivered. i.e. delivery point	POS = Location of address of receiver mentioned in invoice If not mentioned, location of supplier “(Receiver) jahan supply vahan, Receiver kaha, nahi pata supplier jahan, POS vahan)” supply
--	--	--

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Input tax credit (continue).* Rule 86A : Restrictions on utilisation of ITC

Commissioner/officer who is empowered to impose restrictions on utilisation of ITC available in electronic credit ledger, if he has reasons to believe that such ITC has been fraudulently availed or is ineligible:-

The restrictions can be imposed in following circumstances:-

- (i) ITC has been availed by the registered person on the basis of tax invoice / debit note / prescribed docs
- issued by non-existent reg. person (supplier) or supplier not conducting any buss. from the place declared. , or
 - without actual receipt of goods or services or both. , or
 - in respect of any supply, the tax in respect of which has not been paid to the govt.
- (ii) person availing ITC has been found non-existent or not to be reg. conducting any buss. from registered place of buss.
- (iii) reg. person availing ITC is not in the possession of tax invoice / debit note / prescribed documents

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- Such restriction can be imposed for a period upto 1 year from the date of imposing such restrictions.

However, commissioner/officer can withdraw such restriction if he is satisfied that conditions for imposing restrictions no longer exist.

Rule 86B : Restriction on use of amount available in E-cr ledger

Applicability - Registered person having value of taxable supply (other than exempt supply and zero-rated supply) in a month exceeding ₹50 lakhs.

Where, value of taxable supply in a month is upto 50 lakh, the restriction would not be applicable.

Nature of restriction imposed-

R.P. to whom the said rule is applicable, amount available in electronic-credit ledger shall be utilised only to the extent of 99% of output-tax liability, while discharging such tax liability.

Balance 1% of output tax liab. needs to be discharged from electronic-cash ledger.

• Exceptions to Rule 86-B

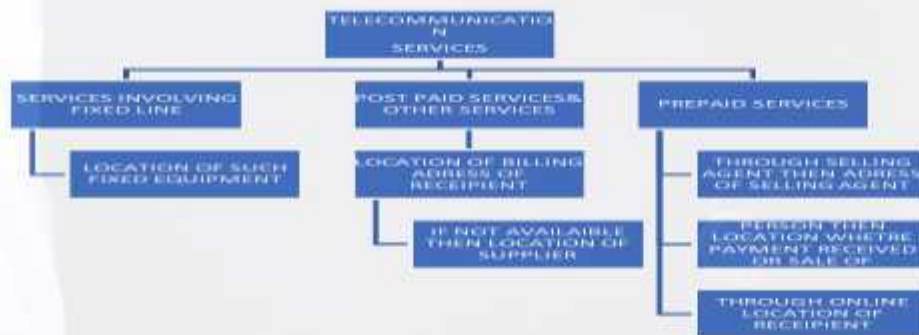
- 1) Payment of a sum more than ₹1 lakh as Income Tax in each of the last 2 FYs

- 2). Receipt of refund amount of **more than 1 Lakh** on account of **unutilised ITC** during **P.F.Y.**
- 3). Payment of output tax liability through electronic cash ledger **in excess of 1%** of total output tax liability, in current F.Y.
- 4) Specified registered persons.
- Govt. Department
 - Local authority.
 - Public sector undertaking
 - Statutory Body.
-

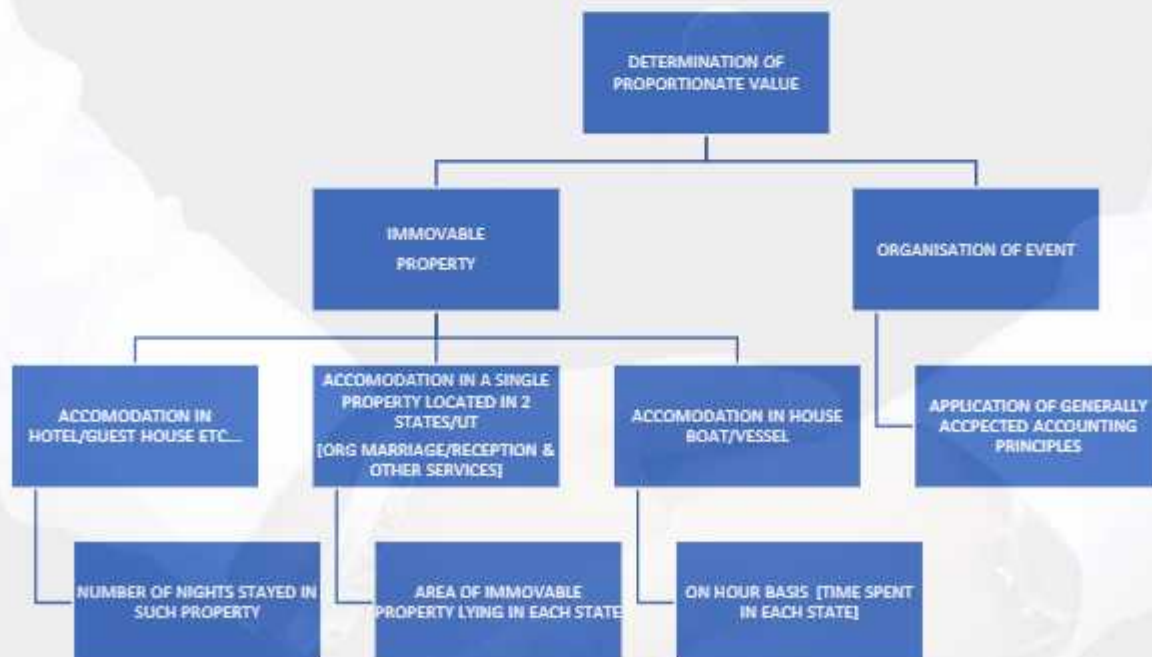
PLACE OF SUPPLY



TELECOMMUNICATION SERVICES



WHERE SUPPLIES TAKES IN MORE THAN ONE STATE THEN PLACE OF SUPPLY SHALL BE DETERMINED IN PROPORTIONATE BASIS



Such person shall furnish the details of those inward supplies of taxable goods and/or services on which refund of taxes has been claimed in **Form GSTR-11, along with application for such refund claim.**



(b) When UIN is issued for purposes other than refund of taxes paid

Such person shall furnish the details of inward supplies of taxable goods and/or services as may be required by the proper officer in **Form GSTR-11.**

8. DEFAULT/DELAY IN FURNISHING RETURN [SECTIONS 46 & 47]

(i) Notice to return defaulters [Section 46 read with rule 68]

A notice in prescribed form is issued, electronically, to a registered person who fails to furnish return under section 39 [Normal Return] or section 44 [Annual Return] or section 45 [Final Return] or section 52 [TCS Statement]. The notice requires the registered person to furnish the return within 15 days, failing which the tax liability will be assessed under section 62, based on the relevant material available with the proper officer. In addition to tax so assessed, applicable interest and penalty will also be payable.

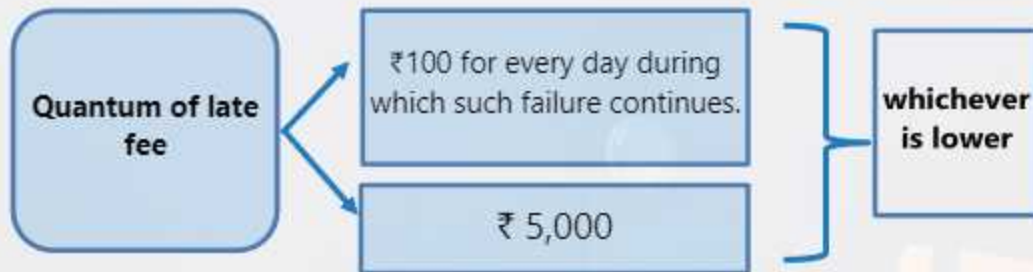


(ii) Late fees for delay in filing return [Section 47]

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

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

- (A)** Statement of Outward Supplies [Section 37]
- (B)** Returns (including returns under QRMP Scheme) [Section 39]
- (C)** Final Return [Section 45]
- (D)** **TCS Statement [Section 52]**



It may be noted that the late fee payable by a registered person for delayed filing of a return and/or annual return under section 47 is with reference to only the CGST Act. An equal amount of late fee is payable by such person under the respective SGST/UTGST Act as well. Hence, the late fee amount mentioned herein pertains to both CGST as well as SGST/UTGST.

Rationalisation of late fees for delayed filing of Forms GSTR-1, GSTR-3B, GSTR-4, GSTR-7 and GSTR-9

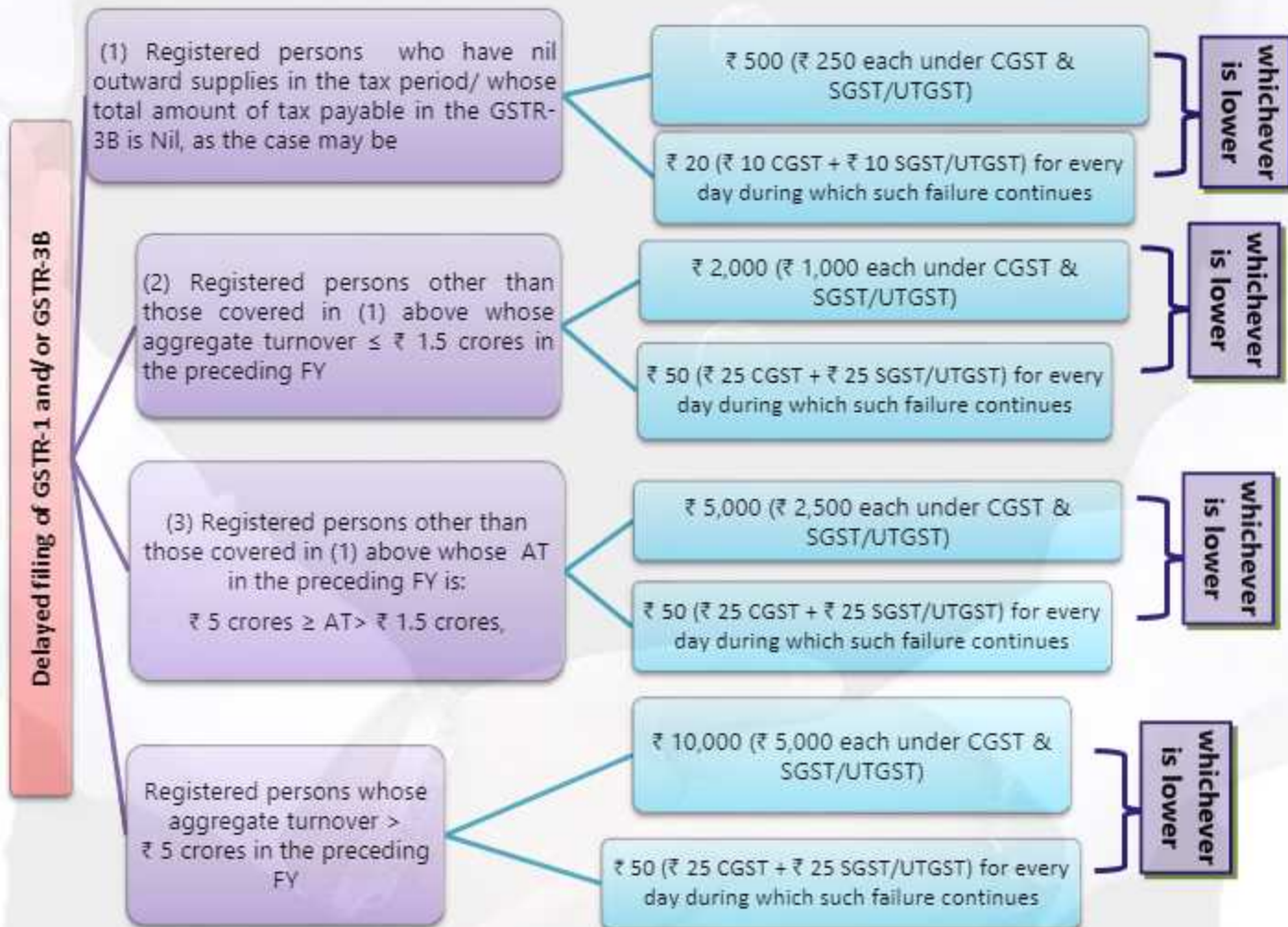
The late fee can be waived off partially or fully by the Central Government [Section 128¹⁸]. In view of this, late fees for delayed filing of Forms GSTR-1, GSTR-3B, GSTR-4, GSTR-7 and GSTR-9 have been rationalized¹⁹ as follows:

(i) For delayed filing of GSTR-1 and/or GSTR-3B:-

Amount of late fee payable under section 47 by the registered person who fail to furnish Form GSTR-1 and/or Form GSTR-3B by the due date, shall be as follows:

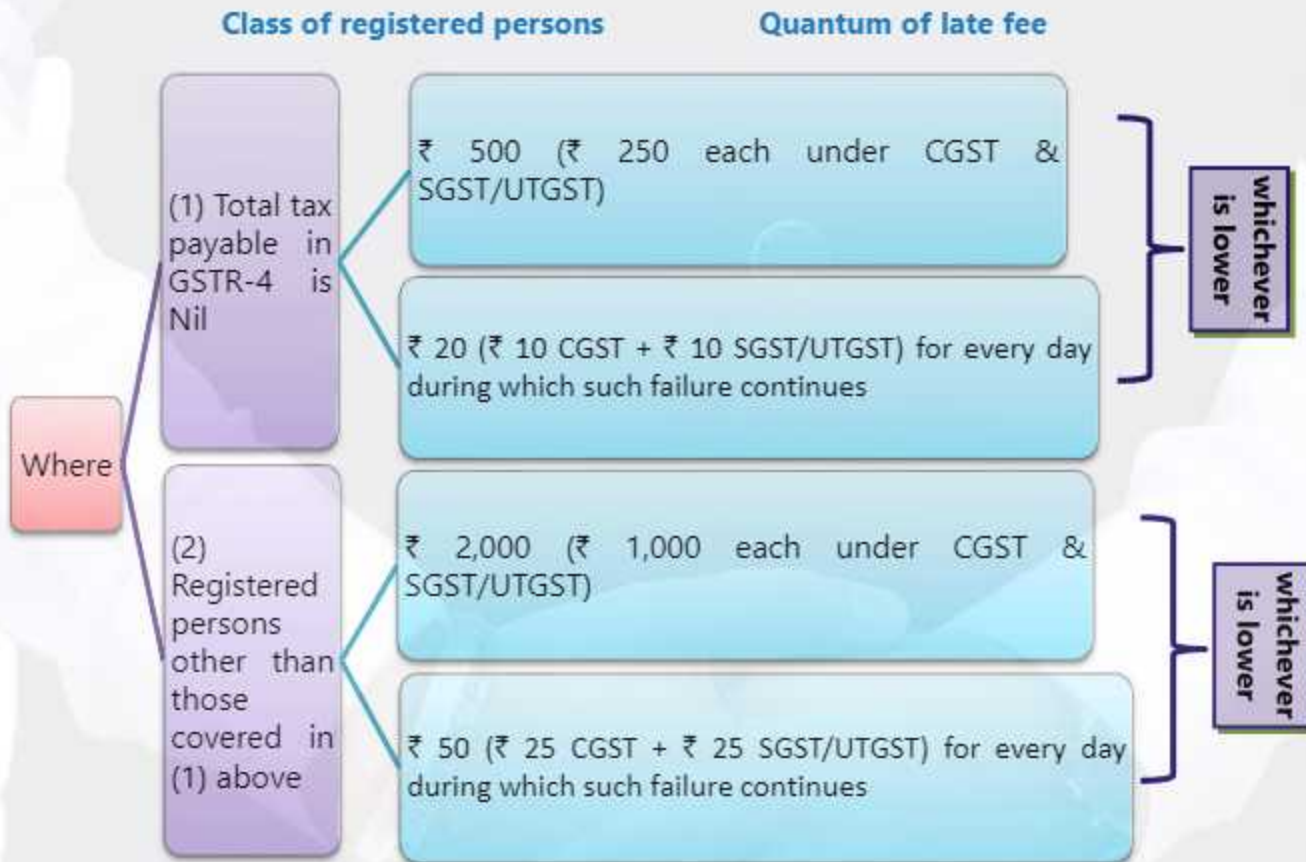
¹⁸ Section 128 has been discussed at the Final level.

¹⁹ vide Notification No. 4/2018 CT dated 23.01.2018, Notification No. 73/2017 CT dated 29.12.2017, Notification No. 76/2018 CT dated 31.12.2018, Notification Nos 19-22/2021 CT all dated 01.06.2021 and Notification No. 07/2023 CT dated 31.03.2023

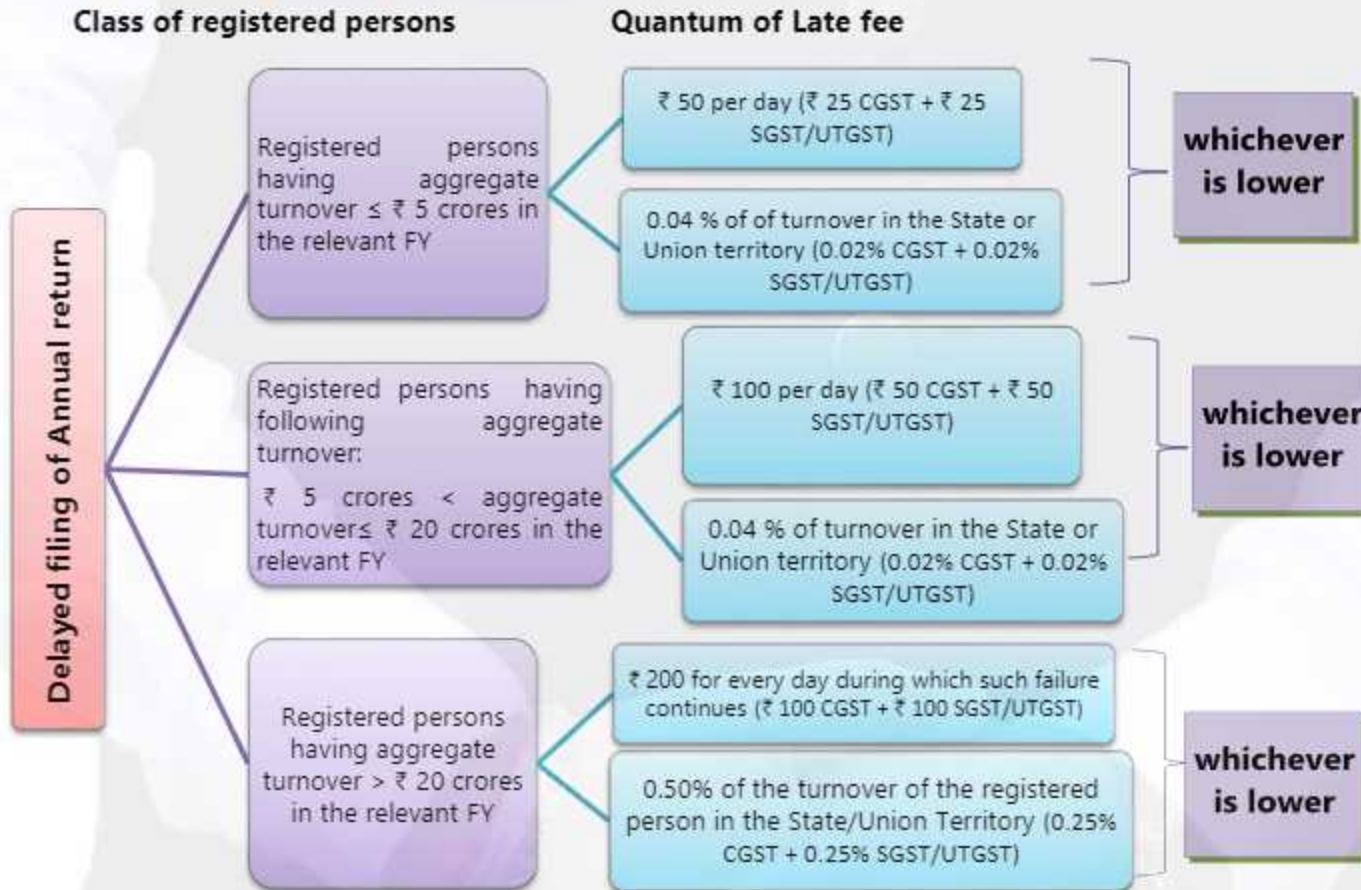


(ii) For delayed filing of GSTR-4:-

Amount of late fee payable under section 47 by a composition supplier who fails to furnish Form GSTR-4 by the due date, shall be as follows:

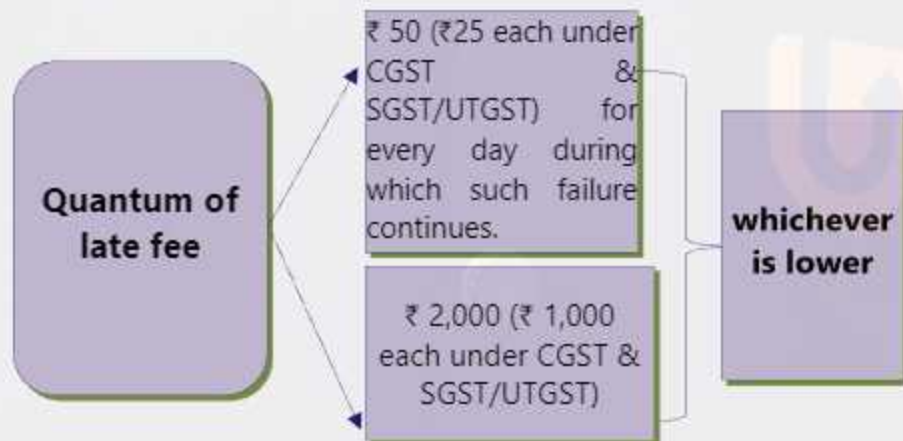


(iii) For delayed filing of GSTR-9:-



(iv) For delayed filing of GSTR-7:-

Total amount of late fee payable under section 47 by any registered person, required to deduct tax at source under the provisions of section 51 for delayed filing of GSTR-7, shall be as follows:



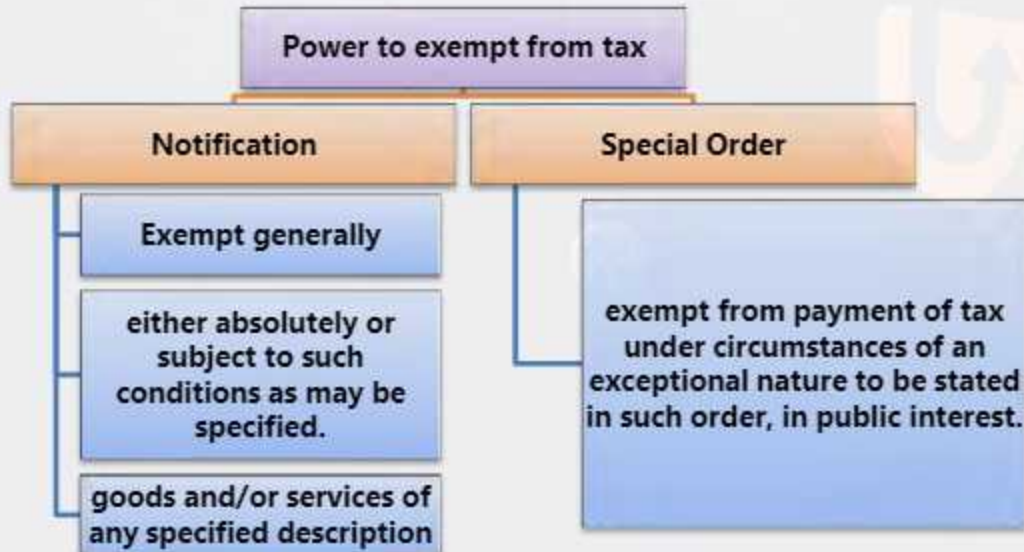
9. GOODS AND SERVICES TAX PRACTITIONERS [SECTION 48]

Section 48 provides for the authorisation of an eligible person to act as approved Goods and Services Tax Practitioner (GSTP). A registered person may authorise an approved GSTP to furnish information, on his behalf, to the Government. The manner of approval of GSTPs, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning have been prescribed in the rules 83, 83A and 84.

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. They can do all the work on behalf of taxpayers as allowed under GST Law. A taxpayer may choose a different GSTP by simply unselecting the previous one and then choosing a new GSTP on the GST portal.

Standardized formats have been prescribed for making application for enrolment as GSTP, certificate of enrolment, show cause notice for disqualification, order of rejection of application of enrolment, list of approved GSTPs, authorisation letter and withdrawal of authorisation. A GSTP enrolled in any State or Union Territory shall be treated as enrolled in the other States/Union territories.

1. Power to exempt from tax [Section 11 of the CGST Act/ section 6 of IGST Act]



2. List of services exempt from GST

	Exempt Services
Services related to charitable and religious activities	<p>Charitable activities BY an entity registered under section 12AA/12AB of Income-tax Act.</p> <p>Services by a person by way of-</p> <p>(a) conduct of any religious ceremony;</p> <p>(b) renting of precincts of a religious place meant for general public, owned/managed by institutions/entities/trusts, registered under section 12AA/12AB/10(23C)(v) of the Income tax Act or body/authority covered under section 10(23BBA) of the said Act, except where-</p> <p>(i) charges for renting of rooms \geq ₹ 1,000 per day;</p>

Jagran, Satsang, Religious Path etc



Further, training or coaching in all forms of arts, culture or sports is covered under this entry, namely, dance, music, painting, sculpture making, literary activities, theatre, etc. of any school, tradition or language or any of the sports.

- (ii) charges for **renting of premises**, community halls, kalyanmandapam, open area, etc. **are \geq ₹ 10,000 per day;**
- (iii) charges for **renting of shops/spaces** for business/commerce are **\geq ₹ 10,000 per month.**

Services by a specified organisation [KMVN/Haj Committee] in **respect of a religious pilgrimage** [Haj and Kailash Mansarovar Yatra].

Training/coaching in

- (a) **recreational activities relating to arts/culture, by an individual or**
- (b) **sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act.**

Agriculture related services

Loading, unloading, packing, storage or warehousing of rice.

Warehousing of minor forest produce.

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

Artificial insemination of livestock (other than horses).

Carrying out an **intermediate production process as job work** in relation to cultivation of plants & rearing of animals [except horses], for food, fibre, fuel, raw material or other similar products or agricultural produce.

Services relating to cultivation of plants & rearing of animals [except horses], for food, fibre, fuel, raw material or other similar products or agricultural produce **by way of –**

- (a) agricultural operations directly related to production of any agricultural produce including **cultivation, harvesting, threshing, plant protection or testing;**
- (b) supply of **farm labour;**



Threshing



Kumaon
Mandal
Vikas
Nigam



- (c) processes carried out at an agricultural farm including tending, pruning, etc. and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- (d) renting or leasing of agro machinery or vacant land with/without a structure incidental to its use;
- (e) loading, unloading, packing, storage or warehousing of agricultural produce;
- (f) agricultural extension services;
- (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale/purchase of agricultural produce.

Education services

Services provided BY an educational institution (EI):

- to its students, faculty and staff;
- by way of conduct of entrance examination against consideration in form of entrance fee

Common for All

Services provided TO an EI, by way of,-

- (i) transportation of students, faculty and staff;
- (ii) catering, including any mid-day meals scheme sponsored by the Central Government (CG), State Government (SG) or Union Territory (UT);
- (iii) security/cleaning/housekeeping services performed in such EI;

These exemptions are only applicable to an institution providing services by way of pre-school education & education up to higher secondary school or equivalent.

upto 12th Education

- (iv) services relating to admission to, or conduct of examination by, such EI;

- (v) supply of online educational journals or periodicals. This exemption is only applicable to an institution providing services by way of education as part of a

Colleges ONLY

#. आवाज की Exempt
• UP Board, CBSE Board.

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	curriculum for obtaining qualification recognised by any law for time being in force.
Health care services	<ul style="list-style-type: none"> Health care services BY a clinical establishment/ authorized medical practitioner/ para-medics <i>However, nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.</i> Transportation of a patient in an ambulance BY any person other than specified above. <p>Service BY a veterinary clinic in relation to Health care of animals/birds</p>
Services provided by Government	<p>Services by Governmental Authority (GA) by way of any activity in relation to any function entrusted to a Municipality /Panchayat under article 243W/ 243G of Constitution</p> <p>Services by the CG/SG/UT/Local Authority (LA) excluding following services—</p> <p>(a) services by Department of Posts;</p> <p>(b) services in relation to an aircraft/a vessel, inside/outside precincts of a port/airport;</p> <p>(c) transport of goods/passengers; or</p> <p>(d) any service, other than 'specified services' above, provided to business entities.</p> <p><i>(a) to (c) hereinafter referred as 'specified services'</i></p> <p>Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).</p> <p>Services provided by CG/SG/UT/LA to a business entity (BE)</p>

with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017. This exemption is not applicable to **specified services** and **renting of immovable property service**.

Services provided by CG/SG/UT/LA to another CG/SG/UT/LA. This exemption is not applicable to **specified services**.

Services provided by CG/SG/UT/LA where consideration for such services does not exceed ₹ 5,000. This exemption is not applicable to **specified services****.

In case of **continuous supply of service*, the exemption shall apply only where the consideration charged for such service does not exceed ₹ 5,000 in a FY.

Supply of service by a Government Entity (GE) to CG/SG/UT/LA/any person specified by CG/SG/UT/LA against consideration received from CG/SG/UT/LA, in the form of grants.

Services by an old age home run by CG/SG/an entity registered under section 12AA/12AB of Income-tax Act to its residents (aged ≥60 years) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.

Services supplied by CG/SG/UT to their undertakings or PSUs by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.

Services provided by CG/SG/UT/LA by way of-

- (a) registration required under any law for the time being in force;
- (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.



Forestry riches, sound river systems, minerals, oil, a favorable climate, and other natural resources all contribute to the quality of the land. Agriculture is essential for providing food

	Services provided by CG/SG/UT/LA by way of issuance of passport, visa, driving license, birth certificate or death certificate.
	Services provided by CG/SG/UT/LA by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to CG/SG/UT/LA under such contract.
	Services provided by CG/SG/UT/LA by way of assignment of right to use natural resources to an individual farmer for cultivation of plants & rearing of all life forms of animals [except horses], for food, fibre, fuel, raw material or other similar products.
X	Services provided by CG/SG/UT by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.
X	Services supplied by a SG to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of SG on the mineral dispatched by the mining lease holders subject to specified conditions.
X	Services provided by rehabilitation professionals recognised under the RCI Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by CG/SG/UT/an entity registered under section 12AA/12AB of the Income-tax Act, 1961.
Construction services	Pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration 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/Pradhan Mantri Awas Yojana.

EXEMPTIONS FROM GST

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<p style="text-align: center; font-size: 2em; color: green;">X</p>	<p>Services supplied by Electricity Distribution Utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer/agriculturalist for agricultural use.</p>
	<p>Pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.</p>
	<p>Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.</p> <p>Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.</p>
<p>Services of transport of passengers (with/ without accompanied belongings)</p>	<p>Such services provided by –</p> <p>(a) air in economy class, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;</p> <p>(b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or</p> <p>(c) stage carriage other than air- conditioned stage carriage.</p> <p>However, nothing contained in items (b) and (c) above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act.</p> <p style="text-align: center; font-size: 2em; color: green;">X</p> <p>Such services provided to CG by air, embarking from or terminating at a Regional Connectivity Scheme (RCS) airport, against consideration in the form of viability gap funding. This</p>


	<p>exemption shall apply only till expiry of a period of 3 years from date of commencement of operations of the RCS airport as notified by the Ministry of Civil Aviation.</p> <p>Such services provided by—</p> <p>(a) railways in a class other than first class/an air-conditioned coach;</p> <p>(b) metro, monorail or tramway;</p> <p>(c) inland waterways;</p> <p>(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and</p> <p>(e) metered cabs or auto rickshaws (including e-rickshaws).</p> <p>However, nothing contained in item (e) above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act.</p>
Goods transportation services	<p>Services by way of transportation of goods-</p> <p>(a) by road except the services of—</p> <p>(i) a goods transportation agency (GTA);</p> <p>(ii) a courier agency;</p> <p>(b) by inland waterways.</p> <p>Exempt transportation of goods by rail/ vessel/ by GTA in a goods carriage</p> <ul style="list-style-type: none"> • Agricultural produce • milk, salt and food grain including flours, pulses and rice • organic manure • newspaper or magazines registered with the Registrar of Newspapers • Defence/ military equipments • relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap <p>Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, except following recipients, namely: -</p>

	<p>(a) a factory registered under Factories Act, (b) society registered under Societies Act, (c) Co-operative society, (d) body corporate and (e) partnership firm including AOP; (f) registered casual taxable person.</p> <p>Services provided by a GTA, by way of transport of goods in a goods carriage, to, -</p> <p>(a) a Department or Establishment of the CG/SG/UT; or (b) local authority; or (c) Governmental agencies, which has taken registration only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.</p>
Banking and financial	<p>Services by way of—</p> <p>(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);</p> <p>(b) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.</p> <p>Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).</p> <p>X Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.</p> <p>X 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.</p>

<p>Services of Life insurance business</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>Such services by way of annuity under the National Pension System by Pension Fund Regulatory and Development Authority of India (PFRDAI) under PFRDA Act, 2013.</p> <p>Such services by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of CG.</p> <p>Services of life insurance provided/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.</p> <p>Such services by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of CG.</p> <p>Such services under following schemes-</p> <p>(a) Janashree Bima Yojana;</p> <p>(b) Aam Aadmi Bima Yojana;</p> <p>(c) Life micro-insurance product** as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of ₹ 2,00,000;</p> <p>(d) Varishtha Pension BimaYojana;</p> <p>(e) Pradhan Mantri Jeevan Jyoti BimaYojana;</p> <p>(f) Pradhan Mantri Jan DhanYogana;</p> <p>(g) Pradhan Mantri Vaya Vandan Yojana.</p>
<p>General insurance business</p> <p>X</p>	<p>Such services under following schemes –</p> <p>(a) Hut Insurance Scheme;</p> <p>(b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna⁷⁰;</p> <p>(c) Scheme for Insurance of Tribals;</p>

<p style="text-align: center;">X</p>	<p>(d) Janata Personal Accident Policy and Gramin Accident Policy;</p> <p>(e) Group Personal Accident Policy for Self-Employed Women;</p> <p>(f) Agricultural Pumpset and Failed Well Insurance; (B)</p> <p>(g) premia collected on export credit insurance;</p> <p>(h) Restructured Weather Based Crop Insurance Scheme (RWCIS), approved by the Government of India and implemented by the Ministry of Agriculture;</p> <p>(i) Jan Arogya Bima Policy;</p> <p>(j) Pradhan Mantri Fasal Bima Yojana (PMFBY);</p> <p>(k) Pilot Scheme on Seed Crop Insurance;</p> <p>(l) Central Sector Scheme on Cattle Insurance;</p> <p>(m) Universal Health Insurance Scheme;</p> <p>(n) Rashtriya Swasthya Bima Yojana;</p> <p>(o) Coconut Palm Insurance Scheme;</p> <p>(p) Pradhan Mantri Suraksha BimaYojna;</p> <p>(q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999.</p> <p>(r) Bangla Shasya Bima.</p>
	<p>Services provided to CG/SG/UT under any insurance scheme for which total premium is paid by CG/SG/UT. (C)</p>
	<p>Services by way of reinsurance of the insurance schemes specified in (A) or (B) or (C) above.</p>
<p>Services provided by specified bodies</p> <p style="text-align: center;">X</p>	<p>Services by the Employees' State Insurance (ESI) Corporation to persons governed under the ESI Act, 1948.</p> <p>Services provided by the EPFO to the persons governed under the Employees Provident Funds (EPF) & Miscellaneous Provisions Act, 1952.</p>

X	Services by CMPFO to persons governed by Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
	Services by NPS Trust to its members against consideration in the form of administrative fee.
Pension schemes	<p>Services by way of collection of contribution under:</p> <ul style="list-style-type: none"> • Atal Pension Yojana • any pension scheme of SG
Business facilitator/correspondent	<p>Services by the following persons in respective capacities –</p> <p>(a) business facilitator/business correspondent to a Banking Co. with respect to accounts in its rural area branch;</p> <p>(b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or</p> <p>(c) business facilitator/business correspondent to an insurance company in rural area.</p>
Services provided to Government	<p>Following services provided to the CG/SG/UT/LA/GA/GE by way of any activity in relation to any function entrusted to a Panchayat/Municipality under articles 243G/243W of the Constitution:</p> <ul style="list-style-type: none"> • Pure services • Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply.
	Service provided by Fair Price Shops to CG/SG/UT by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against commission/margin.
	Services provided to CG/SG/UT under any insurance scheme for which total premium is paid by CG/SG/UT.
	Services provided to CG/SG/UT administration under any training programme for which 75% or more of the total expenditure is borne by CG/SG/UT administration.

Leasing services 	Upfront amount payable in respect of service by way of granting of long term lease of 30 years, or more of industrial plots/plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20% or more ownership of CGS/SG/UT to the industrial units/developers in any industrial/financial business area subject to specified conditions.					
Legal services	<table border="1"> <thead> <tr> <th data-bbox="419 546 835 614">Service provided by</th> <th data-bbox="842 546 1264 614">To</th> </tr> </thead> <tbody> <tr> <td data-bbox="419 614 835 1010"> <ul style="list-style-type: none"> • Arbitral tribunal • Partnership firm of advocates or an individual as an advocate other than a senior advocate by way of legal services • Senior advocate by way of legal services </td> <td data-bbox="842 614 1264 1010"> any person other than BE BE with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act CG/SG/UT/LA/GA/GE </td> </tr> </tbody> </table>	Service provided by	To	<ul style="list-style-type: none"> • Arbitral tribunal • Partnership firm of advocates or an individual as an advocate other than a senior advocate by way of legal services • Senior advocate by way of legal services 	any person other than BE BE with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act CG/SG/UT/LA/GA/GE	<p>Legal services provided by a partnership firm of advocates/ individual as an advocate other than a senior advocate to another advocate/ partnership firm of advocates providing legal services</p>
Service provided by	To					
<ul style="list-style-type: none"> • Arbitral tribunal • Partnership firm of advocates or an individual as an advocate other than a senior advocate by way of legal services • Senior advocate by way of legal services 	any person other than BE BE with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act CG/SG/UT/LA/GA/GE					
Sponsorship of sports events	Sponsorship of sporting events organised - (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (c) by the Central Civil Services Cultural and Sports Board; (d) as part of national games, by the Indian Olympic Association; or					

	(e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.
Skill Development services	<p>Services provided by, _</p> <p>(a) National Skill Development Corporation (NSDC) set up by Gol;</p> <p>(b) Sector Skill Council (SSC) approved by NSDC;</p> <p>(c) assessment agency approved by SSC/NSDC</p> <p>(d) a training partner approved by SSC/NSDC</p> <p>in relation to-</p> <p>(i) the National Skill Development Programme implemented by NSDC; or</p> <p>(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or</p> <p>(iii) any other Scheme implemented by NSDC.</p>
X	Services of assessing bodies empanelled centrally by DGT, Ministry of Skill Development and Entrepreneurship by way of assessments under the SDI Scheme.
✓	Services provided by training providers (Project implementation agencies) under DDUGKY implemented by Ministry of Rural Development, Gol by way of offering skill or vocational training courses certified by the National Council for Vocational Training (NCVT).
Performance by an artist	Services by an artist by way of a performance in folk or classical art forms of music/ dance/ theatre, if the consideration charged for such performance is not more than ₹ 1,50,000. This exemption shall not apply to service provided by such artists as a brand ambassador.
Right to admission to various events	<p>Services by way of admission to:</p> <p>(i) museum, national park, wildlife sanctuary, tiger reserve or zoo</p>

	<p>(ii) protected monument declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958/any of the State Acts, for the time being in force.</p> <p>(iii) following events/places where the consideration for right to admission is not more than ₹ 500 per person:</p> <p>(a) circus, dance, or theatrical performance including drama or ballet;</p> <p>(b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;</p> <p>(c) recognised sporting event;</p> <p>(d) planetarium.</p>		
<p>Services by an unincorporated body or a non-profit entity registered under any law for the time being in force</p> <p>X</p>	<p>Services by unincorporated body/ non-profit entity to its own members as reimbursement/share of contribution:</p> <table border="1" data-bbox="417 846 1264 909"> <tr> <td data-bbox="417 846 802 909">(i) As a trade union</td> <td data-bbox="807 846 1264 909">(ii) for providing exempt activity</td> </tr> </table> <p>(iii) up to an amount of ₹ 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society/residential complex</p> <p>Services provided by such entity/body engaged in-</p> <p>(i) activities relating to the welfare of industrial/agricultural labour or farmers; or</p> <p>(ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment,</p> <p>to its own members against membership fee upto ₹ 1000/- per member per year.</p>	(i) As a trade union	(ii) for providing exempt activity
(i) As a trade union	(ii) for providing exempt activity		
<p>Other exempt services</p> <p>X</p>	<p>Transfer of a going concern, as a whole or an independent part thereof.</p> <p>Services associated with transit cargo to Nepal and Bhutan (landlocked countries).</p>		

Services by way of renting of residential dwelling for use as residence **except where the residential dwelling is rented to a registered person.**

Explanation — For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, -

- (i) **the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and**
- (ii) **such renting is on his own account and not that of the proprietorship concern.**

X Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.

X Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India. This exemption is available till 30.09.2022.

X Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India. This exemption is available till 30.09.2022.

Services by way of giving on hire -

- (a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers;
- (aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers; or
- (b) to a GTA, a means of transportation of goods.
- (c) 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.

	Service by way of access to a road or a bridge on payment of toll charges.
	Transmission/distribution of electricity by an electricity transmission/ distribution utility.
X	<p>Services provided by an incubatee up to a total turnover of ₹ 50 lakh in a FY provided:-</p> <p>(a) total turnover had not exceeded ₹ 50 lakh during the preceding FY; and</p> <p>(b) a period of 3 years has not elapsed from the date of entering into an agreement as an incubatee.</p>
X	Taxable services, provided or to be provided, by a Technology Business Incubator/ Science and Technology Entrepreneurship Par (TBI/STEP) recognised by NSTEDB or bio- incubators recognised by BIRAC.
	Services by way of collecting or providing news by an independent journalist, PTI or United News of India.
	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.
	Services by an organiser to any person in respect of a business exhibition held outside India.
	<p><i>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.</i></p> <p><i>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.</i></p>

	<p>Further, 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.</p>
	<p>Services by way of 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.</p>
X	<p>Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.</p>
	<p>Services by a foreign diplomatic mission located in India.</p>
	<p>Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States</p>
	<p>Services by way of providing information under the RTI Act.</p>
	<p>Services provided to a recognised sports body (RSB) by-</p> <p>(a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a RSB;</p> <p>(b) another RSB.</p>
	<p>Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.</p>
<p>Above services have been exempted from both CGST and IGST. Apart from these services, list of services exempt from IGST also include following services:</p>	
X	<p>Services received from a provider of service located in a non-taxable territory by –</p> <p>(a) CG/SG/UT/LA/GA/ an individual in relation to any purpose other than commerce, industry or any other business or profession;</p> <p>(b) an entity registered under section 12AA/12AB of the Income-tax Act, 1961 for the purposes of providing charitable activities; or</p>

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. 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.

- (ba) way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of-
- (i) pre-school education and education up to higher secondary school or equivalent; or
 - (ii) education as a part of an approved vocational education course;
- (c) a person located in a non-taxable territory.
- However, the exemption shall not apply to –
- (i) OIDAR services received by persons specified in entry (a) or entry (b); or
 - (ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry.

Services received by the RBI, from outside India in relation to management of foreign exchange reserves.

Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.

Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons provided the place of supply of the service is outside India.

Import of services by UN or a specified international organisation for official use of UN or the specified international organisation.

Import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein subject to specified conditions.

Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory subject to specified conditions.



TEST YOUR KNOWLEDGE

1. ✓ Examine whether the following independent intra-State services are exempt from GST:

(a) Legal services provided by BMC & Partners, Delhi, a partnership firm of advocates, to Vastukaar Enterprises, Delhi, providing architect services (with preceding financial year's aggregate turnover as ₹ 21 lakh).

ENE

ENE

(b) Minimum balance charges collected by Dhanvarsha Bank from current account and saving account holders.

2. Shiva Medical Centre, a Multi-speciality hospital, is a registered supplier in Mumbai. It hires senior doctors and consultants independently, without entering into any employer-employee agreement with them. These doctors and consultants provide consultancy to the in-patients (patients who are admitted to the hospital for treatment) without there being any contract with such patients. In return, they are paid the consultancy charges by Shiva Medical Centre.

However, the money actually charged by Shiva Medical Centre from the in-patients is higher than the consultancy charges paid to the hired doctors and consultants. The difference amount retained by the hospital, i.e. retention money, includes charges for providing ancillary services like nursing care, infrastructure facilities, paramedic care, emergency services, checking of temperature, weight, blood pressure, etc.

The Department took a stand that senior doctors and consultants are providing services to Shiva Medical Centre and not to the patients. Hence, their services are not the health care services and must be subject to GST. Further, GST is applicable on the retention money kept by Shiva Medical Centre.

You are required to examine whether the stand taken by the Department is correct.

3. ✓ Vedanta Hospital, Gurgaon has its own restaurant in the basement of hospital premises - Annapurna Bhawan - which supplies food to its in-patients (patients admitted in the hospital) as per the advice of the doctor/nutritionist. Annapurna Bhawan also supplies food to other patients (who are not admitted) or their

attendants or visitors. The food is prepared by the employees of the hospital and nothing is outsourced to any third-party vendors. Vedanta Hospital is of the view that all services provided by a clinical establishment are exempt from GST and thus, it is not liable to pay any tax. You are required to test the correctness of the view taken by Vedanta Hospital.

4. ✓ Indian Institutes of Management (IIM), Indore organizes a placement drive for the students studying in the campus. Many multinational companies register for the placement program and pay the registration fee of ₹ 1,00,000. IIM, Indore is of the view that such consideration received from multinational companies for participating in the placement program is exempt from GST. Explain whether the view taken by IIM, Indore is correct.

5. India Corporations Ltd., a Public Sector Undertaking (PSU), has taken loan from a banking company - Wellness Bank Ltd. The loan was guaranteed by the Central Government. India Corporations Ltd. defaulted in the repayment of such loan. Examine whether the services of guaranteeing of loan by the Central Government, in the given case, is liable to GST.

6. British High Commission, chief diplomatic mission of the United Kingdom, is located in India and is providing advisory services to the students willing to travel to UK for further studies. The mission has organized a seminar for such students and a registration fee of ₹ 5,000 per student has been charged from the students for the same. You are required to determine whether the advisory services provided by British High Commission are liable to GST.

7. ✓ Explain in brief whether the below mentioned independent cases of supply of services provided are exempt or taxable under GST law, providing very brief reasoning:

(i) Himalayan Wanderers Campsite, a registered entity under GST, has fixed up various tents in Shimla, for lodging purposes being offered to tourists and trekkers. The details of tents rented by Himalayan Wanderers Campsite on 8th December is as under:

No. of tents rented	Amount of rent charged per tent per day	Nature of occupancy
10	₹ 600	Single
15	₹ 1000	Double

- TE
- (ii) *Fables Infotech LLP, a limited liability partnership firm having registered place of business in Hyderabad under GST, entered into a contract with Neeta Services for providing air-conditioned mini vans for 1 year for transportation of its female employees working in night shifts to be picked up from designated spots every day at 9.00 p.m. except weekends and dropped to the office. The same female employees were again picked up from office at 6.30 a.m. every morning except weekends and dropped back at the same spots from where they were picked up.*
- TE
- (iii) *HumTum Services Limited, registered under GST, provided catering services to Baljatan Anganwadi, an educational institute providing pre-school education amounting to ₹ 2,50,000 in the month of February.*
- TE
- (iv) *50 women from different cities pursuing diploma in management courses, participated in the 'Leadership Program' designed especially for women for a duration of 9 months by IIM, Bangalore (a certificate as to their participation was awarded to each one of them after the completion of the programme).*
- TE
- (v) *Mr. Ashok rented his residential flat to his friend Dr. Kishore, who is not registered under GST for use as his medical clinic at a monthly rent of ₹ 15000.*

8. Determine whether GST is payable in respect of each of the following independent services provided by the registered persons:

- (1) *Fees of ₹ 10,000 charged from office staff for in-house personality development course conducted by Mungerilal College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.*
- (2) *Bus fees of ₹ 2,500 per month collected from students by Rosemary College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.*
- (3) *Housekeeping service provided by M/s. Clean Well to Himavarsha Montessori school, a play school, for cleaning its playground and classrooms for ₹ 25,000 per month.*
- (4) *Info link supplied 'Tracing Alphabets', an online educational journal, to students of UKG class of Sydney Montessori School for ₹ 2,000.*

9. Sarva Sugam Charitable Trust, a trust registered under section 12AB of the Income – tax Act, 1961, provides the following information relating to supply of its services for the month of August:

Particulars	Amount (₹)
Renting of residential dwelling for use as a residence to Mr. Soham, an unregistered person TE	18,00,000
Renting of rooms for devotees (Charges per day ₹750) TE	6,00,000
Renting of kalyanamandapam (Charges per day ₹15,000) TE	12,00,000
Renting of community halls and open space (Charges per day ₹ 7,500) TE	10,75,000
Renting of shops for business (Charges per month ₹9,500) TE	4,75,000
Renting of shops for business (Charges per month ₹12,000) TE	7,50,000

Compute the GST liability of Sarva Sugam Charitable Trust for the month of August assuming that the above amounts are exclusive of GST and rate of GST, wherever applicable, is 18%.

Note: The rooms/ Kalyanamandapam/ halls/ open space/ shops owned by the trust are located within the precincts of a religious place, meant for general public, owned by the trust.

10. Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month of September:

S. No.	Particulars	Amount (₹)
(i)	Amount charged for service provided to recognized sports body as selector of national team TE	50,000
(ii)	Commission received as an insurance agent from insurance company TE	65,000

(iii)	Amount charged as business correspondent for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	15,000	T.E
(iv)	Service to foreign diplomatic mission located in India	28,000	T.E
(v)	Funeral services	30,000	T.E

He received the services from an unregistered goods transport agency for his business activities and paid freight of ₹45,000.

Note: All the transactions stated above are inter-State transactions and also are exclusive of GST.

You are required to calculate gross GST liability (ignoring ITC provisions) of Mr. Nagarjun for the month of September assuming that the rate of GST, wherever applicable, is 18% except the GTA services where the applicable rate of GST is 5%. Working notes should form part of your answer.

11. Vividh Pvt. Ltd. is a supplier of goods and services at Bangalore, registered in the State of Karnataka, having turnover of ₹200 lakh in the last financial year. It has furnished the following information for the month of June.

Particulars	Amount (₹) excluding GST
Services provided by way of a labour contract for repairing a single residential unit otherwise than as a part of residential complex	13,00,000
Fee received from students of a competitive exam training academy run by Vividh Pvt. Ltd.	5,40,000
4 buses each with a seating capacity of 72 passengers given on hire to State Transport Undertaking	6,00,000
Rent paid to Local Municipal Corporation for premises taken on rent for competitive exam training academy	2,50,000
Goods transport services received from a registered GTA which has opted to pay tax itself @ 12%	1,80,000

Compute gross GST liability including tax payable under reverse charge (ignoring ITC provisions) of Vividh Pvt. Ltd. for the month of June assuming that the above amounts are exclusive of GST and rate of GST, wherever applicable, is 18% unless otherwise mentioned.

12. "Chanakya Academy" is registered under GST in the State of Uttar Pradesh. The Academy runs the following educational institutions:

- (i) 'Keshav Institute of Technology' (KIT), a private engineering college in Ghaziabad. KIT also runs distance learning post graduate engineering programmes. Exams for such programmes are conducted in select cities at centres appointed by the KIT. All the engineering courses including the distance learning post graduate engineering programme run by KIT are recognised by the law [The All India Council for Technical Education (AICTE)].
- (ii) 'Little Millennium', a pre-school in Lucknow.
- (iii) 'Bright Minds', a coaching institute in Kanpur. The Institute provides coaching for Institute of Banking Personnel Selection (IBPS) Probationary Officers Exam.
- (iv) 'Spring Model' a higher secondary school affiliated to CBSE Board.

The Academy provides the following details relating to the expenses incurred by the various institutions run by it during the period April to September:

S. No.	Particulars	KIT	Little Millennium	Bright Minds	Spring Model
		(₹)	(₹)	(₹)	(₹)
(i)	Printing services for printing the question papers (paper and content are provided by the Institutions)	2,50,000		1,50,000	2,00,000
(ii)	Paper procured for printing the question papers	4,30,000		2,58,000	3,44,000

(iii)	Honorarium to paper setters and examiners (not on the rolls of the Institution)	5,00,000			
(iv)	Rent for exam centers taken on rent like schools etc., for conducting examination	8,00,000		1,00,000	
(v)	Subscription for online educational journals [Little Millennium has taken the subscription for online periodicals on child development and experiential learning]	4,00,000	80,000	2,20,000	2,40,000
(vi)	Hire charges for buses used to transport students and faculty from their residence to the institutions and back	4,80,000	5,50,000	1,30,000	7,50,000
(vii)	Catering services for running a canteen in the campus for students (Catering services for KIT include a sum of ₹ 60,000 for catering at a student event organised in a	3,20,000	2,60,000	1,80,000	5,00,000

	<i>banquet hall outside the campus)</i>				
(viii)	<i>Security and housekeeping services for the institution(s) (Security and housekeeping services for Spring Model include a sum of ₹ 80,000 payable for security and housekeeping at the student event organised in a banquet hall outside the campus)</i>	<i>6,00,000</i>	<i>4,00,000</i>	<i>3,75,000</i>	<i>4,65,000</i>

With the help of the above details, determine the amount of GST payable, if any, (ignoring ITC provisions) on goods and services received during April to September by the various educational institutions run by the 'Chanakya Academy'; all the amounts given above are exclusive of taxes, wherever applicable.

Note: Rate of GST on goods is 12%, catering service is 5% and on other services is 18%.

13. *M/s A2Z, a proprietary firm registered under GST, is engaged in providing various services under one roof. The firm provides the following information pertaining to supplies made/input services availed by it during the month of March:*

S. No.	Particulars	Amount (₹)
1.	<i>Amount collected for loading, unloading, packing and warehousing of potato chips</i>	<i>15,000</i>

2.	Fees paid for yoga camp conducted by a charitable trust registered under section 12AB of the Income-tax Act, 1961 for employees of the firm	20,000
3.	Interest received on fixed deposits with APNA Bank by the firm	30,000
4.	Professional services provided to foreign diplomatic mission located in India	50,000
5.	Recovery agent services provided to ABC Finance Ltd. - an NBFC located in Delhi	1,00,000
6.	Security services (by way of supply of security personnel) provided to XYZ Ltd. - a registered person under GST	80,000
7.	Receipts from running an educational institution (a Senior Secondary School) for services provided to its students (including receipts for providing residential dwelling service of ₹ 18,20,000 by the institution to the students)	35,00,000
8.	Supply value including cost of fuel for provision of renting of motor vehicle for transportation of passengers' service to NPS Ltd.	88,000

Determine the GST liability (inclusive of liability for the supplies received also) of M/s A2Z for the month of March with necessary explanation for treatment of each item. Rate of tax for both inward and outward supply is CGST and SGST @ 9% each except for the service of renting a vehicle for transportation of passengers for which CGST and SGST @ 2.5% each is applicable. All the supplies are intra-State only. All amounts given hereunder are exclusive of GST.

4. A2X Services Limited, registered under GST, is engaged in providing various services to various educational institutions. The company provides the following information in respect of services provided during the month of April:

S. No.	Description of services provided
(i)	Transportation of students & staff of 'Shiksha University', a Deemed University
(ii)	Catering services provided to 'Rank CBSE School'
(iii)	Security personnel services provided to 'Win CBSE School', for its annual sports day held at SAI Sports Complex owned by Government of India
(iv)	Supply of online periodical science journal to 'Merit CBSE School' for its higher secondary students
(v)	Services, in relation to placement of students, to 'SKILL', a Government recognized vocational training college

Comment on the taxability or otherwise of the above transactions under GST law. State the correct legal provisions for the same.



ANSWERS

1. (a) Services provided by a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 (hereinafter referred to as exemption notification).

Since in the given case, services are being provided by the partnership firm of advocates - BMC & Partners to a business entity - Vastukaar Enterprises whose aggregate turnover in the preceding FY exceeded

₹ 20 lakh i.e. the threshold limit for registration applicable to a service provider in Delhi, said services are not exempt from GST.

- (b) Services by way of 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) are exempt from GST vide exemption notification.

However, service charges/ fees, documentation fees, broking charges, administrative charges, entry charges or such like fees or charges collected over and above interest on loan, advance or a deposit are not exempt and are liable to GST.

In view of the above, minimum balance charges collected by Dhanvarsha Bank from current account and saving account holders are not exempt and are liable to GST.

2. No, the stand taken by the Department is not correct.

Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide exemption notification.

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

Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that the entire amount charged by the hospitals from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt from GST. In view of the same, GST is not applicable on the retention money kept by Shiva Medical Centre.

The circular also clarifies that services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not,

are also healthcare services exempt from GST. Hence, services provided by the senior doctors and consultants hired by Shiva Medical Centre, being healthcare services, are also exempt from GST.

3. Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide exemption notification. *Circular No. 32/06/2018 GST dated 12.02.2018* has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

In view of the same, GST is not applicable on the food supplied by Annapurna Bhawan to in-patients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or their attendants/visitors are taxable.

4. Indian Institutes of Management Act, 2017 (IIM Act, 2017) empowers IIMs to (i) grant degrees, diplomas, and other academic distinctions or titles, (ii) specify the criteria and process for admission to courses or programmes of study, and (iii) specify the academic content of programmes. Resultantly, all the IIMs fall under purview of "educational institutions" as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force.

Further, the services provided by an educational institution to its students⁷¹, faculty and staff are exempt from GST vide exemption notification.

However, in the given case, services have been provided by the educational institution (viz. IIM, Indore), to the multinational companies. Therefore, the same is not exempt from GST.

5. Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of

⁷¹ As per *Circular No. 82/01/2019 GST dated 01.01.2019*, services provided by IIMs to their students who are enrolled for long duration programs (1 year or more) for which they are awarded diploma/ degree certificate duly recommended by Board of Governors as per the power vested in them under the IIM Act, 2017, under such long duration programs are exempt from GST.

guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions are exempt from GST vide exemption notification.

In the present case, Central Government has guaranteed the loan taken by India Corporations Ltd. [a PSU], from Wellness Bank Ltd., [a banking company]. Consequently, services provided by the Central Government, in the form of guarantee of loan, are exempt from tax.

6. Services by a foreign diplomatic mission located in India are exempt from GST vide exemption notification. Hence, in the given case, advisory services by British High Commission located in Delhi to the students are exempt from GST.
7.
 - (i) **Taxable:** Since there is no specific exemption with respect to services provided by a campsite for lodging purposes, services provided by Himalayan Wanderers Campsite are liable to GST.
 - (ii) **Taxable:** Service of transport of passengers provided by Neeta Services are liable to GST since such services are being provided in a contract carriage which is air-conditioned.
 - (iii) **Exempt:** Since catering services provided to an educational institution providing pre-school education are exempt from GST, HumTum Services Limited is not liable to pay GST.
 - (iv) **Taxable:** Since short duration programs provided by IIMs are not any qualification recognized by law, GST is payable in the given case.
 - (v) **Taxable:** Since residential dwelling is rented for use other than residence, GST is payable on the same.
8. (1) Services provided by an educational institution to its students, faculty and staff are exempt from GST vide exemption notification. Educational Institution has been defined to mean, *inter alia*, an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Since Mungerilal College provides education as part of a curriculum for obtaining a qualification recognised by Indian law, the services

provided by it to its staff by way of conducting personality development course would be exempt from GST, it being an educational institution.

- (2) Since Rosemary College provides education as a part of a curriculum for obtaining a qualification recognised by Indian law, the transport services provided by Rosemary College to its students are exempt from GST.
- (3) Services provided to an educational institution, by way of, *inter alia*, house-keeping services performed are exempt from GST vide exemption notification provided such services are performed in such educational institution. However, such exemption is available only when the said services are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

In view of the above discussion, house-keeping services provided to Himavarsha Montessori Play School are exempt from GST since housekeeping services have been performed in such play school itself.

- (4) Services provided to an educational institution by way of supply of online educational journals or periodicals is exempt from GST vide exemption notification. However, such exemption is not available to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Therefore, supply of online journal to students of UKG class of Sydney Montessori School is not exempt from GST.

9. Renting of precincts of a religious place meant for general public, owned/managed by, *inter alia*, an entity registered as a charitable trust under section 12AA/12AB of the Income-tax Act are exempt from GST vide exemption notification. However, said exemption is not available if:
 - (i) charges for rented rooms are ₹ 1,000 per day or more;
 - (ii) charges for rented community halls, Kalyan mandapam, open area are ₹ 10,000 per day or more;
 - (iii) charges for rented shops are ₹ 10,000 per month or more.

Further, services by way of renting of residential dwelling for use as residence to an unregistered person are also exempt vide exemption notification.

Computation of GST liability of Sarva Sugam Charitable Trust for August

Particulars	Value (₹)	GST @ 18% (₹)
Renting of residential dwelling for use as residence to an unregistered person [Exempt vide exemption notification]	18,00,000	Nil
Renting of rooms for devotees [Exempt since charges per day are below ₹1,000]	6,00,000	Nil
Renting of Kalyanamandapam [Taxable since charges per day exceed ₹10,000]	12,00,000	2,16,000
Renting of community halls and open spaces [Exempt since charges per day are below ₹ 10,000]	10,75,000	Nil
Renting of shops for business [Exempt since charges per month are below ₹10,000]	4,75,000	Nil
Renting of shops for business [Taxable since charges per month exceed ₹ 10,000]	7,50,000	1,35,000
Total		3,51,000

10. Computation of gross GST liability of Mr. Nagarjun

Particulars	Value (₹)	IGST (₹)
<i>Supplies on which Mr. Nagarjun is liable to pay GST under forward charge</i>		
Amount charged for service provided to recognized sports body as selector of national team [Note 1]	50,000	9,000

Commission received as an insurance agent from insurance company [Note 2]	Nil	Nil
Amount charged as business correspondent for the services provided to the urban branch of a nationalised bank with respect to savings bank accounts [Note 3]	15,000	2,700
Services provided to foreign diplomatic mission located in India [Note 4]	28,000	5,040
Funeral services [Note 5]	Nil	Nil
<i>Supplies on which Mr. Nagarjun is liable to pay GST under reverse charge</i>		
Services received from GTA [Note 6]	45,000	2,250
IGST payable (Since all the transactions are inter-State transactions, IGST is payable on the same.)		18,990

Notes:

- (1) Services provided to a recognized sports body by an individual only as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide exemption notification. Thus, service provided as selector of team is liable to GST.
- (2) Commission for providing insurance agent's services is liable to GST. However, the tax payable thereon is to be paid by the recipient of service i.e., insurance company, under reverse charge in terms of *Notification No. 13/2017 CT (R) dated 28.06.2017*⁷². Thus, Mr. Nagarjun will not be liable to pay GST on such commission.
- (3) Services provided by business correspondent to a banking company with respect to accounts in its rural area branch are exempt from GST

⁷² Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

vide exemption notification. Thus, such services provided in respect of urban area branch will be taxable.

- (4) While services provided by a foreign diplomatic mission located in India are exempt from GST vide exemption notification, services provided to such mission are taxable.
- (5) Funeral services being covered in Schedule III of CGST Act are not a supply and thus, are outside the ambit of GST.
- (6) GST on services provided by a GTA to, *inter alia*, a registered person is payable by the recipient of service i.e., the registered person, under reverse charge in terms of *Notification No. 13/2017 CT (R) dated 28.06.2017* except where GTA is registered and has exercised the option to itself pay tax on said services⁷³. Since in the given case, GTA is unregistered, it could not have exercised the option to pay tax and thus, GST is payable @ 5% under reverse charge mechanism by the recipient – Mr. Nagarjun.

11. Computation of gross GST liability of Vividh Pvt. Ltd.

Particulars	Value of supply (₹)	GST @ 18% (₹)
Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide exemption notification. Labour contracts for repairing, are thus, taxable.]	13,00,000	2,34,000
Fee received from students of competitive exam training academy	5,40,000	97,200

⁷³ Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

[Fee received from students of competitive exam training academy is taxable as it is not an educational institution since competitive exam training does not lead to grant of a recognized qualification.]		
Buses each with seating capacity of 72 passengers given on hire to State Transport Undertaking [Services by way of giving on hire to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers, are exempt from GST vide exemption notification.]	6,00,000	Nil
<i>Services on which tax is payable under reverse charge:</i>		
Rent paid to Local Municipal Corporation [GST is payable under reverse charge in case of renting of immovable property services supplied by a local authority to a registered person.]	2,50,000	45,000
GTA services availed [Since GTA has opted to pay tax @ 12%, tax is payable under forward charge by GTA only and not by Vividh Pvt. Ltd.]	1,80,000	Nil
Gross GST payable		3,76,200

12. Exemption notification exempts select services provided to an educational institution. Here, the “**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;

The select services which are exempt when provided to an educational institution are-

- (i) transportation of students, faculty and staff;
- (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
- (iii) security or cleaning or house-keeping services performed in such educational institution;
- (iv) services relating to admission to, or conduct of examination by, such institution;
- (v) supply of online educational journals or periodicals.

However, the services mentioned in points (i), (ii) and (iii) are exempt only when the same are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Also, the supply of online educational journals or periodicals is not exempt from GST when provided to-

- (i) pre-school education and education up to higher secondary school or equivalent; or
- (ii) education as a part of an approved vocational education course.

Further, services by way of giving on hire 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 is exempt⁷⁴.

In the given case, all the engineering courses including the distance learning post graduate engineering programme run by KIT are recognised by the law [The All India Council for Technical Education (AICTE)]. Therefore, since KIT imparts education as a part of a curriculum for obtaining a qualification

⁷⁴ as per Entry 22 of Notification No. 12/2017 CT (R)

recognised by the Indian law, the same is an educational institution in terms of the exemption notification.

Similarly, Little Millennium and Spring Model, being a pre-school and a higher secondary school respectively are also educational institutions in terms of the exemption notification.

However, Bright Minds, being a coaching centre, training candidates to secure a banking job, is not an educational institution in terms of the exemption notification. Hence, none of the select services (mentioned above) will be exempt when provided to Bright Minds.

In the light of the foregoing provisions, the amount of GST payable on goods and services received by these educational institutions during April to September is computed as under:

Particulars	KIT	Little Millennium	Bright Minds	Spring Model
	(₹)	(₹)	(₹)	(₹)
Printing services for printing the question papers (paper and content are provided by the Institutions)	Exempt [Services provided to educational institution in relation to conduct of examination]		27,000 [1,50,000 x 18%]	Exempt
Paper procured for printing the question papers [Supply of select services to educational institutions is exempt and not supply of goods to such educational institutions]	51,600 [4,30,000 x 12%]		30,960 [2,58,000 x 12%]	41,280 [3,44,000 x 12%]

Honorarium to paper setters and examiners (not on the rolls of the educational institution)	Exempt [Services provided to educational institution in relation to conduct of examination]			
Rent for exam centres taken on rent like schools etc., for conducting examination	Exempt [Services provided to educational institution in relation to conduct of examination]		18,000 [1,00,000 x 18%]	
Subscription for online educational journals [Little Millennium has taken the subscription for online periodicals on child development and experiential learning]	Exempt	14,400 [80,000 x 18%]	39,600 [2,20,000 x 18%]	43,200 [2,40,000 x 18%]
Hire charges for buses used to transport students and faculty from their residence to the institutions and back	86,400 [4,80,000 x 18%]	Exempt	23,400 [1,30,000 x 18%]	Exempt
Catering services for running a canteen in	16,000	Exempt	9,000	Exempt

the campus for students [Catering service provided to pre-school and the higher secondary school is exempt irrespective of whether the same is provided within or outside the premises of the pre-school and the higher secondary school]	[3,20,000 x 5%]		[1,80,000 x 5%]	
Security and housekeeping services for the institution(s) [Security and housekeeping service provided to pre-school and the higher secondary school for the student event organised in a banquet hall will be taxable as only the security and housekeeping service provided within the premises of the pre-school and the higher secondary school are exempt.]	1,08,000 [6,00,000 x 18%]	Exempt	67,500 [3,75,000 x 18%]	14,400 [80,000 x 18%]

Total GST payable on goods and services received	2,62,000	14,400	2,15,460	98,880
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13. Computation of GST liability of M/s A2Z for the month of March:

S. No.	Particulars	CGST (₹)	SGST (₹)
1.	Loading, unloading, packing and warehousing of potato chips [Loading, unloading, packing and warehousing of agricultural produce is exempt. However, potato chips is not an agricultural produce.]	1,350 [15,000 × 9%]	1,350 [15,000 × 9%]
2.	Fees paid for yoga camp [Services provided by a charitable trust registered under section 12AB of the Income-tax Act by way of advancement of yoga are exempt.]	--	--
3.	Interest received on fixed deposits [Services of extending fixed deposits in so far as the consideration is represented by way of interest are exempt.]	--	--
4.	Professional services provided to foreign diplomatic mission located in India [Not specifically exempt.]	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
5.	Recovery agent services provided to ABC Finance Ltd., an NBFC [Since such services are being provided to an NBFC, tax on the same is payable]	--	--

	by recipient - ABC Finance Ltd. - under reverse charge (RCM). ^{75]}		
6.	Security services provided to XYZ Ltd., a registered person [Since such services are being provided by a non-body corporate to a registered person, tax on the same is payable by recipient - XYZ Ltd. - under reverse charge (RCM) ^{76].]}	--	--
7.	Receipts from running an educational institution (including receipts for residential dwelling service) [Services provided by an educational institution and services by way of renting of residential dwelling for use as residence are exempt.]	--	--
8.	Renting of motor vehicle service [Since services of renting of motor vehicle including cost of fuel with tax payable @ 2.5% CGST/SGST is being provided by a non-body corporate to a body corporate, tax on the same is payable by recipient – NPS Ltd. – under RCM ^{77].]}	--	--
	Total GST liability	5,850	5,850

⁷⁵ Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST.

⁷⁶ Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

⁷⁷ Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

14.

S. No.	Particulars	Taxability
(i)	Transportation of students and staff of deemed university [Taxable since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	Taxable
(ii)	Catering services provided to "Rank CBSE School" [Catering services provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt.]	Exempt
(iii)	Security services to "Win CBSE School" for its annual sports day held at SAI Sports complex [Security services provided to an educational institution providing pre-school education or education up to higher secondary school are exempt provided such services are performed in the premises of such institution. However, in this case, security services are being provided outside the school campus, and hence the same are taxable.]	Taxable
(iv)	Supply of online periodical science journal to school for its higher secondary students [Taxable since educational institutions providing service by way of pre-school education and education upto higher secondary school or equivalent are not eligible for exemption in respect of supply of online educational journals.]	Taxable
(v)	Services in relation to placement of students, to Government recognized vocational training college [Taxable since only services related to admission and conducting exams are exempt for vocational educational institutions.]	Taxable

"If You Think You Can, then You Can do anything"

-by Vg Sir

- FCA, B.com & CCTP
- Faculty for
 - CA Intermediate- Direct Tax & Indirect Tax
- Qualified as Chartered Accountant at the age of 20
- Started teaching Taxation Laws in 2014 to CS students. Now regarded as the "TAXATION KING"
- Makes difficult subject like Tax, simple to understand and teaches in a joyous environment.
- Plays multiple roles as a Teacher, Guide, Mentor, Motivator, Big Brother and Friend to his students. He focuses upon overall development of the student.
- In 2019, sir was the speaker of Josh Talk and shared his journey of becoming a CA. The video has received more than 1.4 million views till date.



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